REFINITIV

DELTA REPORT

10-Q

CAL - CALERES INC

10-Q - OCTOBER 28, 2023 COMPARED TO 10-Q - JULY 29, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2040
CHANGES	597
DELETIONS	257
ADDITIONS	1186

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended July 29, 2023 October 28, 2023

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____________ to _____________

Commission file number: 1-2191

CALERES, INC.

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of incorporation or organization)

43-0197190

(IRS Employer Identification Number)

8300 Maryland Avenue
St. Louis, Missouri

(Address of principal executive offices)

63105

(Zip Code)

(314) 854-4000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock - par value of $0.01 per share	CAL	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☑
Non-accelerated filer ☐
Accelerated filer ☐
Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

As of August 25, 2023 November 24, 2023, 35,539,343 35,502,200 common shares were outstanding.

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PART I FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

CALERES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited)			(Unaudited)		
($ thousands)	**July 29, 2023**	July 30, 2022	January 28, 2023	**October 28, 2023**	October 29, 2022	January 28, 2023
Assets						
Current assets:						
Cash and cash equivalents	$ **47,098**	$ 45,955	$ 33,700	$ **34,031**	$ 32,773	$ 33,700
Receivables, net	**136,549**	127,580	132,802	**161,544**	161,367	132,802
Inventories, net	**660,690**	770,652	580,215	**556,034**	649,257	580,215
Income taxes	**6,461**	12,129	17,527	**5,065**	12,046	17,527
Property and equipment, held for sale	**16,777**	16,777	16,777	**16,777**	16,777	16,777
Prepaid expenses and other current assets	**47,248**	45,698	50,434	**49,422**	48,864	50,434
Total current assets	**914,823**	1,018,791	831,455	**822,873**	921,084	831,455
Prepaid pension costs	**86,189**	104,214	83,396	**87,541**	106,781	83,396
Lease right-of-use assets	**505,423**	516,486	518,196	**508,736**	523,011	518,196
Property and equipment, net	**157,717**	137,007	160,883	**167,681**	151,798	160,883
Goodwill and intangible assets, net	**209,314**	221,447	215,392	**206,275**	218,420	215,392
Other assets	**30,494**	27,263	27,150	**33,787**	27,219	27,150
Total assets	$ **1,903,960**	$ 2,025,208	$ 1,836,472	$ **1,826,893**	$ 1,948,313	$ 1,836,472
Liabilities and Equity						
Current liabilities:						
Borrowings under revolving credit agreement	$ **244,000**	$ 348,500	$ 307,500	$ **222,000**	$ 364,500	$ 307,500
Trade accounts payable	**350,020**	399,265	229,908	**257,224**	279,704	229,908
Income taxes	**18,896**	20,139	7,650	**21,269**	31,106	7,650
Lease obligations	**133,743**	131,601	136,051	**132,461**	133,227	136,051
Other accrued expenses	**209,712**	240,295	230,087	**194,967**	230,377	230,087
Total current liabilities	**956,371**	1,139,800	911,196	**827,921**	1,038,914	911,196
Other liabilities:						
Noncurrent lease obligations	**429,192**	451,657	444,074	**431,474**	453,718	444,074
Income taxes	**2,464**	7,786	7,786	**2,464**	7,786	7,786
Deferred income taxes	**19,335**	14,939	19,001	**19,502**	15,044	19,001
Other liabilities	**25,017**	26,149	28,302	**25,360**	27,440	28,302
Total other liabilities	**476,008**	500,531	499,163	**478,800**	503,988	499,163
Equity:						
Common stock	**355**	364	357	**355**	356	357
Additional paid-in capital	**177,602**	173,246	180,747	**181,630**	177,269	180,747
Accumulated other comprehensive loss	**(25,530)**	(7,280)	(26,750)	**(25,596)**	(7,187)	(26,750)
Retained earnings	**312,565**	212,803	266,329	**356,993**	228,006	266,329
Total Caleres, Inc. shareholders' equity	**464,992**	379,133	420,683	**513,382**	398,444	420,683
Noncontrolling interests	**6,589**	5,744	5,430	**6,790**	6,967	5,430
Total equity	**471,581**	384,877	426,113	**520,172**	405,411	426,113
Total liabilities and equity	$ **1,903,960**	$ 2,025,208	$ 1,836,472	$ **1,826,893**	$ 1,948,313	$ 1,836,472

See notes to condensed consolidated financial statements.

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CALERES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

	(Unaudited)								(Unaudited)							
	Thirteen Weeks Ended				Twenty-Six Weeks Ended				Thirteen Weeks Ended				Thirty-Nine Weeks Ended			
($ thousands, except per share amounts)		**July 29, 2023**		July 30, 2022		**July 29, 2023**		July 30, 2022		**October 28, 2023**		October 29, 2022		**October 28, 2023**		October 29, 2022
Net sales	$	**695,533**	$	738,330	$	**1,358,267**	$	1,473,445	$	**761,904**	$	798,258	$	**2,120,171**	$	2,271,704
Cost of goods sold		**381,360**		401,515		**741,412**		809,636		**421,530**		458,382		**1,162,942**		1,268,019
Gross profit		**314,173**		336,815		**616,855**		663,809		**340,374**		339,876		**957,229**		1,003,685
Selling and administrative expenses		**262,823**		268,395		**515,918**		529,194		**273,652**		283,119		**789,570**		812,313
Restructuring and other special charges, net		**1,647**		—		**1,647**		—		**2,304**		2,910		**3,951**		2,910
Operating earnings		**49,703**		68,420		**99,290**		134,615		**64,418**		53,847		**163,708**		188,462
Interest expense, net		**(5,128)**		(2,584)		**(10,751)**		(4,883)		**(4,488)**		(4,003)		**(15,240)**		(8,886)
Other income, net		**1,616**		3,217		**3,108**		6,639		**1,552**		2,997		**4,660**		9,636
Earnings before income taxes		**46,191**		69,053		**91,647**		136,371		**61,482**		52,841		**153,128**		189,212
Income tax provision		**(11,826)**		(17,500)		**(22,490)**		(34,833)		**(14,467)**		(13,849)		**(36,956)**		(48,683)
Net earnings		**34,365**		51,553		**69,157**		101,538		**47,015**		38,992		**116,172**		140,529
Net earnings (loss) attributable to noncontrolling interests		**422**		375		**487**		(149)		**101**		(254)		**588**		(404)
Net earnings attributable to Caleres, Inc.	**$**	**33,943**	$	51,178	**$**	**68,670**	$	101,687	**$**	**46,914**	$	39,246	**$**	**115,584**	$	140,933
Basic earnings per common share attributable to Caleres, Inc. shareholders	$	**0.95**	$	1.40	$	**1.91**	$	2.74	$	**1.32**	$	1.09	$	**3.23**	$	3.83

Diluted earnings per common share attributable to Caleres, Inc. shareholders	$ **0.95**	$ 1.38	$ **1.91**	$ 2.70	$ **1.32**	$ 1.08	$ **3.23**	$ 3.79

See notes to condensed consolidated financial statements.

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CALERES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	(Unaudited)				(Unaudited)			
	Thirteen Weeks Ended		Twenty-Six Weeks Ended		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
($ thousands)	**July 29, 2023**	July 30, 2022	**July 29, 2023**	July 30, 2022	**October 28, 2023**	October 29, 2022	**October 28, 2023**	October 29, 2022
Net earnings	$ **34,365**	$ 51,553	$ **69,157**	$ 101,538	$ **47,015**	$ 38,992	$ **116,172**	$ 140,529
Other comprehensive income (loss) ("OCI"), net of tax:								
Foreign currency translation adjustment	**(277)**	42	**(428)**	(121)	**(626)**	(980)	**(1,054)**	(1,100)
Pension and other postretirement benefits adjustments	**610**	583	**1,320**	1,023	**660**	908	**1,980**	1,931
Other comprehensive income, net of tax	**333**	625	**892**	902				
Other comprehensive income (loss), net of tax					**34**	(72)	**926**	831
Comprehensive income	**34,698**	52,178	**70,049**	102,440	**47,049**	38,920	**117,098**	141,360

Comprehensive income (loss) attributable to noncontrolling interests	**25**	(48)	**159**	(573)	**201**	(419)	**360**	(992)
Comprehensive income attributable to Caleres, Inc.	$ **34,673**	$ 52,226	$ **69,890**	$ 103,013	$ **46,848**	$ 39,339	$ **116,738**	$ 142,352

See notes to condensed consolidated financial statements.

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CALERES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited) Twenty-Six Weeks Ended		(Unaudited) Thirty-Nine Weeks Ended	
($ thousands)	**July 29, 2023**	July 30, 2022	**October 28, 2023**	October 29, 2022
Operating Activities				
Net earnings	$ **69,157**	$ 101,538	$ **116,172**	$ 140,529
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation	**16,899**	15,882	**25,575**	23,945
Amortization of capitalized software	**2,471**	2,420	**3,713**	3,669
Amortization of intangible assets	**6,078**	6,052	**9,117**	9,080
Amortization of debt issuance costs and debt discount	**204**	204	**305**	305
Share-based compensation expense	**6,871**	8,236	**10,924**	13,249
Loss on disposal of property and equipment	**918**	1,023	**1,121**	1,167
Impairment charges for property, equipment, and lease right-of-use assets	**414**	1,979	**589**	1,979
Adjustment to expected credit losses	**840**	(1,004)	**1,053**	(303)
Deferred income taxes	**334**	208	**501**	313
Changes in operating assets and liabilities:				
Receivables	**(4,588)**	(4,340)	**(29,794)**	(38,826)
Inventories	**(80,352)**	(173,484)	**23,769**	(53,025)
Prepaid expenses and other current and noncurrent assets	**(2,472)**	204	**(8,414)**	(4,496)
Trade accounts payable	**120,065**	67,805	**27,491**	(51,547)
Accrued expenses and other liabilities	**(28,165)**	(22,619)	**(45,727)**	(33,667)
Income taxes, net	**16,990**	23,783	**20,759**	34,833
Other, net	**(488)**	(636)	**29**	(939)
Net cash provided by operating activities	**125,176**	27,251	**157,183**	46,266
Investing Activities				
Purchases of property and equipment	**(15,044)**	(16,820)	**(33,976)**	(40,056)
Capitalized software	**(1,833)**	(3,906)	**(3,404)**	(5,350)
Net cash used for investing activities	**(16,877)**	(20,726)	**(37,380)**	(45,406)
Financing Activities				

Borrowings under revolving credit agreement	**252,000**	437,500	**365,000**	708,500
Repayments under revolving credit agreement	**(315,500)**	(379,000)	**(450,500)**	(634,000)
Dividends paid	**(4,997)**	(5,200)	**(7,483)**	(7,698)
Acquisition of treasury stock	**(17,445)**	(41,672)	**(17,445)**	(63,225)
Issuance of common stock under share-based plans, net	**(10,010)**	(3,814)	**(10,035)**	(4,804)
Contributions by noncontrolling interests	**1,000**	1,500	**1,000**	3,142
Net cash (used for) provided by financing activities	**(94,952)**	9,314	**(119,463)**	1,915
Effect of exchange rate changes on cash and cash equivalents	**51**	1	**(9)**	(117)
Increase in cash and cash equivalents	**13,398**	15,840	**331**	2,658
Cash and cash equivalents at beginning of period	**33,700**	30,115	**33,700**	30,115
Cash and cash equivalents at end of period	$ **47,098**	$ 45,955	$ **34,031**	$ 32,773

See notes to condensed consolidated financial statements.

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CALERES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited) ($ thousands, except number of shares and per share amounts)	Common Stock Shares	Common Stock Dollars	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Caleres, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity	Common Stock Shares	Common Stock Dollars	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Caleres, Inc. Shareholders' Equity	Noncontro Inter
BALANCE APRIL 29, 2023	**36,274,599**	**$ 363**	**$ 173,640**	**$ (26,260)**	**$ 298,574**	**$ 446,317**	**$ 5,564**	**$ 451,881**							
BALANCE JULY 29, 2023									**35,540,093**	**$ 355**	**$ 177,602**	**$ (25,530)**	**$ 312,565**	**$ 464,992**	**$ 6**
Net earnings					**33,943**	**33,943**	**422**	**34,365**					**46,914**	**46,914**	
Foreign currency translation adjustment				**120**		**120**	**(397)**	**(277)**				**(726)**		**(726)**	
Pension and other postretirement benefits adjustments, net of tax of $211				**610**		**610**		**610**							
Comprehensive income				**730**	**33,943**	**34,673**	**25**	**34,698**							

Pension and other postretirement benefits adjustments, net of tax of $228											660		660	
Comprehensive (loss) income											(66)	46,914	46,848	
Dividends ($0.07 per share)												(2,486)	(2,486)	
Issuance of common stock under share-based plans, net								3,365	0	(25)			(25)	
Share-based compensation expense										4,053			4,053	
BALANCE OCTOBER 28, 2023								35,543,458	$ 355	$ 181,630	$ (25,596)	$356,993	$ 513,382	$ 6
BALANCE JULY 30, 2022								36,450,780	$ 364	$ 173,246	$ (7,280)	$212,803	$ 379,133	$ 5
Net earnings												39,246	39,246	
Foreign currency translation adjustment											(815)		(815)	
Pension and other postretirement benefits adjustments, net of tax of $86											908		908	
Comprehensive income (loss)											93	39,246	39,339	
Contributions by noncontrolling interests					—	1,000	1,000						—	1
Dividends ($0.07 per share)				(2,515)	(2,515)		(2,515)					(2,498)	(2,498)	
Acquisition of treasury stock	(763,000)	(8)		(17,437)	(17,445)		(17,445)	(838,025)	(8)			(21,545)	(21,553)	
Issuance of common stock under share-based plans, net	28,494	0	(4)		(4)		(4)	20,699	0	(990)			(990)	

Share-based compensation expense			**3,966**			**3,966**		**3,966**
Share-based compensation expense			5,013			5,013		
BALANCE JULY 29, 2023	**35,540,093**	**$ 355**	**$ 177,602**	**$ (25,530)**	**$312,565**	**$ 464,992**	**$ 6,589**	**$ 471,581**
BALANCE APRIL 30, 2022	37,446,329	$ 374	$ 169,025	$ (8,328)	$191,165	$ 352,236	$ 5,792	$ 358,028
Net earnings					51,178	51,178	375	51,553
Foreign currency translation adjustment				465		465	(423)	42
Pension and other postretirement benefits adjustments, net of tax of $190				583		583		583
Comprehensive income (loss)				1,048	51,178	52,226	(48)	52,178
Dividends ($0.07 per share)					(2,552)	(2,552)		(2,552)
Acquisition of treasury stock	(1,083,496)	(11)			(26,988)	(26,999)		(26,999)
Issuance of common stock under share-based plans, net	87,947	1	(216)			(215)		(215)
Share-based compensation expense			4,437			4,437		4,437
BALANCE JULY 30, 2022	36,450,780	$ 364	$ 173,246	$ (7,280)	$212,803	$ 379,133	$ 5,744	$ 384,877
BALANCE OCTOBER 29, 2022	35,633,454	$ 356	$ 177,269	$ (7,187)	$228,006	$ 398,444	$ 6	

(Unaudited) ($ thousands, except number of shares and per share amounts)	Common Stock		Additional	Accumulated Other Comprehensive	Retained	Total Caleres, Inc. Shareholders'	Noncontrolling		Common Stock		Additional	Accumulated Other Comprehensive	Retained	Total Caleres, Inc. Shareholders'	N
	Shares	Dollars	Paid-In Capital	Loss	Earnings	Equity	Interests	Total Equity	Shares	Dollars	Paid-In Capital	Loss	Earnings	Equity	
BALANCE JANUARY 28, 2023	**35,715,752**	**$ 357**	**$ 180,747**	**$ (26,750)**	**$266,329**	**$ 420,683**	**$ 5,430**	**$ 426,113**	**35,715,752**	**$ 357**	**$ 180,747**	**$ (26,750)**	**$266,329**	**$ 420,683**	**$**
Net earnings					**68,670**	**68,670**	**487**	**69,157**					**115,584**	**115,584**	
Foreign currency translation adjustment				**(100)**		**(100)**	**(328)**	**(428)**				**(826)**		**(826)**	
Pension and other postretirement benefits adjustments, net of tax of $456				**1,320**		**1,320**		**1,320**							
Pension and other postretirement benefits adjustments, net of tax of $684												**1,980**		**1,980**	
Comprehensive income				**1,220**	**68,670**	**69,890**	**159**	**70,049**				**1,154**	**115,584**	**116,738**	
Contributions by noncontrolling interests						**—**	**1,000**	**1,000**						**—**	
Dividends ($0.14 per share)					**(4,997)**	**(4,997)**		**(4,997)**							
Dividends ($0.21 per share)													**(7,483)**	**(7,483)**	
Acquisition of treasury stock	**(763,000)**	**(8)**			**(17,437)**	**(17,445)**		**(17,445)**	**(763,000)**	**(8)**			**(17,437)**	**(17,445)**	
Issuance of common stock under share-based plans, net	**587,341**	**6**	**(10,016)**			**(10,010)**		**(10,010)**	**590,706**	**6**	**(10,041)**			**(10,035)**	

Share-based compensation expense			6,871			6,871		6,871			10,924			10,924	
BALANCE JULY 29, 2023	**35,540,093**	**$ 355**	**$ 177,602**	**$ (25,530)**	**$312,565**	**$ 464,992**	**$ 6,589**	**$ 471,581**							
BALANCE OCTOBER 28, 2023									**35,543,458**	**$ 355**	**$ 181,630**	**$ (25,596)**	**$356,993**	**$ 513,382**	**$**
BALANCE JANUARY 29, 2022	37,635,145	$ 376	$ 168,830	$ (8,606)	$157,970	$ 318,570	$ 4,817	$ 323,387	37,635,145	$ 376	$ 168,830	$ (8,606)	$157,970	$ 318,570	$
Net earnings (loss)					101,687	101,687	(149)	101,538					140,933	140,933	
Foreign currency translation adjustment				303		303	(424)	(121)				(512)		(512)	
Pension and other postretirement benefits adjustments, net of tax of $331				1,023		1,023		1,023							
Pension and other postretirement benefits adjustments, net of tax of $417												1,931		1,931	
Comprehensive income (loss)				1,326	101,687	103,013	(573)	102,440				1,419	140,933	142,352	
Contributions by noncontrolling interests						—	1,500	1,500						—	
Dividends ($0.14 per share)					(5,200)	(5,200)		(5,200)							
Dividends ($0.21 per share)													(7,698)	(7,698)	
Acquisition of treasury stock	(1,784,820)	(18)			(41,654)	(41,672)		(41,672)	(2,622,845)	(26)			(63,199)	(63,225)	
Issuance of common stock under share-based plans, net	600,455	6	(3,820)			(3,814)		(3,814)	621,154	6	(4,810)			(4,804)	
Share-based compensation expense			8,236			8,236		8,236			13,249			13,249	

BALANCE JULY 30, 2022	36,450,780	$	364	$	173,246	$	(7,280)	$212,803	$	379,133	$	5,744	$ 384,877											
BALANCE OCTOBER 29, 2022														35,633,454	$	356	$	177,269	$	(7,187)	$228,006	$	398,444	$

See notes to condensed consolidated financial statements.

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CALERES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Basis of Presentation and General

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q of the United States Securities and Exchange Commission ("SEC") and reflect all adjustments and accruals of a normal recurring nature, which management believes are necessary to present fairly the financial position, results of operations, comprehensive income and cash flows of Caleres, Inc. ("the Company"). These statements, however, do not include all information and footnotes necessary for a complete presentation of the Company's consolidated financial position, results of operations, comprehensive income and cash flows in conformity with accounting principles generally accepted in the United States. The condensed consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries, after the elimination of intercompany accounts and transactions.

The Company's business is seasonal in nature due to consumer spending patterns, with higher back-to-school and holiday season sales. Although the third fiscal quarter has historically accounted for a substantial portion of the Company's earnings for the year, the Company has experienced more equal distribution among the quarters in recent years. Interim results may not necessarily be indicative of results which may be expected for any other interim period or for the year as a whole.

The accompanying condensed consolidated financial statements and footnotes should be read in conjunction with the consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended January 28, 2023.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Noncontrolling Interests

During 2019, the Company entered into a joint venture with Brand Investment Holding Limited ("Brand Investment Holding"), a member of the Gemkell Group, to sell Sam Edelman, Naturalizer and other branded footwear in China. The Company and Brand Investment Holding are each 50% owners of the joint venture, which is named CLT Brand Solutions ("CLT"). During the thirteen and twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023, capital contributions of $2.0 million were made to CLT, including $1.0 million received from Brand Investment Holding. During the twenty-six thirty-nine weeks ended July 30, 2022 October 29, 2022, capital contributions of $3.0 million $6.3 million were made to CLT, including $1.5 million $3.1 million received from Brand Investment Holding.

Net sales and operating earnings (loss) of CLT for the periods ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022 were as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
($ thousands)	**July 29, 2023**	July 30, 2022	**July 29, 2023**	July 30, 2022	**October 28, 2023**	October 29, 2022	**October 28, 2023**	October 29, 2022
Net sales	**$ 7,644**	$ 4,845	**$ 12,865**	$ 7,749	**$ 6,810**	$ 5,418	**$ 19,675**	$ 13,167
Operating earnings (loss)	**978**	539	**1,098**	(329)	**229**	(302)	**1,327**	(631)

The Company consolidates CLT into its condensed consolidated financial statements. Net earnings (loss) attributable to noncontrolling interests represents the share of net earnings or losses that is attributable to Brand Investment Holding. Transactions between the Company and the joint venture have been eliminated in the condensed consolidated financial statements.

Supply Chain Financing Supplier Finance Program

The Company facilitates a voluntary supply chain supplier finance program ("the Program") that provides certain of the Company's suppliers the opportunity to sell receivables related to products that the Company has purchased to participating financial institutions at a rate that leverages the Company's credit rating, which may be more beneficial to the suppliers than the rate they can obtain based upon their own credit rating. The Company negotiates payment and other terms directly with the suppliers, regardless of whether the supplier participates in the Program, and the Company's responsibility is limited to making payment based on the terms originally negotiated with the supplier. The suppliers that participate in the Program have discretion to determine which invoices, if any, are sold to the participating financing institutions. The liabilities to the suppliers that participate in the Program are presented as accounts payable in the Company's condensed consolidated balance sheets, with changes reflected within cash flows from operating activities when settled. As of July 29, 2023 and July

30, 2022, consolidated balance sheets, with changes reflected within cash flows from operating activities when settled. As of October 28, 2023 and October 29, 2022, the Company had $32.9 million $25.0 million and $39.9 million $17.8 million, respectively, of accounts payable subject to supply chain financing the Program arrangements.

Property and Equipment, Held for Sale

The Company continues to actively market for sale its nine-acre corporate headquarters campus (the "Campus") located in Clayton, Missouri and, as of July 29, 2023 October 28, 2023, was engaged in discussions with multiple potential buyers. The Company expects the Campus to qualify as a completed sale within the next year. Accordingly, the Campus, primarily consisting of land and buildings, has been classified as property and equipment, held for sale on the condensed consolidated balance sheets as of July 29, 2023 October 28, 2023 within the Eliminations and Other category. The Company evaluated the Campus asset group for impairment and determined that no indicators were present as of July 29, 2023 October 28, 2023.

Note 2 Impact of New Accounting Pronouncements

Impact of Recently Adopted Accounting Pronouncements

In September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-04, *Liabilities – Supplier Finance Programs (Topic 405-50): Disclosure of Supplier Finance Program Obligations*. The guidance requires qualitative and quantitative disclosures about supplier finance programs in annual financial statements, including key terms of the programs, amounts outstanding, balance sheet presentation and a rollforward of amounts outstanding during the year. For interim periods, the ASU requires disclosure of total obligations outstanding that have been confirmed as valid. The ASU is effective for the Company in fiscal year 2023, except for the rollforward requirement, which is effective in fiscal year 2024. The Company adopted the amendments on a retrospective basis during the first quarter of 2023, with the exception of the annual rollforward requirement, which will be adopted on a prospective basis by the effective date. Refer to Note 1 to the condensed consolidated financial statements for additional information regarding the Company's supplier finance program.

Impact of Recently Issued Accounting Pronouncements

The Company has evaluated all recently issued ASUs and they were determined to be either not applicable or not expected to have a material impact on the consolidated financial statements.

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Note 3 Revenues

Disaggregation of Revenues

The following table disaggregates revenue by segment and major source for the periods ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022:

	Thirteen Weeks Ended July 29, 2023				Thirteen Weeks Ended October 28, 2023			
($ thousands)	**Famous Footwear**	**Brand Portfolio**	**Eliminations and Other**	**Total**	**Famous Footwear**	**Brand Portfolio**	**Eliminations and Other**	**Total**
Retail stores	**$ 368,445**	**$ 16,759**	**$ —**	**$ 385,204**	**$ 388,764**	**$ 17,126**	**$ —**	**$405,890**
E-commerce - Company websites (1)	**45,103**	**53,453**	**—**	**98,556**	**60,276**	**56,204**	**—**	**116,480**
E-commerce - wholesale drop-ship (1)	**—**	**28,616**	**(1,132)**	**27,484**	**—**	**34,151**	**(1,720)**	**32,431**
Total direct-to-consumer sales	**413,548**	**98,828**	**(1,132)**	**511,244**	**449,040**	**107,481**	**(1,720)**	**554,801**
Wholesale - e-commerce (1)	**—**	**54,578**	**—**	**54,578**	**—**	**72,424**	**—**	**72,424**
Wholesale - landed	**—**	**112,243**	**(18,446)**	**93,797**	**—**	**121,893**	**(6,924)**	**114,969**
Wholesale - first cost	**—**	**31,659**	**—**	**31,659**	**—**	**16,332**	**—**	**16,332**
Licensing and royalty	**578**	**3,551**	**—**	**4,129**	**612**	**2,627**	**—**	**3,239**
Other (2)	**112**	**14**	**—**	**126**	**121**	**18**	**—**	**139**
Net sales	**$ 414,238**	**$ 300,873**	**$ (19,578)**	**$ 695,533**	**$ 449,773**	**$ 320,775**	**$ (8,644)**	**$761,904**

	Thirteen Weeks Ended July 30, 2022				Thirteen Weeks Ended October 29, 2022			
($ thousands)	Famous Footwear	Brand Portfolio	Eliminations and Other	Total	Famous Footwear	Brand Portfolio	Eliminations and Other	Total
Retail stores	$ 385,610	$ 14,344	$ —	$ 399,954	$ 415,678	$ 14,810	$ —	$430,488

E-commerce - Company websites (1)	50,116	49,527	—	99,643	65,549	53,673	—	119,222
E-commerce - wholesale drop-ship (1)	—	33,903	(907)	32,996	—	40,672	(1,854)	38,818
Total direct-to-consumer sales	435,726	97,774	(907)	532,593	481,227	109,155	(1,854)	588,528
Wholesale - e-commerce (1)	—	49,539	—	49,539	—	59,035	—	59,035
Wholesale - landed	—	131,056	(21,198)	109,858	—	135,161	(5,081)	130,080
Wholesale - first cost	—	41,705	—	41,705	—	16,424	—	16,424
Licensing and royalty	515	3,969	—	4,484	601	3,454	—	4,055
Other (2)	134	17	—	151	123	13	—	136
Net sales	$ 436,375	$ 324,060	$ (22,105)	$ 738,330	$ 481,951	$ 323,242	$ (6,935)	$ 798,258

	Twenty-Six Weeks Ended July 29, 2023				**Thirty-Nine Weeks Ended October 28, 2023**			
($ thousands)	**Famous Footwear**	**Brand Portfolio**	**Eliminations and Other**	**Total**	**Famous Footwear**	**Brand Portfolio**	**Eliminations and Other**	**Total**
Retail stores	**$ 676,684**	**$ 33,197**	**$ —**	**$ 709,881**	**$ 1,065,448**	**$ 50,323**	**$ —**	**$ 1,115,771**
E-commerce - Company websites (1)	**85,309**	**106,884**	**—**	**192,193**	**145,585**	**163,088**	**—**	**308,673**
E-commerce - wholesale drop-ship (1)	**—**	**63,414**	**(2,400)**	**61,014**	**—**	**97,565**	**(4,119)**	**93,446**
Total direct-to-consumer sales	**761,993**	**203,495**	**(2,400)**	**963,088**	**1,211,033**	**310,976**	**(4,119)**	**1,517,890**
Wholesale - e-commerce (1)	**—**	**109,557**	**—**	**109,557**	**—**	**181,980**	**—**	**181,980**
Wholesale - landed	**—**	**255,139**	**(29,118)**	**226,021**	**—**	**377,033**	**(36,043)**	**340,990**
Wholesale - first cost	**—**	**51,608**	**—**	**51,608**	**—**	**67,940**	**—**	**67,940**
Licensing and royalty	**1,163**	**6,566**	**—**	**7,729**	**1,775**	**9,193**	**—**	**10,968**
Other (2)	**240**	**24**	**—**	**264**	**361**	**42**	**—**	**403**
Net sales	**$ 763,396**	**$ 626,389**	**$ (31,518)**	**$ 1,358,267**	**$ 1,213,169**	**$ 947,164**	**$ (40,162)**	**$ 2,120,171**

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($ thousands)	Twenty-Six Weeks Ended July 30, 2022 Famous Footwear	Brand Portfolio	Eliminations and Other	Total	Thirty-Nine Weeks Ended October 29, 2022 Famous Footwear	Brand Portfolio	Eliminations and Other	Total
Retail stores	$ 717,598	$ 28,561	$ —	$ 746,159	$ 1,133,276	$ 43,371	$ —	$1,176,647
E-commerce - Company websites (1)	102,054	102,025	—	204,079	167,604	155,698	—	323,302
E-commerce - wholesale drop-ship (1)	—	65,676	(1,905)	63,771	—	106,348	(3,759)	102,589
Total direct-to-consumer sales	819,652	196,262	(1,905)	1,014,009	1,300,880	305,417	(3,759)	1,602,538
Wholesale - e-commerce (1)	—	108,459	—	108,459	—	167,494	—	167,494
Wholesale - landed	—	306,383	(35,327)	271,056	—	441,544	(40,408)	401,136
Wholesale - first cost	—	71,781	—	71,781	—	88,205	—	88,205
Licensing and royalty	937	6,875	—	7,812	1,538	10,329	—	11,867
Other (2)	288	40	—	328	410	54	—	464
Net sales	$ 820,877	$ 689,800	$ (37,232)	$ 1,473,445	$ 1,302,828	$ 1,013,043	$ (44,167)	$2,271,704

(1) Collectively referred to as "e-commerce" in the narrative below
(2) Includes breakage revenue from unredeemed gift cards

Retail stores

The Company generates revenue from retail sales where control is transferred and revenue is recognized at the point of sale. Retail sales are recorded net of estimated returns and exclude sales tax. The Company records a returns reserve and a corresponding return asset for expected returns of merchandise.

Retail sales to members of the Company's loyalty programs, including the Famously You Rewards program, include two performance obligations: the sale of merchandise and the delivery of points that may be converted to savings certificates and redeemed for future purchases. The transaction price is allocated to the separate performance obligations based on the relative stand-alone selling price. The stand-alone selling price for the points is estimated using the retail value of the merchandise earned, adjusted for estimated breakage based upon historical redemption patterns. The revenue associated with the initial merchandise purchased is recognized immediately and the value assigned to the points is deferred until the points are redeemed, forfeited or expired.

E-commerce

The Company generates revenue from sales on websites maintained by the Company that are shipped from the Company's distribution centers or retail stores directly to the consumer, or picked up directly by the consumer from the Company's stores ("e-commerce – Company websites"); sales from the Company's wholesale customers' websites that are fulfilled on a drop-ship basis ("e-commerce – wholesale drop ship"); and other e-commerce sales ("wholesale – e-commerce"), collectively referred to as "e-commerce". The Company transfers control and recognizes revenue for merchandise sold that is shipped directly to an individual consumer upon delivery to the consumer.

Landed wholesale

Landed sales are wholesale sales in which the Company obtains title to the footwear from the overseas suppliers and maintains title until the merchandise clears United States customs. The merchandise is shipped directly to the customer from the Company's warehouses. Many customers purchasing footwear on a landed basis arrange their own transportation of merchandise and, with limited exceptions, control is transferred at the time of shipment. Landed sales generally carry a higher profit rate than first-cost wholesale sales as a result of the brand equity associated with the product along with the additional customs, warehousing and logistics services provided to customers and the risks associated with inventory ownership.

First-cost wholesale

First-cost sales are wholesale sales in which the Company purchases merchandise from an international factory that manufactures the product and subsequently sells to a customer at an overseas port. Many of the customers then import this product into the United States. Revenue is recognized at the time the merchandise is delivered to the customer's designated freight forwarder and control is transferred to the customer.

Licensing and royalty

The Company has license agreements with third parties allowing them to sell the Company's branded product, or other merchandise that uses the Company's owned or licensed brand names. These license agreements provide the licensee access to the Company's symbolic

intellectual property, and revenue is therefore recognized over the license term. For royalty contracts that do not have guaranteed minimums, the Company recognizes revenue as the licensee's sales occur. For royalty contracts that have guaranteed minimums, revenue for the guaranteed minimum is recognized on a straight-line basis during the term, until such time that the cumulative royalties exceed the total minimum guarantee. Up-front payments are recognized over the contractual term to which the guaranteed minimum relates.

The Company also licenses its Famous Footwear trade name and logo to a third-party financial institution to offer Famous Footwear-branded credit cards to its consumers. The Company receives royalties based upon cardholder spending, which is recognized as licensing revenue at the time the credit card is used.

Contract Balances

Revenue is recorded at the transaction price, net of estimates for variable consideration for which reserves are established, including returns, allowances and discounts. Variable consideration is estimated using the expected value method and given the large number of contracts with similar characteristics, the portfolio approach is applied to determine the variable consideration for each revenue stream. Reserves for projected returns are based on historical patterns and current expectations.

Information about significant contract balances from contracts with customers is as follows:

($ thousands)	**July 29, 2023**	July 30, 2022	January 28, 2023	**October 28, 2023**	October 29, 2022	January 28, 2023
Customer allowances and discounts	$ **19,699**	$ 19,357	$ 21,917	$ **23,849**	$ 23,164	$ 21,917
Loyalty programs liability	**16,621**	17,492	17,732	**13,770**	17,690	17,732
Returns reserve	**11,933**	13,172	12,038	**14,609**	16,619	12,038
Gift card liability	**5,774**	5,987	6,659	**5,664**	5,718	6,659

Changes in contract balances with customers generally reflect differences in relative sales volume for the periods presented. In addition, during the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023, the loyalty programs liability increased $22.7 $41.9 million due to points and material rights earned on purchases and decreased $23.8 $45.9 million due to expirations and redemptions. During the twenty-six thirty-nine weeks ended July 30, 2022 October 29, 2022, the loyalty programs liability increased $24.5 $32.5 million due to points and material rights earned on purchases and decreased $25.8 $33.6 million due to expirations and redemptions. The liability for loyalty programs is presented within other accrued expenses when earned and is generally expected to be recognized as revenue within one year. The gift card liability is established upon the sale of a gift card and revenue is recognized either upon redemption of the gift card by the consumer or based upon the gift card breakage rate, which is generally within the 24-month period following the sale of the gift card.

The Company estimates and records an expected lifetime credit loss on accounts receivable by utilizing credit ratings and other customer-related information, as well as historical loss experience. The following table summarizes the activity in the Company's allowance for expected credit losses during the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022:

	Twenty-Six Weeks Ended		Thirty-Nine Weeks Ended	
($ thousands)	**July 29, 2023**	July 30, 2022	**October 28, 2023**	October 29, 2022
Balance, beginning of period	$ **8,903**	$ 9,601	$ **8,903**	$ 9,601
Adjustment to expected credit losses	**840**	(1,004)	**1,053**	(303)
Uncollectible accounts written off, net of recoveries	**145**	(209)	**18**	(300)

Balance, end of period	$ **9,888**	$ 8,388	$ **9,974**	$ 8,998

Note 4 Earnings Per Share

The Company uses the two-class method to compute basic and diluted earnings per common share attributable to Caleres, Inc. shareholders. In periods of net loss, no effect is given to the Company's participating securities since they do not contractually participate in the losses of

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the Company. The following table sets forth the computation of basic and diluted earnings per common share attributable to Caleres, Inc. shareholders for the periods ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
($ thousands, except per share amounts)	**July 29, 2023**	July 30, 2022	**July 29, 2023**	July 30, 2022	**October 28, 2023**	October 29, 2022	**October 28, 2023**	October 29, 2022
NUMERATOR								
Net earnings	$ **34,365**	$ 51,553	$ **69,157**	$ 101,538	$ **47,015**	$ 38,992	$ **116,172**	$ 140,529
Net (earnings) loss attributable to noncontrolling interests	**(422)**	(375)	**(487)**	149	**(101)**	254	**(588)**	404
Net earnings attributable to Caleres, Inc.	$ **33,943**	$ 51,178	$ **68,670**	$ 101,687	$ **46,914**	$ 39,246	$ **115,584**	$ 140,933
Net earnings allocated to participating securities	**(1,513)**	(2,226)	**(2,990)**	(4,216)	**(2,121)**	(1,723)	**(5,103)**	(5,951)
Net earnings attributable to Caleres, Inc. after allocation of earnings to participating securities	$ **32,430**	$ 48,952	$ **65,680**	$ 97,471	$ **44,793**	$ 37,523	$ **110,481**	$ 134,982
DENOMINATOR								

Denominator for basic earnings per common share attributable to Caleres, Inc. shareholders	**34,280**	35,031	**34,343**	35,620	**33,933**	34,379	**34,206**	35,207
Dilutive effect of share-based awards	**—**	467	**—**	467	**—**	507	**—**	450
Denominator for diluted earnings per common share attributable to Caleres, Inc. shareholders	**34,280**	35,498	**34,343**	36,087	**33,933**	34,886	**34,206**	35,657
Basic earnings per common share attributable to Caleres, Inc. shareholders	$ **0.95**	$ 1.40	$ **1.91**	$ 2.74	$ **1.32**	$ 1.09	$ **3.23**	$ 3.83
Diluted earnings per common share attributable to Caleres, Inc. shareholders	$ **0.95**	$ 1.38	$ **1.91**	$ 2.70	$ **1.32**	$ 1.08	$ **3.23**	$ 3.79

There were no outstanding options to purchase shares of common stock for the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023. Options to purchase 16,667 shares of common stock for both the thirteen and twenty-six thirty-nine weeks ended July 30, 2022 October 29, 2022 were not included in the denominator for diluted earnings per common share attributable to Caleres, Inc. shareholders because the effect would be anti-dilutive.

As further discussed in Item 2, *Unregistered Sales of Equity Securities and Use of Proceeds*, the Company has two publicly announced share repurchase programs. The Company did not repurchase any shares under these programs during the 2019 program thirteen weeks ended October 28, 2023 and repurchased 763,000 shares during the 2022 program, which permit repurchases up to 5.0 million and 7.0 million shares, respectively. thirty-nine weeks ended October 28, 2023. During the thirteen and twenty-six thirty-nine weeks ended July 29, 2023 October 29, 2022, the Company repurchased 763,000 shares under the 2022 program. During the thirteen 838,025 and twenty-six weeks ended July 30, 2022, the Company repurchased 1,083,496 and 1,784,820 2,622,845 shares, respectively, under the 2019 and 2022 share repurchase programs. No excise taxes were due on the Company's share repurchases during the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 under the provisions of the Inflation Reduction Act of 2022.

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Note 5 Restructuring and Other Special Charges

The Company incurred costs of approximately $1.7 million $2.3 million ($1.2 1.7 million on an after-tax basis) basis, or $0.05 per diluted share) and $3.9 million ($2.9 million on an after-tax basis, or $0.08 per diluted share) during the thirteen and twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023, respectively, associated with its expense reduction initiatives. The costs were primarily severance related to expense reduction initiatives, primarily severance. organizational changes in the Famous Footwear segment and the Company's corporate office, as well as severance and other costs to integrate the Blowfish Malibu office and information systems into the St. Louis infrastructure. Of the approximately $1.7 million $2.3 million in charges presented in restructuring and other special charges on the condensed consolidated statements of earnings $0.9 million for the thirteen weeks ended October 28, 2023, $1.2 million is reflected in the Famous Footwear segment, $0.8 million is reflected in the Brand Portfolio segment $0.6 million and $0.3 million is reflected within the Eliminations and Other category category. Of the $3.9 million in charges presented in restructuring and $0.2 million other special charges on the condensed consolidated statements of earnings for the thirty-nine weeks ended October 28, 2023, $1.7 million is reflected in the Brand Portfolio segment, $1.3 million is reflected in the Famous Footwear segment. There were no corresponding costs for segment and $0.9 million is reflected within the twenty-six weeks ended July 30, 2022. Eliminations and Other category. As of July 29, 2023 October 28, 2023, restructuring reserves of $1.5 million $2.6 million were included in other accrued expenses on the condensed consolidated balance sheet.

During the thirteen and thirty-nine weeks ended October 29, 2022, the Company incurred costs of $2.9 million ($2.7 million on an after-tax basis, or $0.07 per diluted share) related to the CFO transition at the corporate headquarters. These costs were recognized as restructuring and other special charges in the condensed consolidated statement of earnings within the Eliminations and Other category.

Note 6 Business Segment Information

Following is a summary of certain key financial measures for the Company's business segments for the periods ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022:

($ thousands)	Famous Footwear	Brand Portfolio	Eliminations and Other	Total	Famous Footwear	Brand Portfolio	Eliminations and Other	Total
Thirteen Weeks Ended July 29, 2023								
Thirteen Weeks Ended October 28, 2023								
Net sales	**$ 414,238**	**$ 300,873**	**$ (19,578)**	**$ 695,533**	**$ 449,773**	**$ 320,775**	**$ (8,644)**	**$ 761,904**
Intersegment sales (1)	**—**	**19,578**	**—**	**19,578**	**—**	**8,644**	**—**	**8,644**
Operating earnings (loss)	**40,630**	**26,828**	**(17,755)**	**49,703**	**46,600**	**38,211**	**(20,393)**	**64,418**
Segment assets	**881,483**	**861,782**	**160,695**	**1,903,960**	**828,691**	**834,645**	**163,557**	**1,826,893**
Thirteen Weeks Ended July 30, 2022								
Thirteen Weeks Ended October 29, 2022								
Net sales	$ 436,375	$ 324,060	$ (22,105)	$ 738,330	$ 481,951	$ 323,242	$ (6,935)	$ 798,258
Intersegment sales (1)	—	22,105	—	22,105	—	6,935	—	6,935
Operating earnings (loss)	62,496	29,410	(23,486)	68,420	59,267	22,304	(27,724)	53,847
Segment assets	882,303	992,238	150,667	2,025,208	833,268	955,712	159,333	1,948,313
Twenty-Six Weeks Ended July 29, 2023								
Thirty-Nine Weeks Ended October 28, 2023								
Net sales	**$ 763,396**	**$ 626,389**	**$ (31,518)**	**$ 1,358,267**	**$1,213,169**	**$ 947,164**	**$ (40,162)**	**$2,120,171**
Intersegment sales (1)	**—**	**31,518**	**—**	**31,518**	**—**	**40,162**	**—**	**40,162**
Operating earnings (loss)	**57,686**	**69,497**	**(27,893)**	**99,290**	**104,286**	**107,708**	**(48,286)**	**163,708**
Twenty-Six Weeks Ended July 30, 2022								
Thirty-Nine Weeks Ended October 29, 2022								
Net sales	$ 820,877	$ 689,800	$ (37,232)	$ 1,473,445	$1,302,828	$1,013,043	$ (44,167)	$2,271,704
Intersegment sales (1)	—	37,232	—	37,232	—	44,167	—	44,167
Operating earnings (loss)	112,184	70,760	(48,329)	134,615	171,451	93,063	(76,052)	188,462

(1) Included in net sales in the Brand Portfolio segment and eliminated in the Eliminations and Other category.

The Eliminations and Other category includes corporate assets, administrative expenses and other costs and recoveries, which are not allocated to the operating segments, as well as the elimination of intersegment sales and profit.

Following is a reconciliation of operating earnings to earnings before income taxes:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
($ thousands)	**July 29, 2023**	July 30, 2022	**July 29, 2023**	July 30, 2022
Operating earnings	$ **49,703**	$ 68,420	$ **99,290**	$ 134,615
Interest expense, net	**(5,128)**	(2,584)	**(10,751)**	(4,883)
Other income, net	**1,616**	3,217	**3,108**	6,639
Earnings before income taxes	$ **46,191**	$ 69,053	$ **91,647**	$ 136,371

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Following is a reconciliation of operating earnings to earnings before income taxes:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
($ thousands)	**October 28, 2023**	October 29, 2022	**October 28, 2023**	October 29, 2022
Operating earnings	$ **64,418**	$ 53,847	$ **163,708**	$ 188,462
Interest expense, net	**(4,488)**	(4,003)	**(15,240)**	(8,886)
Other income, net	**1,552**	2,997	**4,660**	9,636
Earnings before income taxes	$ **61,482**	$ 52,841	$ **153,128**	$ 189,212

Note 7 Inventories

The Company's net inventory balance was comprised of the following:

($ thousands)	**July 29, 2023**	July 30, 2022	January 28, 2023	**October 28, 2023**	October 29, 2022	January 28, 2023
Raw materials	$ **17,131**	$ 18,159	$ 21,172	$ **14,381**	$ 21,044	$ 21,172
Work-in-process	**534**	714	569	**628**	629	569
Finished goods	**643,025**	751,779	558,474	**541,025**	627,584	558,474
Inventories, net	$ **660,690**	$ 770,652	$ 580,215	$ **556,034**	$ 649,257	$ 580,215

Note 8 Goodwill and Intangible Assets

Goodwill and intangible assets were as follows:

($ thousands)	**July 29, 2023**	July 30, 2022	January 28, 2023	**October 28, 2023**	October 29, 2022	January 28, 2023
Intangible Assets						
Famous Footwear	$ **2,800**	$ 2,800	$ 2,800	$ **2,800**	$ 2,800	$ 2,800
Brand Portfolio (1)	**342,083**	342,083	342,083	**342,083**	342,083	342,083
Total intangible assets	**344,883**	344,883	344,883	**344,883**	344,883	344,883
Accumulated amortization	**(140,525)**	(128,392)	(134,447)	**(143,564)**	(131,419)	(134,447)
Total intangible assets, net	**204,358**	216,491	210,436	**201,319**	213,464	210,436

Goodwill						
Brand Portfolio (2)	**4,956**	4,956	4,956	**4,956**	4,956	4,956
Total goodwill	**4,956**	4,956	4,956	**4,956**	4,956	4,956
Goodwill and intangible assets, net	$ **209,314**	$ 221,447	$ 215,392	$ **206,275**	$ 218,420	$ 215,392

(1) The carrying amount of intangible assets as of July 29, 2023 October 28, 2023, July 30, 2022, October 29, 2022 and January 28, 2023, is presented net of accumulated impairment charges of $106.2 million.

(2) The carrying amount of goodwill as of July 29, 2023 October 28, 2023, July 30, 2022, October 29, 2022 and January 28, 2023, is presented net of accumulated impairment charges of $415.7 million.

The Company's intangible assets as of July 29, 2023 October 28, 2023, July 30, 2022 October 29, 2022 and January 28, 2023 were as follows:

($ thousands)	**July 29, 2023**					**October 28, 202**		
	Estimated Useful Lives (In Years)	**Cost Basis**	**Accumulated Amortization**	**Accumulated Impairment**	**Net Carrying Value**	**Estimated Useful Lives (In Years)**	**Cost Basis**	**Accumulated Amortizatio**
Trade names	**2 - 40**	**$ 299,488**	**$ 126,174**	**$ 10,200**	**$ 163,114**	**2 - 40**	**$ 299,488**	**$ 128,59**
Trade names	**Indefinite**	**107,400**	**—**	**92,000**	**15,400**	**Indefinite**	**107,400**	**–**
Customer relationships	**15 - 16**	**44,200**	**14,351**	**4,005**	**25,844**	**15 - 16**	**44,200**	**14,97**
		$ 451,088	**$ 140,525**	**$ 106,205**	**$ 204,358**		**$ 451,088**	**$ 143,56**

	July 30, 2022					October 29, 202		
	Estimated Useful Lives (In Years)	Cost Basis	Accumulated Amortization	Accumulated Impairment	Net Carrying Value	Estimated Useful Lives (In Years)	Cost Basis	Accumulated Amortizatio
Trade names	2 - 40	$ 299,488	$ 116,995	$ 10,200	$ 172,293	2 - 40	$ 299,488	$ 119,46
Trade names	Indefinite	107,400	—	92,000	15,400	Indefinite	107,400	–
Customer relationships	15 - 16	44,200	11,397	4,005	28,798	15 - 16	44,200	11,95
		$ 451,088	$ 128,392	$ 106,205	$ 216,491		$ 451,088	$ 131,41

	January 28, 2023					January 28, 202		
	Estimated Useful Lives (In Years)	Cost Basis	Accumulated Amortization	Accumulated Impairment	Net Carrying Value	Estimated Useful Lives (In Years)	Cost Basis	Accumulated Amortizatio
Trade names	2 - 40	$ 299,488	$ 121,928	$ 10,200	$ 167,360	2 - 40	$ 299,488	$ 121,92
Trade names	Indefinite	107,400	—	92,000	15,400	Indefinite	107,400	–
Customer relationships	15 - 16	44,200	12,519	4,005	27,676	15 - 16	44,200	12,51
		$ 451,088	$ 134,447	$ 106,205	$ 210,436		$ 451,088	$ 134,44

Amortization expense related to intangible assets was $3.0 million for both the thirteen weeks ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022, respectively, and $6.1 million $9.1 million for both the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 and July 30, 2022, respectively. October 29, 2022. The Company estimates that amortization expense related to intangible assets will be approximately $11.9 million in 2023, $11.0 million in 2024, 2025 and 2026, and $10.9 million in 2027.

Goodwill is tested for impairment at least annually, as of the first day of the fourth quarter of each fiscal year, or more frequently if events or circumstances indicate it might be impaired, using either the qualitative assessment or a quantitative fair value-based test. The Company recorded no goodwill impairment charges during the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 or July 30, 2022 October 29, 2022.

Indefinite-lived intangible assets are tested for impairment as of the first day of the fourth quarter of each fiscal year unless events or circumstances indicate an interim test is required. The Company recorded no impairment charges for indefinite-lived intangible assets during the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 or July 30, 2022 October 29, 2022.

Note 9 Leases

The Company leases all of its retail locations, a manufacturing facility, and certain office locations, distribution centers and equipment. At contract inception, leases are evaluated and classified as either operating or finance leases. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

Lease right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term. The majority of the Company's leases do not provide an implicit rate and therefore, the Company uses an incremental borrowing rate based on information available at the commencement date to determine the present value of future payments. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Variable lease payments are expensed as incurred.

The Company regularly analyzes the results of all of its stores and assesses the viability of underperforming stores to determine whether events or circumstances exist that indicate the stores should be closed or whether the carrying amount of their long-lived assets may not be recoverable. After allowing for an appropriate start-up period and consideration of any unusual nonrecurring events, property and equipment

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at stores and the lease right-of-use assets indicated as impaired are written down to fair value as calculated using a discounted cash flow method. The fair value of the lease right-of-use assets is determined utilizing projected cash flows for each store location, discounted using a risk-adjusted discount rate, subject to a market floor based on current market lease rates. Refer to Note 14 to the condensed consolidated financial statements for further discussion of impairment charges on the Company's operating lease right-of-use assets and property and equipment in retail stores.

During the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023, the Company entered into new or amended leases that resulted in the recognition of right-of-use assets and lease obligations of $55.8 million $94.3 million on the condensed consolidated balance sheets. As of July 29, 2023 October 28, 2023, the Company has entered into lease commitments for 11 retail locations for which the leases have not yet commenced. The Company anticipates that seven six leases will begin in the current fiscal year, three four leases will begin in fiscal 2024 and one lease will begin in fiscal 2025. Upon commencement, right-of-use assets and lease liabilities of approximately $8.3 million $5.2 million, $2.8 million $3.1 million and $0.3 million will be recorded on the condensed consolidated balance sheets in 2023, 2024 and 2025, respectively.

The components of lease expense for the thirteen and twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022 were as follows:

	Thirteen Weeks Ended		Thirteen Weeks Ended	
($ thousands)	**July 29, 2023**	July 30, 2022	**October 28, 2023**	October 29, 2022
Operating lease expense	**$ 38,791**	$ 33,630	**$ 39,308**	$ 38,116
Variable lease expense	**11,285**	9,872	**10,404**	10,679
Short-term lease expense	**743**	1,176	**727**	970
Total lease expense	**$ 50,819**	$ 44,678	**$ 50,439**	$ 49,765

Twenty-Six Weeks Ended

($ thousands)	July 29, 2023	July 30, 2022
Operating lease expense	$ 77,933	$ 71,694
Variable lease expense	21,751	18,888
Short-term lease expense	1,430	2,371
Sublease income	—	(59)
Total lease expense	$ 101,114	$ 92,894

	Thirty-Nine Weeks Ended	
($ thousands)	October 28, 2023	October 29, 2022
Operating lease expense	$ 117,241	$ 109,810
Variable lease expense	32,154	29,567
Short-term lease expense	2,157	3,340
Sublease income	—	(59)
Total lease expense	$ 151,552	$ 142,658

Supplemental cash flow information related to leases is as follows:

	Twenty-Six Weeks Ended		Thirty-Nine Weeks Ended	
($ thousands)	July 29, 2023	July 30, 2022	October 28, 2023	October 29, 2022
Cash paid for lease liabilities	$ 82,171	$ 84,310	$ 124,691	$ 125,967
Cash received from sublease income	—	59	—	59

Note 10 Financing Arrangements

Credit Agreement

The Company maintains a revolving credit facility for working capital needs. The Company is the lead borrower, and Sidney Rich Associates, Inc., BG Retail, LLC, Allen Edmonds LLC, Vionic Group LLC, Vionic International LLC and Blowfish, LLC are each co-borrowers and guarantors.

On October 5, 2021, the Company entered into a Fifth Amendment to Fourth Amended and Restated Credit Agreement (as so amended, the "Credit Agreement") which, among other modifications, decreased the amount available under the revolving credit facility by $100.0 million to an aggregate amount of up to $500.0 million, subject to borrowing base restrictions, and may be increased by up to $250.0 million. The Credit Agreement also decreased the spread applied to the London Interbank Offered Rate ("LIBOR") or prime rate by a total of 75 basis points. On April 27, 2023, the Company entered into a Sixth Amendment to Fourth Amended and Restated Credit agreement to transition the borrowings on the revolving credit facility from bearing interest based on LIBOR to a term secured overnight financing rate ("SOFR").

Borrowing availability under the Credit Agreement is limited to the lesser of the total commitments and the borrowing base ("Loan Cap"), which is based on stated percentages of the sum of eligible accounts receivable, eligible inventory and eligible credit card receivables, as

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defined, less applicable reserves. Under the Credit Agreement, the Loan Parties' obligations are secured by a first-priority security interest in all accounts receivable, inventory and certain other collateral.

Interest on borrowings is at variable rates based on the SOFR, or the prime rate (as defined in the Credit Agreement), plus a spread. The interest rate and fees for letters of credit vary based upon the level of excess availability under the Credit Agreement. There is an unused line fee payable on the unused portion under the facility and a letter of credit fee payable on the outstanding face amount under letters of credit.

The Credit Agreement limits the Company's ability to create, incur, assume or permit to exist additional indebtedness and liens, make investments or specified payments, give guarantees, pay dividends, make capital expenditures and merge or acquire or sell assets. In addition, if excess availability falls below the greater of 10.0% of the Loan Cap and $40.0 million for three consecutive business days, and the fixed charge coverage ratio is less than 1.25 to 1.0, the Company would be in default under the Credit Agreement and certain additional covenants would be triggered.

The Credit Agreement contains customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to similar obligations, certain events of bankruptcy and insolvency, judgment defaults and the failure of any guaranty or security document supporting the agreement to be in full force and effect. If an event of default occurs, the collateral agent may assume dominion and control over the Company's cash (a "cash dominion event") until such event of default is cured or waived or the excess availability exceeds such amount for 30 consecutive days, provided that a cash dominion event shall be deemed continuing (even if an event of default is no longer continuing and/or excess availability exceeds the required amount for 30 consecutive business days) after a cash dominion event has occurred and been discontinued on two occasions in any 12-month period. The Credit Agreement also contains certain other covenants and restrictions. The Company was in compliance with all covenants and restrictions under the Credit Agreement as of July 29, 2023 October 28, 2023.

At July 29, 2023 October 28, 2023, the Company had $244.0 $222.0 million of borrowings outstanding and $10.7 million $10.6 million in letters of credit outstanding under the Credit Agreement. Total additional borrowing availability was $245.3 $267.4 million at July 29, 2023 October 28, 2023.

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Note 11 Shareholders' Equity

Accumulated Other Comprehensive Loss

The following table sets forth the changes in accumulated other comprehensive loss (OCL) by component for the periods ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022:

($ thousands)	Foreign Currency Translation	Pension and Other Postretirement Transactions (1)	Accumulated Other Comprehensive (Loss) Income	Foreign Currency Translation	Pension and Other Postretirement Transactions (1)	Accumulated Other Comprehensive (Loss) Income
Balance at April 29, 2023	**$ (1,433)**	**$ (24,827)**	**$ (26,260)**			
Other comprehensive income before reclassifications	**120**	**—**	**120**			
Balance at July 29, 2023				**$ (1,313)**	**$ (24,217)**	**$ (25,530)**
Other comprehensive loss before reclassifications				**(726)**	**—**	**(726)**
Reclassifications:						
Amounts reclassified from accumulated other comprehensive loss	**—**	**821**	**821**	**—**	**888**	**888**
Tax benefit	**—**	**(211)**	**(211)**	**—**	**(228)**	**(228)**
Net reclassifications	**—**	**610**	**610**	**—**	**660**	**660**
Other comprehensive income	**120**	**610**	**730**			
Balance at July 29, 2023	**$ (1,313)**	**$ (24,217)**	**$ (25,530)**			
Other comprehensive (loss) income				**(726)**	**660**	**(66)**
Balance at October 28, 2023				**$ (2,039)**	**$ (23,557)**	**$ (25,596)**
Balance at April 30, 2022	$ (950)	$ (7,378)	$ (8,328)			
Other comprehensive income before reclassifications	465	—	465			
Balance at July 30, 2022				$ (485)	$ (6,795)	$ (7,280)
Other comprehensive loss before reclassifications				(815)	—	(815)
Reclassifications:						
Amounts reclassified from accumulated other comprehensive loss	—	773	773	—	994	994

Tax benefit	—	(190)	(190)	—	(86)	(86)
Net reclassifications	—	583	583	—	908	908
Other comprehensive income	465	583	1,048			
Balance at July 30, 2022	$ (485)	$ (6,795)	$ (7,280)			
Other comprehensive (loss) income				(815)	908	93
Balance at October 29, 2022				$ (1,300)	$ (5,887)	$ (7,187)
Balance at January 28, 2023	**$ (1,213)**	**$ (25,537)**	**$ (26,750)**	**$ (1,213)**	**$ (25,537)**	**$ (26,750)**
Other comprehensive loss before reclassifications	**(100)**	**—**	**(100)**	**(826)**	**—**	**(826)**
Reclassifications:						
Amounts reclassified from accumulated other comprehensive loss	**—**	**1,776**	**1,776**	**—**	**2,664**	**2,664**
Tax benefit	**—**	**(456)**	**(456)**	**—**	**(684)**	**(684)**
Net reclassifications	**—**	**1,320**	**1,320**	**—**	**1,980**	**1,980**
Other comprehensive (loss) income	**(100)**	**1,320**	**1,220**	**(826)**	**1,980**	**1,154**
Balance at July 29, 2023	**$ (1,313)**	**$ (24,217)**	**$ (25,530)**			
Balance at October 28, 2023				**$ (2,039)**	**$ (23,557)**	**$ (25,596)**
Balance at January 29, 2022	$ (788)	$ (7,818)	$ (8,606)	$ (788)	$ (7,818)	$ (8,606)
Other comprehensive income before reclassifications	303	—	303			
Other loss income before reclassifications				(512)	—	(512)
Reclassifications:						
Amounts reclassified from accumulated other comprehensive loss	—	1,354	1,354	—	2,348	2,348
Tax benefit	—	(331)	(331)	—	(417)	(417)
Net reclassifications	—	1,023	1,023	—	1,931	1,931
Other comprehensive income	303	1,023	1,326			
Balance at July 30, 2022	$ (485)	$ (6,795)	$ (7,280)			
Other comprehensive (loss) income				(512)	1,931	1,419
Balance at October 29, 2022				$ (1,300)	$ (5,887)	$ (7,187)

(1) Amounts reclassified are included in other income, net. Refer to Note 13 to the condensed consolidated financial statements for additional information related to pension and other postretirement benefits.

Note 12 Share-Based Compensation

The Company recognized share-based compensation expense of $4.0 million $4.1 million and $4.4 $5.0 million during the thirteen weeks and $6.9 million $10.9 million and $8.2 million $13.2 million during the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022, respectively.

The Company had net issuances of 28,494 3,365 and 87,947 20,699 shares of common stock during the thirteen weeks ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022, respectively, for restricted stock grants, stock performance awards issued to employees and common and restricted stock grants issued to non-employee directors, net of forfeitures and shares withheld to satisfy the tax withholding requirement. During the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022, the Company had net issuances of 587,341 590,706 and 600,455 621,154 shares of common stock, respectively, related to share-based plans.

Restricted Stock

The following table summarizes restricted stock activity for the periods ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022:

	Thirteen Weeks Ended July 29, 2023			Thirteen Weeks Ended July 30, 2022		Thirteen Weeks Ended October 28, 2023			Thirteen Weeks Ended October 29, 2022	
	Total Number of Restricted Shares	**Weighted-Average Grant Date Fair Value**		Total Number of Restricted Shares	Weighted-Average Grant Date Fair Value	**Total Number of Restricted Shares**	**Weighted-Average Grant Date Fair Value**		Total Number of Restricted Shares	Weighted-Average Grant Date Fair Value
April 29, 2023	**1,607,595**	**$ 21.64**	April 30, 2022	1,622,777	$ 17.51					
July 29, 2023						**1,608,057**	**$ 21.55**	July 30, 2022	1,579,202	$ 17.53
Granted	**33,610**	**19.34**	Granted	10,470	27.70	**10,906**	**28.35**	Granted	45,050	26.65
Forfeited	**(21,928)**	**21.79**	Forfeited	(29,250)	17.10	**(6,650)**	**21.48**	Forfeited	(15,500)	21.00
Vested	**(11,220)**	**27.69**	Vested	(24,795)	21.00	**(3,000)**	**9.76**	Vested	(58,000)	13.16
July 29, 2023	**1,608,057**	**$ 21.55**	July 30, 2022	1,579,202	$ 17.53					
October 28, 2023						**1,609,313**	**$ 21.62**	October 29, 2022	1,550,752	$ 17.92

	Twenty-Six Weeks Ended July 29, 2023			Twenty-Six Weeks Ended July 30, 2022		Thirty-Nine Weeks Ended October 28, 2023			Thirty-Nine Weeks Ende October 29, 2022	
	Total Number of Restricted Shares	**Weighted-Average Grant Date Fair Value**		Total Number of Restricted Shares	Weighted-Average Grant Date Fair Value	**Total Number of Restricted Shares**	**Weighted-Average Grant Date Fair Value**		Total Number of Restricted Shares	Weighte Averag Grant Da Fair Valu
January 28, 2023	**1,603,960**	**$ 18.57**	January 29, 2022	1,390,397	$ 14.24	**1,603,960**	**$ 18.57**	January 29, 2022	1,390,397	$ 14.2
Granted	**579,994**	**22.87**	Granted	681,670	21.10	**590,900**	**22.97**	Granted	726,720	21.4
Forfeited	**(144,173)**	**18.55**	Forfeited	(80,216)	14.26	**(150,823)**	**18.68**	Forfeited	(95,716)	15.3
Vested	**(431,724)**	**13.27**	Vested	(412,649)	12.99	**(434,724)**	**13.24**	Vested	(470,649)	13.0
July 29, 2023	**1,608,057**	**$ 21.55**	July 30, 2022	1,579,202	$ 17.53					
October 28, 2023						**1,609,313**	**$ 21.62**	October 29, 2022	1,550,752	$ 17.9

Of the 33,610 The Company granted 10,906 restricted shares the Company granted during the thirteen weeks ended July 29, 2023 October 28, 2023, 23,268 have a cliff-vesting term of one year and 10,342 shares which have a graded vesting term of three years, with 50% vesting after two years and 50% after three years. Of the 579,994 590,900 restricted shares granted during the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023, 543,926 554,832 shares have a graded vesting term of three years, with 50% vesting after two years and 50% after three years, 23,268 shares have a cliff-vesting term of one year, 7,000 shares have a graded vesting term of three years, with 50% vesting after eighteen months and 50% after three years, and 5,800 shares have a cliff-vesting term of two years. The Company granted 10,470 45,050 restricted shares during the thirteen weeks ended July 30, 2022 October 29, 2022, which have a cliff-vesting graded-vesting term of one year. three years, with 50% vesting after two years and 50% after three years. Of the 681,670 726,720 restricted shares the Company granted during the twenty-six thirty-nine weeks ended July 30, 2022 October 29, 2022, 671,200 716,250 shares have a graded-vesting term of three years, with 50% vesting after two years and 50% after three years and 10,470 shares have a cliff-vesting term of one year.

Performance Awards

During the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023, the Company granted performance share awards for a targeted 276,434 shares, with a weighted-average grant date fair value of $23.12 in connection with the 2023 performance award (2023 – 2025 performance period). During the twenty-six thirty-nine weeks ended July 30, 2022 October 29, 2022, the Company granted performance share awards for a targeted 87,750 shares, with a weighted-average grant date fair value of $20.99 in connection with the 2020 performance award (2020 – 2022 performance period). award. At the end of the vesting period, the employee will have earned an amount of shares or units between 0% and 200% of the targeted award, depending on the attainment of certain financial goals for the service period and individual achievement of strategic initiatives over the cumulative period of the award. The 2023 performance award is payable in common stock for up to 100% of the targeted award and the remainder in cash if any portion exceeds the targeted award. Compensation expense is recognized based on the fair value of the award and the anticipated number of shares or units to be awarded for each tranche in accordance with the vesting schedule of the units over the three-year service period.

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In connection with the Company's CFO transition during the thirteen weeks ended October 29, 2022, the Company approved the accelerated vesting of 30,000 performance-based share awards, representing two of the four award tranches from the 2020 performance award. The performance conditions had been satisfied for the two award tranches based on the achievement of financial goals for the 2020 and 2021 fiscal periods. The modification to accelerate vesting eliminated the remaining service requirement. These awards had a weighted-average grant date fair value of $13.05 per share, but were revalued using a fair value on the date of modification of $24.31 per share. The modification of these awards resulted in incremental compensation expense of $0.4 million, which is presented in restructuring and other special charges on the condensed consolidated statements of earnings for the thirteen and thirty-nine weeks ended October 29, 2022.

During the twenty-six thirty-nine weeks ended July 30, 2022 October 29, 2022, the Company granted long-term incentive awards payable in cash for the 2022-2024 performance period, with a target value of $8.3 million and a maximum value of $16.6 million. This award, which vests after a three-year period, is dependent upon the attainment of certain financial goals of the Company for each of the three years and individual achievement of strategic initiatives over the cumulative period of the award. The estimated value of the award, which is reflected within other liabilities on the condensed consolidated balance sheets, is being expensed ratably over the three-year performance period.

Restricted Stock Units for Non-Employee Directors

Equity-based grants may be made to non-employee directors in the form of restricted stock units ("RSUs") payable in cash or common stock at no cost to the non-employee director. The RSUs are subject to a vesting requirement (usually one year) and earn dividend equivalents at the same rate as dividends on the Company's common stock. The dividend equivalents, which vest immediately, are automatically reinvested in additional RSUs. Expense related to the initial grant of RSUs is recognized ratably over the vesting period based upon the fair value of the RSUs. The RSUs payable in cash are remeasured at the end of each period. Expense for the dividend equivalents is recognized at fair value when the dividend equivalents are granted. Gains and losses resulting from changes in the fair value of the RSUs payable in cash subsequent to the vesting period and through the settlement date are recognized in the Company's condensed consolidated statements of earnings. The Company granted 47,873 1,081 and 38,104 1,314 RSUs to non-employee directors, including 1,337 and 1,459 for dividend equivalents, during the thirteen weeks ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022, respectively, with weighted-average grant date fair values of $19.46 $28.80 and $27.66, $24.30, respectively. The Company granted 49,295 50,376 and 40,011 41,325 RSUs to non-employee directors, including 2,759 3,840 and 3,366 4,680 and for dividend equivalents, during the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022, respectively, with weighted-average grant date fair values of $19.52 $19.72 and $27.33, $27.23, respectively.

Note 13 Retirement and Other Benefit Plans

The following table sets forth the components of net periodic benefit income for the Company, including the domestic and Canadian plans:

	Pension Benefits		Other Postretirement Benefits		Pension Benefits		Other Postretirement Benefits	
	Thirteen Weeks Ended		Thirteen Weeks Ended		Thirteen Weeks Ended		Thirteen Weeks Ended	
($ thousands)	**July 29, 2023**	July 30, 2022	**July 29, 2023**	July 30, 2022	**October 28, 2023**	October 29, 2022	**October 28, 2023**	October 29, 2022
Service cost	**$ 1,253**	$ 1,810	**$ —**	$ —	**$ 1,256**	$ 1,786	**$ —**	$ —
Interest cost	**3,655**	3,026	**12**	8	**3,635**	2,997	**12**	9
Expected return on assets	**(6,104)**	(7,024)	**—**	—	**(6,087)**	(6,997)	**—**	—
Amortization of:								
Actuarial loss (gain)	**883**	883	**(27)**	(27)	**946**	779	**(27)**	(26)
Prior service income	**(35)**	(83)	**—**	—	**(31)**	(79)	**—**	—
Settlement cost					**—**	320	**—**	—

Total net periodic benefit income	**$ (348)**	$ (1,388)	**$ (15)**	$ (19)	**$ (281)**	$ (1,194)	**$ (15)**	$ (17)

	Pension Benefits		Other Postretirement Benefits		Pension Benefits		Other Postretirement Benefits	
	Twenty-Six Weeks Ended		Twenty-Six Weeks Ended		Thirty-Nine Weeks Ended		Thirty-Nine Weeks Ended	
($ thousands)	**July 29, 2023**	July 30, 2022	**July 29, 2023**	July 30, 2022	**October 28, 2023**	October 29, 2022	**October 28, 2023**	October 29, 2022
Service cost	**$ 2,511**	$ 3,572	**$ —**	$ —	**$ 3,767**	$ 5,358	**$ —**	$ —
Interest cost	**7,270**	5,997	**24**	18	**10,905**	8,994	**36**	27
Expected return on assets	**(12,178)**	(14,008)	**—**	—	**(18,265)**	(21,005)	**—**	—
Amortization of:								
Actuarial loss (gain)	**1,894**	1,564	**(55)**	(52)	**2,840**	2,343	**(82)**	(78)
Prior service income	**(63)**	(158)	**—**	—	**(94)**	(237)	**—**	—
Settlement cost					**—**	320	**—**	—
Total net periodic benefit income	**$ (566)**	$ (3,033)	**$ (31)**	$ (34)	**$ (847)**	$ (4,227)	**$ (46)**	$ (51)

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The non-service cost components of net periodic benefit income are included in other income, net in the condensed consolidated statements of earnings. Service cost is included in selling and administrative expenses.

Note 14 Fair Value Measurements

Fair Value Hierarchy

Fair value measurement disclosure requirements specify a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources ("observable

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inputs") or reflect the Company's own assumptions of market participant valuation ("unobservable inputs"). In accordance with the fair value guidance, the inputs to valuation techniques used to measure fair value are categorized into three levels based on the reliability of the inputs as follows:

- Level 1 – Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

- Level 2 – Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and

- Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

In determining fair value, the Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company also considers counterparty credit risk in its assessment of fair value. Classification of the financial or non-financial asset or liability within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Measurement of Fair Value

The Company measures fair value as an exit price, the price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date, using the procedures described below for all financial and non-financial assets and liabilities measured at fair value.

Non-Qualified Deferred Compensation Plan Assets and Liabilities

The Company maintains a non-qualified deferred compensation plan (the “Deferred Compensation Plan”) for the benefit of certain management employees. The investment funds offered to the participants generally correspond to the funds offered in the Company’s 401(k) plan, and the account balance fluctuates with the investment returns on those funds. The Deferred Compensation Plan permits the deferral of up to 50% of base salary and 100% of compensation received under the Company’s annual incentive plan. The deferrals are held in a separate trust, which has been established by the Company to administer the Deferred Compensation Plan. The assets of the trust are subject to the claims of the Company’s creditors in the event that the Company becomes insolvent. Consequently, the trust qualifies as a grantor trust for income tax purposes (i.e., a “Rabbi Trust”). The liabilities of the Deferred Compensation Plan are presented in other accrued expenses and the assets held by the trust are classified within prepaid expenses and other current assets in the condensed consolidated balance sheets. Changes in deferred compensation plan assets and liabilities are charged to selling and administrative expenses. The fair value is based on unadjusted quoted market prices for the funds in active markets with sufficient volume and frequency (Level 1).

Non-Qualified Restoration Plan Liabilities

In 2023, the Company adopted a non-qualified restoration deferred compensation plan (the “Restoration Plan”) for the benefit of certain members of executive management. The Restoration Plan provides an incremental retirement benefit to key executives whose contributions to qualified retirement plans are limited by Internal Revenue Service annual compensation maximums. The investment funds offered to the participants generally correspond to the funds offered in the Company’s 401(k) plan. Upon the initial contribution to the Restoration Plan, which is expected to be in January 2024, the plan assets and liabilities will fluctuate with the returns on the investment funds. The deferrals will be held in a separate trust, which will be established by the Company to administer the Restoration Plan. The assets of the trust will be subject to the claims of the Company’s creditors in the event that the Company becomes insolvent. The liabilities of the Restoration Plan are presented in other accrued expenses in the condensed consolidated balance sheet as of October 28, 2023.

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Deferred Compensation Plan for Non-Employee Directors

Non-employee directors are eligible to participate in a deferred compensation plan with deferred amounts valued as if invested in the Company’s common stock through the use of phantom stock units (“PSUs”). Under the plan, each participating director’s account is credited with the number of PSUs equal to the number of shares of the Company’s common stock that the participant could purchase or receive with the amount of the deferred compensation, based upon the average of the high and low prices of the Company’s common stock on the last trading day of the fiscal quarter when the cash compensation was earned. Dividend equivalents are paid on PSUs at the same rate as dividends on the Company’s common stock and are reinvested in additional PSUs at the next fiscal quarter-end. The liabilities of the plan are based on the fair value of the outstanding PSUs and are presented in other accrued expenses (current portion) or other liabilities in the condensed consolidated balance sheets. Gains and losses resulting from changes in the fair value of the PSUs are presented in selling and administrative expenses in the Company’s condensed consolidated statements of earnings. The fair value of each PSU is based on an unadjusted quoted market price for the Company’s common stock in an active market with sufficient volume and frequency on each measurement date (Level 1).

Restricted Stock Units for Non-Employee Directors

Under the Company’s incentive compensation plans, cash-equivalent restricted stock units (“RSUs”) of the Company were previously granted at no cost to non-employee directors. These cash-equivalent RSUs are subject to a vesting requirement (usually one year), earn dividend-equivalent units, and are settled in cash on the date the director terminates service or such earlier date as a director may elect, subject to restrictions, based on the then current fair value of the Company’s common stock. The fair value of each cash-equivalent RSU is based on an unadjusted quoted market price for the Company’s common stock in an active market with sufficient volume and frequency on each measurement date (Level 1). Additional information related to RSUs for non-employee directors is disclosed in Note 12 to the condensed consolidated financial statements.

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The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis at July 29, 2023 October 28, 2023, July 30, 2022 October 29, 2022 and January 28, 2023. During the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022, there were no transfers into or out of Level 3.

	Fair Value Measurements				Fair Value Measurements			
($ thousands)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Asset (Liability)								
July 29, 2023:								
October 28, 2023:								
Non-qualified deferred compensation plan assets	**$ 9,215**	**$ 9,215**	**$ —**	**$ —**	**$ 8,908**	**$ 8,908**	**$ —**	**$ —**
Non-qualified deferred compensation plan liabilities	**(9,215)**	**(9,215)**	**—**	**—**	**(8,908)**	**(8,908)**	**—**	**—**
Non-qualified restoration plan liabilities					**(173)**	**(173)**	**—**	**—**
Deferred compensation plan liabilities for non-employee directors	**(1,790)**	**(1,790)**	**—**	**—**	**(1,547)**	**(1,547)**	**—**	**—**
Restricted stock units for non-employee directors	**(2,207)**	**(2,207)**	**—**	**—**	**(2,057)**	**(2,057)**	**—**	**—**
July 30, 2022:								
October 29, 2022:								
Non-qualified deferred compensation plan assets	7,793	7,793	—	—	7,769	7,769	—	—
Non-qualified deferred compensation plan liabilities	(7,793)	(7,793)	—	—	(7,769)	(7,769)	—	—
Deferred compensation plan liabilities for non-employee directors	(1,756)	(176)	—	—	(1,805)	(1,805)	—	—
Restricted stock units for non-employee directors	(1,991)	(1,991)	—	—	(2,220)	(2,220)	—	—
January 28, 2023:								
Non-qualified deferred compensation plan assets	7,890	7,890	—	—	7,890	7,890	—	—
Non-qualified deferred compensation plan liabilities	(7,890)	(7,890)	—	—	(7,890)	(7,890)	—	—
Deferred compensation plan liabilities for non-employee directors	(1,662)	(1,662)	—	—	(1,662)	(1,662)	—	—
Restricted stock units for non-employee directors	(2,028)	(2,028)	—	—	(2,028)	(2,028)	—	—

Impairment Charges

The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers important that could trigger an impairment review include underperformance relative to historical or projected future operating results, a significant change in the manner of the use of the asset, or a negative industry or economic trend. When the Company determines that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more of the aforementioned factors, impairment is measured based on a projected discounted cash flow method. Certain factors, such as estimated store sales and expenses, used for this nonrecurring fair value measurement are considered Level 3 inputs as defined by FASB ASC Topic 820, *Fair Value Measurement*. Long-lived assets held and used with a carrying amount of $552.4 million $559.0 million and $555.0 $564.6 million at July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022, respectively, were assessed for indicators of impairment. This assessment resulted in impairment charges for operating lease right-of-use assets, leasehold improvements and furniture and fixtures in the Company's retail stores, and in the twenty-six thirty-nine weeks ended July 30, 2022 October 29, 2022, capitalized software.

	Thirteen Weeks Ended		Twenty-Six Weeks Ended		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
($ thousands)	**July 29, 2023**	July 30, 2022	**July 29, 2023**	July 30, 2022	**October 28, 2023**	October 29, 2022	**October 28, 2023**	October 29, 2022
Long-Lived Asset Impairment Charges								
Famous Footwear	$ **375**	$ 50	$ **414**	$ 419	$ **175**	$ —	$ **589**	$ 419
Brand Portfolio	**—**	153	**—**	1,560	**—**	—	**—**	1,560
Total long-lived asset impairment charges	$ **375**	$ 203	$ **414**	$ 1,979	$ **175**	$ —	$ **589**	$ 1,979

Fair Value of the Company's Other Financial Instruments

The fair values of cash and cash equivalents, receivables and trade accounts payable approximate their carrying values due to the short-term nature of these instruments.

The fair values of the borrowings under revolving credit agreement of $244.0 million $222.0 million and $348.5 million $364.5 million as of July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022, respectively, approximate their carrying values due to the short-term nature of the borrowings (Level 1).

Note 15 Income Taxes

The Company's consolidated effective tax rate can vary considerably from period to period, depending on a number of factors. The Company's consolidated effective tax rates were 25.6% 23.5% and 25.3% 26.2% for the thirteen weeks ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022, respectively.

 The higher effective tax rate for the third quarter of 2022 was driven by an increase in permanent adjustments, primarily the non-deductible portion of executive compensation.

The Company's consolidated effective tax rates were 24.5% 24.1% and 25.5% 25.7% for the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022, respectively. The lower effective tax rate for the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 was primarily driven by discrete tax benefits of $0.6 million $0.9 million, primarily related to the Company's share-based compensation.

As of July 29, 2023 October 28, 2023, no deferred taxes have been provided on the accumulated unremitted earnings of the Company's foreign subsidiaries that are not subject to United States income tax, beyond the amounts recorded for the one-time transition tax for the mandatory deemed repatriation of cumulative international earnings, as required by the Tax Cuts and Jobs Act. The Company periodically evaluates its international investment opportunities and plans, as well as its international working capital needs, to determine the level of investment required and, accordingly, determines the level of international earnings that is considered indefinitely reinvested. Based upon that evaluation, earnings of the Company's international subsidiaries that are not otherwise subject to United States taxation are considered to be indefinitely reinvested, and accordingly, deferred taxes have not been provided. If changes occur in future investment opportunities and plans, those changes will be reflected when known and may result in providing residual United States deferred taxes on unremitted international earnings.

Note 16 Commitments and Contingencies

Environmental Remediation

Prior operations included numerous manufacturing and other facilities for which the Company may have responsibility under various environmental laws for the remediation of conditions that may be identified in the future. The Company is involved in environmental remediation and ongoing compliance activities at several sites and has been notified that it is or may be a potentially responsible party at several other sites.

Redfield

The Company is remediating, under the oversight of Colorado authorities, the groundwater and indoor air at its owned facility in Colorado (the "Redfield site" or, when referring to remediation activities at or under the facility, the "on-site remediation") and residential neighborhoods adjacent to and near the property (the "off-site remediation") that have been affected by solvents previously used at the facility. The on-site remediation calls for the operation of a pump and treat system (which prevents migration of contaminated groundwater off the property) as the final remedy for the site, subject to monitoring and periodic review of the on-site conditions and other remedial technologies that may be developed in the future. In 2016, the Company submitted a revised plan to address on-site conditions, including direct treatment of source areas, and received approval from the oversight authorities to begin implementing the revised plan. The Company

received permission from the oversight authorities to convert the pump and treat system to a passive treatment barrier system and completed the conversion during the second quarter of 2023.

Off-site groundwater concentrations have been reducing over time since installation of the pump and treat system in 2000 and injection of clean water beginning in 2003. However, localized areas of contaminated bedrock just beyond the property line continue to impact off-site groundwater. The modified work plan for addressing this condition includes converting the off-site bioremediation system into a monitoring well network and employing different remediation methods in these recalcitrant areas. In accordance with the work plan, a pilot test was conducted of certain groundwater remediation methods and the results of that test were used to develop more detailed plans for remedial activities in the off-site areas, which were approved by the authorities and are being implemented in a phased manner. The results of groundwater monitoring are being used to evaluate the effectiveness of these activities. The Company continues to implement the expanded remedy work plan that was approved by the oversight authorities in 2015 and to work with the oversight authorities on the off-site work plan.

The cumulative expenditures for both on-site and off-site remediation through July 29, 2023 October 28, 2023 were $33.7 $34.0 million. The Company has recovered a portion of these expenditures from insurers and other third parties. The reserve for the anticipated future remediation activities at July 29, 2023 October 28, 2023 is $9.5 $9.4 million, of which $8.5 million $8.4 million is recorded within other liabilities and $1.0 million is recorded within other accrued expenses. Of the total $9.5 $9.4 million reserve, $4.8 million is for on-site off-site remediation and $4.7 $4.6 million is for off-site on-site remediation. The liability for the on-site remediation was discounted at 4.8%. On an undiscounted basis, the on-site remediation liability would be $13.2 million as of July 29, 2023 October 28, 2023. The Company expects to spend approximately $0.6 million in 2023, $0.1 million in each of the following four years and $12.2 million in the aggregate thereafter related to the on-site remediation.

Other

Various federal and state authorities have identified the Company as a potentially responsible party for remediation at certain other sites. However, the Company does not currently believe that its liability for such sites, if any, would be material.

The Company continues to evaluate its remediation plans in conjunction with its environmental consultants and records its best estimate of remediation liabilities. However, future actions and the associated costs are subject to oversight and approval of various governmental authorities. Accordingly, the ultimate costs may vary, and it is possible costs may exceed the recorded amounts.

Litigation

The Company is involved in legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such ordinary course of business proceedings and litigation currently pending is not expected to have a material adverse effect on the Company's results of operations or financial position. Legal costs associated with litigation are expensed as incurred.

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ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Business Overview

We are a global footwear company that operates retail stores and e-commerce websites, and designs, develops, sources, manufactures and distributes footwear for people of all ages. Our mission is to inspire people to feel great...feet first. We offer the consumer a diversified portfolio of leading footwear brands built on deep consumer insights, generating unwavering consumer loyalty and trust. As both a retailer and a wholesaler, we have a perspective on the marketplace that enables us to serve consumers from different vantage points. We believe our diversified business model provides us with synergies by spanning consumer segments, categories and distribution channels. A combination of thoughtful planning and rigorous execution is key to our success in optimizing our business and portfolio of brands.

Known Trends Impacting Our Business

Macroeconomic Environment

Macroeconomic factors, including, among others, inflation, the rising interest rate environment, increasing real estate costs, higher consumer debt levels, and the upcoming end to the student loan repayment pause, and fears of a recession continued to impact consumer discretionary spending and our financial results during the second third quarter of 2023. We experienced a decline in continued to experience lighter consumer traffic in our retail stores during the second third quarter, and six months ended July 29, 2023, contributing to a decrease resulting in our lower net sales. While we believe that the structural changes we've implemented in the last few years, as well as our diversified model and operational discipline, enable the Company to drive value in a variety of market conditions, changes in macro-level consumer spending trends may continue to adversely impact our financial results in the future. To mitigate the impact of these macroeconomic factors, we began initiating expense reduction initiatives in the first quarter of 2023, which resulted in savings beginning in the second quarter. These actions, which included eliminating open corporate positions, reducing non-merchandise procurement costs and integrating our Blowfish Malibu office and information systems into the St. Louis infrastructure, are expected to result in additional savings in the second half of 2023. We have also experienced lower freight costs in the first half of 2023, and expect that trend to continue for the remainder of fiscal 2023. 2023 and into 2024. We believe our focus on cost control and our commitment to execute our clearly defined strategic initiatives have positioned us for sustainable, long-term growth.

Financial Highlights

Highlights of our consolidated and segment results for the second third quarter of 2023 and 2022 are as follows:

	Thirteen Weeks Ended				Thirteen Weeks Ended			
($ millions, except per share amounts)	**July 29, 2023**	July 30, 2022	Change (1)		**October 28, 2023**	October 29, 2022	Change (1)	
Consolidated net sales	**$695.5**	$738.3	($42.8)	(5.8)%	**$761.9**	$798.3	($36.4)	(4.6)%
Famous Footwear segment net sales	**$414.2**	$436.4	($22.2)	(5.1)%	**$449.8**	$482.0	($32.2)	(6.7)%
Famous Footwear comparable sales % change	**(4.3)**%	(3.1)%	n/m	n/m	**(6.9)%**	(0.8)%	n/m	n/m
Brand Portfolio segment net sales	**$300.9**	$324.1	($23.2)	(7.2)%	**$320.8**	$323.2	($2.4)	(0.8)%
Gross profit	**$314.2**	$336.8	($22.6)	(6.7)%	**$340.4**	$339.9	$0.5	0.1 %
Gross margin	**45.2** %	45.6 %	n/m	(45) bps	**44.7 %**	42.6 %	n/m	210 bps
Operating earnings	**$49.7**	$68.4	($18.7)	(27.3)%	**$64.4**	$53.8	$10.6	19.6 %
Diluted earnings per share	**$0.95**	$1.38	($0.43)	(31.2)%	**$1.32**	$1.08	$0.24	22.2 %

(1) n/m – not meaningful

The following item items should be considered in evaluating the comparability of our second third quarter results in 2023 and 2022:

- Expense reduction initiatives – As further discussed in Note 5 to the condensed consolidated financial statements, during the second third quarter of 2023, we incurred costs of approximately $1.7 million $2.3 million ($1.2 1.7 million on an after-tax basis, or $0.03 $0.05 per diluted share) associated with the expense reduction initiatives we began initiating at the end of the first quarter of 2023. These expense reduction initiatives will continue in the second half fourth quarter of 2023 and are expected to result in additional costs of approximately $2.3 million $3 million, or $0.05 $0.06 per diluted share.

- Organizational changes – During the third quarter of 2022, we incurred costs of $2.9 million ($2.7 million on an after-tax basis, or $0.07 per diluted share) related to a CFO transition at our corporate headquarters. Refer to Note 5 to the condensed consolidated financial statements for further discussion of these charges.

Metrics Used in the Evaluation of Our Business

The following are a few key metrics by which we evaluate our business, identify trends and make strategic decisions:

Comparable sales

The comparable sales metric is a metric commonly used in the retail industry to evaluate the revenue generated for stores that have been open for more than a year, though other retailers may calculate the metric differently. Management uses the comparable sales metric as a measure of an individual store's success to determine whether it is performing in line with expectations. Our comparable sales metric is a daily-weighted calculation for the period, which includes sales for stores that have been open for at least 13 months. In addition, in order to be included in the comparable sales metric, a store must be open in the current period as well as the corresponding day(s) of the comparable retail calendar in the prior year. Accordingly, closed stores are excluded from the comparable sales metric for each day of the closure. Relocated stores are treated as new stores and therefore excluded from the calculation. E-commerce sales for those websites that function as an extension of a retail chain are included in the comparable sales calculation. We believe the comparable sales metric is useful to shareholders and investors in assessing our retail sales performance of existing locations with comparable prior year sales, separate from the impact of store openings or store closures.

Sales per square foot

The sales per square foot metric is commonly used in the retail industry to calculate the efficiency of sales based upon the square footage in a store. Management uses the sales per square foot metric as a measure of an individual store's success to determine whether it is performing in line with expectations. The sales per square foot metric is calculated by dividing total retail store sales, excluding e-commerce sales and the retail operations of our joint venture in China, by the total square footage of the retail store base in North America at the end of each month of the respective period.

Direct-to-consumer sales

Direct-to-consumer sales includes sales from our retail stores, our company-owned websites and sales through our customers' websites that we fulfill on a drop-ship basis. While we take an omni-channel approach to reach consumers, we believe that our direct-to-consumer channels reinforce the image of our brands and strengthens our connection with the end consumer. In addition, direct-to-consumer sales generally result in a higher gross margin for the Company as compared to wholesale sales. As a result, management monitors trends in direct-to-consumer sales as a percentage of our Brand Portfolio segment and total consolidated net sales.

RESULTS OF OPERATIONS

Following are the consolidated results and the results by segment:

CONSOLIDATED RESULTS

($ millions)	Thirteen Weeks Ended				Twenty-Six Weeks Ended				Thirteen Weeks Ended				Thirty-Nine Weeks Ended			
	July 29, 2023		July 30, 2022		July 29, 2023		July 30, 2022		October 28, 2023		October 29, 2022		October 28, 2023		October 29	
		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales		N
Net sales	$695.5	100.0 %	$738.3	100.0 %	$1,358.3	100.0 %	$1,473.4	100.0 %	$761.9	100.0 %	$798.3	100.0 %	$2,120.2	100.0 %	$2,271.7	
Cost of goods sold	381.3	54.8 %	401.5	54.4 %	741.4	54.6 %	809.6	54.9 %	421.5	55.3 %	458.4	57.4 %	1,163.0	54.9 %	1,268.0	
Gross profit	314.2	45.2 %	336.8	45.6 %	616.9	45.4 %	663.8	45.1 %	340.4	44.7 %	339.9	42.6 %	957.2	45.1 %	1,003.7	
Selling and administrative expenses	262.8	37.8 %	268.4	36.3 %	515.9	38.0 %	529.2	36.0 %	273.7	35.9 %	283.2	35.5 %	789.6	37.2 %	812.3	
Restructuring and other special charges, net	1.7	0.3 %	—	— %	1.7	0.1 %	—	— %	2.3	0.3 %	2.9	0.4 %	3.9	0.2 %	2.9	
Operating earnings	49.7	7.1 %	68.4	9.3 %	99.3	7.3 %	134.6	9.1 %	64.4	8.5 %	53.8	6.7 %	163.7	7.7 %	188.5	
Interest expense, net	(5.1)	(0.7)%	(2.5)	(0.3)%	(10.8)	(0.8)%	(4.8)	(0.3)%	(4.5)	(0.6)%	(4.0)	(0.5)%	(15.3)	(0.7)%	(8.9)	
Other income, net	1.6	0.2 %	3.2	0.4 %	3.1	0.2 %	6.6	0.5 %	1.6	0.2 %	3.0	0.4 %	4.7	0.2 %	9.6	
Earnings before income taxes	46.2	6.6 %	69.1	9.4 %	91.6	6.7 %	136.4	9.3 %	61.5	8.1 %	52.8	6.6 %	153.1	7.2 %	189.2	
Income tax provision	(11.8)	(1.7)%	(17.5)	(2.4)%	(22.4)	(1.6)%	(34.9)	(2.4)%	(14.5)	(1.9)%	(13.8)	(1.7)%	(36.9)	(1.7)%	(48.7)	
Net earnings	34.4	4.9 %	51.6	7.0 %	69.2	5.1 %	101.5	6.9 %	47.0	6.2 %	39.0	4.9 %	116.2	5.5 %	140.5	
Net earnings (loss) attributable to noncontrolling interests	0.5	0.0 %	0.4	0.1 %	0.5	0.0 %	(0.2)	(0.0)%	0.1	0.0 %	(0.2)	(0.0)%	0.6	0.0 %	(0.4)	
Net earnings attributable to Caleres, Inc.	$ 33.9	4.9 %	$ 51.2	6.9 %	$ 68.7	5.1 %	$ 101.7	6.9 %	$ 46.9	6.2 %	$ 39.2	4.9 %	$ 115.6	5.5 %	$ 140.9	

Net Sales

Net sales decreased $42.8 million $36.4 million, or 5.8% 4.6%, to $695.5 $761.9 million for the second third quarter of 2023, compared to $738.3 million $798.3 million for the second third quarter of 2022. The 2022, driven by a $32.2 million, or 6.7%, decline in net sales for our Famous Footwear segment, reflecting lower consumer traffic in our retail stores and the challenging macroeconomic environment and competitive retail landscape persisted environment. Comparable sales for Famous Footwear were down 6.9%. Despite softening consumer demand trends, our kids category, which is a key differentiator for Famous Footwear, remained strong during the second third quarter of 2023, impacting sales as families prioritized purchases of both our Brand Portfolio kids' footwear during the back-to-school selling season. We experienced weakness in the athletics and Famous Footwear segments. boots categories during the quarter. Net sales of our Brand Portfolio segment decreased $23.2 $2.4 million, or 7.2% 0.8%, during the second third quarter of 2023, compared to the second third quarter of 2022. As a result of economic conditions and declines in consumer sentiment, many Our e-commerce sales increased during the quarter, while wholesale shipments were lower. Many of our wholesale customers continued to tightly manage inventory levels and moderate purchases, which contributed to the decrease in wholesale net sales compared to the prior year. Net sales for Famous Footwear decreased $22.2 million, or 5.1%, in the second quarter of 2023 compared to the second quarter of 2022, with comparable sales down 4.3%, due in part to a decline in customer traffic in our retail stores driven by cautious consumer spending. On a consolidated basis, our direct-to-consumer sales represented approximately 74% 73% of total net sales for the second third quarter of 2023, compared to 72% 74% in the second third quarter of 2022. We remain focused on maximizing the vertical opportunity between the Famous Footwear and Brand Portfolio segments, with LifeStride, Dr. Scholl's, LifeStride, Naturalizer and Blowfish Malibu representing four of Famous Footwear's top 20 best-selling footwear brands during the quarter.

Net sales decreased $115.1 million $151.5 million, or 7.8% 6.7%, to $1,358.3 million $2,120.2 million for the six nine months ended July 29, 2023 October 28, 2023, compared to $1,473.4 million $2,271.7 million for the six nine months ended July 30, 2022 October 29, 2022. Net sales for our Brand Portfolio Famous Footwear segment decreased $63.4 million $89.6 million, or 9.2% during 6.9%, in the first six nine months of 2023, compared to the first six months of 2022. Net sales for Famous Footwear decreased $57.5 million, or 7.0%, in the first six months of 2023, compared to the first six nine months of 2022, due in part to a decline in customer consumer traffic in our retail stores driven by cautious consumer spending. Comparable sales declined 6.3% 6.5% in the six nine months ended July 29, 2023 October 28, 2023. Net sales for our Brand Portfolio segment

decreased $65.8 million, or 6.5% during the first nine months of 2023, compared to the first nine months of 2022, reflecting the challenging macroeconomic environment. Despite the competitive retail landscape, we leveraged our leading speed capabilities in certain brands to drive sales of selected trending product, including casual flats, loafers, moccasins, ballerina flats and fashion sneakers. On a consolidated basis, our direct-to-consumer sales grew to approximately 71% 72% of total net sales for the six nine months ended July 29, 2023 October 28, 2023, compared to 69% 71% for the six nine months ended July 30, 2022 October 29, 2022.

Gross Profit

Gross profit decreased $22.6 increased $0.5 million, or 6.7% 0.1%, to $314.2 million $340.4 million for the second third quarter of 2023, compared to $336.8 million $339.9 million for the second third quarter of 2022. As a percentage of net sales, gross profit decreased increased to 45.2% 44.7% for the second third quarter of 2023, compared to 45.6% 42.6% for the second third quarter of 2022, driven by a decrease in the Famous Footwear segment gross margin reflecting higher product markdowns in the current period. In the second quarter of 2022, product markdowns and clearance selling were unusually low due to strong demand and lower inventory levels. There was a higher mix of clearance selling at Famous Footwear in the second quarter of 2023, and an associated increase in product markdowns, though in line with historic levels. This decrease was partially offset by an increase in the gross margin of our Brand Portfolio segment gross margin reflecting lower inbound freight costs, and lower inventory markdowns. markdown requirements reflecting our improved inventory position, and higher merchandise margins. We anticipate the trend of lower freight costs to continue for the remainder of fiscal 2023.

Gross profit decreased $46.9 $46.5 million, or 7.1% 4.6%, to $616.9 million $957.2 million for the six nine months ended July 29, 2023 October 28, 2023, compared to $663.8 million $1,003.7 million for the six nine months ended July 30, 2022 October 29, 2022, primarily reflecting lower net sales. As a percentage of net sales, gross profit increased slightly to 45.4% for the six months ended July 29, 2023, compared to 45.1% for the six nine months ended July 30, 2022 October 28, 2023, compared to 44.2% for the nine months ended October 29, 2022, driven by an increase in the gross margin of our Brand Portfolio segment, partially offset by a decrease in the gross margin of our Famous Footwear segment, due to the same factors described above. segment.

We classify certain warehousing, distribution, sourcing and other inventory procurement costs in selling and administrative expenses. Accordingly, our gross profit and selling and administrative expense rates, as a percentage of net sales, may not be comparable to other companies.

Selling and Administrative Expenses

Selling and administrative expenses decreased $5.6 million $9.5 million, or 2.1% 3.3%, to $262.8 million $273.7 million for the second third quarter of 2023, compared to $268.4 million $283.2 million for the second third quarter of 2022. The decrease was driven by lower anticipated payments under our cash and share-based incentive costs and lower compensation plans, partially offset by higher advertising expense partially offset by and higher retail facilities costs. As a percentage of net sales, selling and administrative expenses increased to 37.8% 35.9% for the second third quarter of 2023, from 36.3% 35.5% for the second third quarter of 2022, reflecting deleveraging of expenses on lower net sales.

Selling and administrative expenses decreased $13.3 million $22.7 million, or 2.5% 2.8%, to $515.9 million $789.6 million for the six nine months ended July 29, 2023 October 28, 2023, compared to $529.2 million $812.3 million for the six nine months ended July 30, 2022 October 29, 2022. The decrease was primarily due to lower anticipated payments under our cash and share-based incentive costs compensation plans and lower warehouse costs, partially offset by an increase in facilities costs. As a percentage of net sales, selling and administrative expenses increased to 38.0% 37.2% for the six nine months ended July 29, 2023 October 28, 2023, from 36.0% 35.8% for the six nine months ended July 30, 2022 October 29, 2022, reflecting deleveraging of expenses on lower net sales.

Restructuring and Other Special Charges, Net

Restructuring and other special charges of approximately $1.7 million $2.3 million ($1.7 million on an after-tax basis, or $0.05 per diluted share) and $3.9 million ($2.9 million on an after-tax basis, or $0.08 per diluted share) for the three and six nine months ended July 29, 2023 October 28, 2023, respectively, were associated with expense reduction initiatives, primarily severance. Restructuring and other special charges of $2.9 million ($2.7 million on an after-tax basis, or $0.07 per diluted share) during the third quarter and nine months ended October 29, 2022, related to a CFO transition at our corporate headquarters. Refer to Note 5 to the condensed consolidated financial statements for additional information related to these charges. There were no corresponding charges for the six months ended July 30, 2022.

Operating Earnings

Operating earnings decreased $18.7 increased $10.6 million to $49.7 million $64.4 million for the second third quarter of 2023, compared to $68.4 million $53.8 million for the second third quarter of 2022, reflecting the factors described above. As a percentage of net sales, operating earnings were 7.1% 8.5% for the second third quarter of 2023, compared to 9.3% 6.7% for the second third quarter of 2022.

Operating earnings decreased $35.3 $24.8 million to $99.3 million $163.7 million for the six nine months ended July 29, 2023 October 28, 2023, compared to $134.6 million $188.5 million for the six nine months ended July 30, 2022 October 29, 2022, primarily reflecting lower net sales and gross profit. As a percentage of net sales, operating earnings were 7.3% 7.7% for the six nine months ended July 29, 2023 October 28, 2023, compared to 9.1% 8.3% for the six nine months ended July 30, 2022 October 29, 2022.

Interest Expense, Net

Interest expense, net increased $2.6 million $0.5 million, or 98.5% 12.1%, to $5.1 million $4.5 million for the second third quarter of 2023, compared to $2.5 million $4.0 million for the second third quarter of 2022. Interest expense, net increased $5.9 million $6.4 million, or 120.2% 71.5%, to $10.8 million $15.3 million for the six nine months ended July 29, 2023 October 28, 2023,

compared to $4.8 million $8.9 million for the six nine months ended July 30, 2022 October 29, 2022. The increases reflect higher interest expense on the revolving credit facility attributable to higher interest rates, partially offset by lower average borrowings. The interest on our revolving credit facility is based on a variable interest rate, which has resulted in higher interest expense in the current rising interest rate environment. Our While our interest expense in the second half fourth quarter of 2023 will continue to be impacted adversely affected by higher the elevated interest rates. rates, we expect to continue to reduce the borrowings under our revolving credit agreement to mitigate the impact of the high interest rate environment.

Other Income, Net

Other income, net decreased $1.6 million $1.4 million, or 49.8% 48.2%, to $1.6 million for the second third quarter of 2023, compared to $3.2 million $3.0 million for the second third quarter of 2022, primarily attributable to lower expected return on assets and higher interest costs for our pension plans.

Other income, net decreased $3.5 million $4.9 million, or 53.2% 51.6%, to $3.1 million $4.7 million for the six nine months ended July 29, 2023 October 28, 2023, compared to $6.6 million $9.6 million for the six nine months ended July 30, 2022 October 29, 2022, primarily attributable to lower expected return on assets and higher interest costs for the pension plans. Refer to Note 13 of the condensed consolidated financial statements for additional information regarding our retirement plans.

Income Tax Provision

Our effective tax rate can vary considerably from period to period, depending on a number of factors. Our consolidated effective tax rate was 25.6% 23.5% for the second third quarter of 2023, compared to 25.3% 26.2% for the second third quarter of 2022. The higher effective tax rate for the third quarter of 2022 was driven by an increase in permanent adjustments, primarily due to the non-deductible portion of executive compensation.

Our consolidated effective tax rate was 24.5% 24.1% for the six nine months ended July 29, 2023 October 28, 2023, compared to 25.5% 25.7% for the six nine months ended July 30, 2022 October 29, 2022. The lower effective tax rate was driven by discrete tax benefits of approximately $0.6 million $0.9 million in the six nine months ended July 29, 2023 October 28, 2023, primarily related to share-based compensation.

In 2021, the Organization for Economic Cooperation and Development (OECD) released Pillar Two Global Anti-Base Erosion model rules, designed to ensure large corporations are taxed at a minimum rate of 15% in all countries of operation. The OECD continues to release guidance and countries are implementing legislation to adopt the rules, which are expected to become effective on January 1, 2024. The United States has not yet enacted legislation implementing Pillar Two. We are continuing to evaluate the Pillar Two rules and their potential impact on future periods, but we do not expect the rules to have a material impact on our effective tax rate.

Net Earnings Attributable to Caleres, Inc.

Net earnings attributable to Caleres, Inc. were $33.9 $46.9 million and $68.7 million $115.6 million for the second third quarter and six nine months ended July 29, 2023 October 28, 2023, respectively, compared to $51.2 million $39.2 million and $101.7 million $140.9 million for the second third quarter and six nine months ended July 30, 2022 October 29, 2022, respectively, as a result of the factors described above.

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FAMOUS FOOTWEAR

	Thirteen Weeks Ended				Twenty-Six Weeks Ended				Thirteen Weeks Ended				Thirty-Nine W	
	July 29, 2023		July 30, 2022		**July 29, 2023**		July 30, 2022		**October 28, 2023**		October 29, 2022		**October 28, 2023**	
($ millions, except sales per square foot)		**% of Net Sales**		% of Net Sales		**% of Net Sales**		% of Net Sales		**% of Net Sales**		% of Net Sales		**% of Net Sales**
Net sales	**$414.2**	**100.0 %**	$436.4	100.0 %	**$763.4**	**100.0 %**	$820.9	100.0 %	**$449.8**	**100.0 %**	$482.0	100.0 %	**$1,213.2**	**100.0 %**
Cost of goods sold	**222.7**	**53.8 %**	222.8	51.1 %	**412.8**	**54.1 %**	418.1	50.9 %	**251.0**	**55.8 %**	266.4	55.3 %	**663.8**	**54.7 %**
Gross profit	**191.5**	**46.2 %**	$213.6	48.9 %	**350.6**	**45.9 %**	$402.8	49.1 %	**198.8**	**44.2 %**	$215.6	44.7 %	**549.4**	**45.3 %**
Selling and administrative expenses	**150.7**	**36.4 %**	151.1	34.6 %	**292.7**	**38.3 %**	290.6	35.4 %	**151.0**	**33.6 %**	156.3	32.4 %	**443.8**	**36.6 %**
Restructuring and other special charges, net	**0.2**	**0.0 %**	—	—	**0.2**	**0.0 %**	—	— %	**1.2**	**0.2 %**	—	—	**1.3**	**0.1 %**
Operating earnings	**$ 40.6**	**9.8 %**	$ 62.5	14.3 %	**$ 57.7**	**7.6 %**	$112.2	13.7 %	**$ 46.6**	**10.4 %**	$ 59.3	12.3 %	**$ 104.3**	**8.6 %**
Key Metrics														
Comparable sales % change	**(4.3)%**		(3.1)%		**(6.3)%**		(3.5)%		**(6.9)%**		(0.8)%		**(6.5)%**	
Comparable sales $ change	**$ (18.3)**		$ (13.5)		**$ (50.1)**		$ (29.1)		**$ (32.4)**		$ (3.7)		**$ (82.4)**	
Sales change from new and closed stores, net	**$ (3.5)**		$ (3.3)		**$ (6.5)**		$ (1.4)		**$ 0.4**		$ (8.5)		**$ (6.1)**	
Impact of changes in Canadian exchange rate on sales	**$ (0.4)**		$ (0.4)		**$ (0.9)**		$ (0.4)		**$ (0.2)**		$ (0.5)		**$ (1.1)**	
Sales per square foot, excluding e-commerce (thirteen and twenty-six weeks ended)	**$ 65**		$ 66		**$ 119**		$ 123							
Sales per square foot, excluding e-commerce (thirteen and thirty-nine weeks ended)									**$ 69**		$ 72		**$ 188**	

Sales per square foot, excluding e-commerce (trailing twelve months)	**$ 249**	$ 250	**$ 249**	$ 250	**$ 246**	$ 250	**$ 246**
Square footage (thousand sq. ft.)	**5,672**	5,832	**5,672**	5,832	**5,677**	5,787	**5,677**
Stores opened	**—**	—	**2**	—	**3**	4	**5**
Stores closed	**5**	6	**14**	13	**2**	9	**16**
Ending stores	**861**	881	**861**	881	**862**	876	**862**

Net Sales

Net sales of $414.2 million $449.8 million in the second third quarter of 2023 decreased $22.2 $32.2 million, or 5.1% 6.7%, compared to the second third quarter of 2022. Comparable sales decreased 4.3% 6.9% compared to the second third quarter of 2022. Cautious consumer spending driven by the The challenging macroeconomic environment continued to impact sales as traffic in both our retail stores and e-commerce business was down in the second third quarter of 2023. Our 2023, compared to the third quarter of 2022. Despite softening consumer demand trends, our kids category, which is a key differentiator for Famous Footwear, was our strongest gender remained strong during the third quarter of 2023, as families prioritized purchases of kids' footwear during the back-to-school selling season. We achieved record-setting sales of product in this category in the quarter, reporting solid net sales growth. Our focus on this essential and growing category was particularly important as we headed into during the back-to-school season as families continued and have made investments in the kids category to prioritize purchases drive future growth. We experienced lower sales of kids' footwear. seasonal categories, particularly boots, during the quarter. We opened three stores and closed five two stores during the second third quarter of 2023, resulting in 861 862 stores and total square footage of 5.7 million at the end of the quarter, compared to 881 876 stores and total square footage of 5.8 million at the end of the second third quarter of 2022. Sales to members of our customer loyalty program, Famously You Rewards ("Rewards"), continue to account for a majority of the segment's sales, with approximately 77% of our net sales made to program members in both the second third quarter of 2023 and 2022.

Net sales of $763.4 million $1,213.2 million in the six nine months ended July 29, 2023 October 28, 2023 decreased $57.5 $89.6 million, or 7.0% 6.9%, compared to the six nine months ended July 30, 2022 October 29, 2022, primarily due to the factors described above. Comparable sales declined 6.3% 6.5% in the six nine months ended July 29, 2023 October 28, 2023, driven by a decline in customer consumer traffic in our retail stores. Athletics and casual continue to be our top-selling categories. We remain focused on maximizing the vertical opportunity between the Famous Footwear and Brand Portfolio segments, with Dr. Scholl's, LifeStride, Naturalizer and Blowfish Malibu representing four of Famous Footwear's top 20 best-selling footwear brands for the six nine months ended July 29, 2023 October 28, 2023. During We opened five stores and closed 16 stores during the first half nine months ended October 28, 2023. Although we anticipate the soft consumer demand and challenging macroeconomic landscape to persist in the fourth quarter of 2023, we opened two stores and closed 14 stores. believe that Famous Footwear is well-situated to grow its leadership position with the Millennial family.

Gross Profit

Gross profit decreased $22.1 million $16.8 million, or 10.4% 7.8%, to $191.5 million $198.8 million for the second third quarter of 2023, compared to $213.6 million $215.6 million for the second third quarter of 2022, primarily due to the decrease in reflecting lower net sales. As a percentage of net sales, our gross profit decreased to 46.2% 44.2% for the second third quarter of 2023, from 48.9% 44.7% for the second third quarter of 2022. During the second quarter of 2022, there were fewer product markdowns and minimal clearance selling due to higher demand and less inventory due to ongoing supply chain constraints. In the second quarter of 2023, our Famous Footwear segment experienced a more historical mix of clearance product sold.

Gross profit decreased $52.2 million $69.0 million, or 13.0% 11.2%, to $350.6 million $549.4 million for the six nine months ended July 29, 2023 October 28, 2023, compared to $402.8 million $618.4 million for the six nine months ended July 30, 2022 October 29, 2022, primarily due to the decrease in net sales. As a percentage of net sales, our gross profit decreased to 45.9% for the six months ended July 29, 2023, compared to 49.1% for the six months ended July 30, 2022, driven by the same factors discussed above.

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decreased to 45.3% for the nine months ended October 28, 2023, compared to 47.5% for the nine months ended October 29, 2022. During the nine-months ended October 29, 2022, there were fewer markdowns and minimal clearance selling due to higher demand and a higher mix of current inventory. During the nine-months ended October 28, 2023, we experienced a more historical mix of clearance product sold and margins on those clearance sales were in line with historical levels.

Selling and Administrative Expenses

Selling and administrative expenses decreased $0.4 million $5.3 million, or 0.3% 3.4%, to $150.7 million $151.0 million for the second third quarter of 2023, compared to $151.1 million $156.3 million for the second third quarter of 2022. The decrease was driven by lower salary and benefit expenses and distribution expense. As a result of the softer demand, we managed most of our expense categories lower advertising expense, partially offset by higher retail facilities costs. than the prior year. As a percentage of net sales, selling and administrative expenses increased to 36.4% 33.6% for the second third quarter of 2023, compared to 34.6% 32.4% for the second third quarter of 2022. 2022, reflecting deleveraging of expenses on lower net sales.

Selling and administrative expenses increased $2.1 million decreased $3.1 million, or 0.7%, to $292.7 million $443.8 million for the six nine months ended July 29, 2023 October 28, 2023, compared to $290.6 million $446.9 million for the six nine months ended July 30, 2022 October 29, 2022. The increase decrease was driven by lower salary and benefits expenses, lower distribution expenses and lower advertising expenses. These decreases were partially offset by higher facilities costs, including depreciation expense, as we continued to invest in prototype stores and store renovations. This trend is expected to continue, as we remain committed to investing in our stores to enhance, energize and modernize the store experience. These increases were partially offset by lower salary and benefits expenses and lower advertising expenses. remodels. As a percentage of net sales, selling and administrative expenses increased to 38.3% 36.6% for the six nine months ended July 29, 2023 October 28, 2023, compared to 35.4% 34.3% for the six nine months ended July 30, 2022 October 29, 2022, reflecting deleveraging of expenses on lower net sales.

Restructuring and Other Special Charges, Net

Restructuring and other special charges of $0.2 million $1.2 million and $1.3 million for the three and six nine months ended July 29, 2023 October 28, 2023, respectively, were associated with expense reduction initiatives, primarily severance. Refer to Note 5 to the condensed consolidated financial statements for additional information related to these charges. There were no corresponding charges for the six nine months ended July 30, 2022 October 29, 2022.

Operating Earnings

Operating earnings decreased $21.9 million $12.7 million to $40.6 million $46.6 million for the second third quarter of 2023, compared to $62.5 million $59.3 million for the second third quarter of 2022, primarily reflecting lower sales and gross profit, as described above. As a percentage of net sales, operating earnings were 9.8% 10.4% for the second third quarter of 2023, compared to 14.3% 12.3% for the second third quarter of 2022.

Operating earnings decreased $54.5 million $67.2 million to $57.7 million $104.3 million for the six nine months ended July 29, 2023 October 28, 2023, compared to $112.2 million $171.5 million for the six nine months ended July 30, 2022 October 29, 2022. As a percentage of net sales, operating earnings were 7.6% 8.6% for the six nine months ended July 29, 2023 October 28, 2023, compared to 13.7% 13.2% for the six nine months ended July 30, 2022 October 29, 2022.

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BRAND PORTFOLIO

	Thirteen Weeks Ended				Twenty-Six Weeks Ended				Thirteen Weeks Ended				Thirty-Nine Weeks Ended			
	July 29, 2023		July 30, 2022		**July 29, 2023**		July 30, 2022		**October 28, 2023**		October 29, 2022		**October 28, 2023**		October 29, 2022	
($ millions, except sales per square foot)		**% of Net Sales**		% of Net Sales		**% of Net Sales**		% of Net Sales		**% of Net Sales**		% of Net Sales		**% of Net Sales**		% of Net Sales
Net sales	$**300.9**	**100.0 %**	$324.1	100.0 %	$**626.4**	**100.0 %**	$689.8	100.0 %	$**320.8**	**100.0 %**	$323.2	100.0 %	$**947.2**	**100.0 %**	$1,013.0	100.0 %
Cost of goods sold	**176.8**	**58.7 %**	200.0	61.7 %	**358.4**	**57.2 %**	426.4	61.8 %	**180.6**	**56.3 %**	200.8	62.1 %	**539.1**	**56.9 %**	627.2	61.9 %
Gross profit	**124.1**	**41.3 %**	124.1	38.3 %	**268.0**	**42.8 %**	263.4	38.2 %	**140.2**	**43.7 %**	122.4	37.9 %	**408.1**	**43.1 %**	385.8	38.1 %
Selling and administrative expenses	**96.4**	**32.1 %**	94.7	29.2 %	**197.6**	**31.6 %**	192.6	27.9 %	**101.1**	**31.5 %**	100.1	31.0 %	**298.7**	**31.5 %**	292.7	28.9 %

Restructuring and other special charges, net	**0.9**	**0.3 %**	—	— %	**0.9**	**0.1 %**	—	— %	**0.9**	**0.3 %**	—	— %	**1.7**	**0.2 %**	—	— %
Operating earnings	**$ 26.8**	**8.9 %**	$ 29.4	9.1 %	**$ 69.5**	**11.1 %**	$ 70.8	10.3 %	**$ 38.2**	**11.9 %**	$ 22.3	6.9 %	**$107.7**	**11.4 %**	$ 93.1	9.2 %
Key Metrics																
Direct-to-consumer (% of net sales) (1)	**33 %**		30 %		**32 %**		28 %		**34 %**		34 %		**33 %**		30 %	
Change in wholesale net sales ($)	**$ (27.4)**		$ 80.1		**$ (69.7)**		$184.3		**$ (4.9)**		$ 13.0		**$ (74.5)**		$ 197.2	
Change in retail net sales ($)	**$ 4.2**		$ 5.0		**$ 6.3**		$ 16.2		**$ 2.5**		$ 9.7		**$ 8.7**		$ 26.0	
Unfilled order position at end of period	**$246.8**		$360.4						**$243.9**		$286.8					
Sales per square foot, excluding e-commerce (trailing twelve months) (2)	**$1,160**		$1,018		**$1,160**		$1,018		**$1,191**		$1,047		**$1,191**		$ 1,047	
Square footage (thousands sq. ft.) (2)	**98**		108		**98**		108		**99**		104		**99**		104	
<u>North America stores:</u>																
Stores opened	**1**		1		**2**		1		**1**		—		**3**		1	
Stores closed	**2**		1		**4**		5		**—**		3		**4**		8	
Ending stores - North America	**61**		66		**61**		66		**62**		63		**62**		63	
Ending stores - China	**33**		19		**33**		19		**34**		26		**34**		26	
Ending stores - Total Brand Portfolio	**94**		85		**94**		85		**96**		89		**96**		89	

(1) Direct-to-consumer includes sales of our retail stores and e-commerce sites and sales through our customers' websites that we fulfill on a drop-ship basis.
(2) These metrics exclude the retail operations of our joint venture in China. Refer to Note 1 to the condensed consolidated financial statements for further discussion of the joint venture.

Net Sales

Net sales of $300.9 million $320.8 million in the second third quarter of 2023 decreased $23.2 $2.4 million, or 7.2% 0.8%, compared to the second third quarter of 2022. The modest decrease in our net sales was a result of the challenging macroeconomic consumer environment and competitive retail landscape persisted that we are currently experiencing. Our e-commerce sales increased during the second quarter, of 2023, resulting in many of our while wholesale customers more tightly managing inventory levels and moderating purchases, which contributed to the decrease in wholesale net sales compared to the prior year. Even with these challenges, net shipments were lower. Net sales from our owned e-commerce business increased approximately 8% 4.7% during the second third quarter of 2023. Despite cautious consumer spending, consumers are reacting positively to newness, comfort Our key categories of casual shoes and versatility. We are strategically coordinating our marketing efforts and diversified brand offerings to capitalize on opportunities we see sneakers both experienced gains in the marketplace. Our third quarter of 2023 compared to the third quarter of 2022, as the consumer continued to navigate toward newness in non-seasonal categories, including casual flats, loafers, moccasins, ballerina flats and fashion sneaker sneakers. The gains in these categories resonated with consumers during the quarter, while demand for were offset by sales weakness in our sandals category was weaker than anticipated. boots category. We opened one store and closed two stores in the United States during the second third quarter of 2023, resulting in a total of 61 62 stores and total square footage of 0.1 million, compared to 66 63 stores and total square footage of 0.1 million at the end of the second third quarter of 2022. In addition, we continued to expand our retail store presence in China by opening three one new stores and closing one store, resulting in a total of 33 34 stores, compared to 19 26 stores at the end of the second third quarter of 2022.

Net sales decreased $63.4 million $65.8 million, or 9.2% 6.5%, to $626.4 million $947.2 million for the six nine months ended July 29, 2023 October 28, 2023, compared to $689.8 million $1,013.0 million for the six nine months ended July 30, 2022 October 29, 2022, reflecting the challenging macroeconomic environment and competitive retail landscape described above. Despite the competitive retail landscape, we have leveraged our leading speed capabilities to drive sales of selected trending product. Speed is a key differentiator for the Brand Portfolio segment, as we are generally able to restock product that is part of the speed program within three months or less to align with consumer demand. We continue to experience growth in our owned e-commerce business, which increased 4.8% 4.7% in the six nine months ended July 29, 2023 October 28, 2023, compared to the six nine months ended July 30, 2022 October 29, 2022.

Our unfilled order position for our wholesale sales decreased $113.6 million $42.9 million, or 31.5% 15.0%, to $246.8 million $243.9 million at July 29, 2023 October 28, 2023, compared to $360.4 million $286.8 million at July 30, 2022 October 29, 2022. The decrease in our backlog order levels compared to last year reflects more conservative ordering patterns by our wholesale customers as they manage their inventory levels in response to soft consumer sentiment. demand and consumers buying closer to need.

Gross Profit

Gross profit was $124.1 million increased $17.8 million, or 14.5%, to $140.2 million for the second third quarter of 2023, consistent with compared to $122.4 million for the second third quarter of 2022. As a percentage of net sales, our gross profit increased to 41.3% 43.7% for the second third quarter of 2023, compared to 38.3% 37.9% for the second third quarter of 2022, reflecting lower inbound freight costs, and lower inventory markdowns. markdown requirements reflecting our improved inventory position, and higher merchandise margins.

Gross profit increased $4.6 $22.3 million, or 1.7% 5.8%, to $268.0 million $408.1 million for the six nine months ended July 29, 2023 October 28, 2023, compared to $263.4 million $385.8 million for the six nine months ended July 30, 2022 October 29, 2022, reflecting lower inventory markdowns, lower inbound freight costs, as our supply chain normalized, lower inventory markdowns higher merchandise margins and higher average prices in our retail operations. As a percentage of net sales, our gross profit increased significantly to 42.8% 43.1% for the six nine months ended July 29, 2023 October 28, 2023, compared to 38.2% 38.1% for the six nine months ended July 30, 2022 October 29, 2022.

Selling and Administrative Expenses

Selling and administrative expenses increased $1.7 million $1.0 million, or 1.8% 1.0%, to $96.4 million $101.1 million for the second third quarter of 2023, compared to $94.7 million $100.1 million for the second third quarter of 2022. The increase was primarily due to higher facilities costs, marketing expenses, partially offset by lower salary and benefits expenses. As a percentage of net sales, selling and administrative expenses increased to 32.0% 31.5% for the second third quarter of 2023, compared to 29.2% 31.0% for the second third quarter of 2022.

Selling and administrative expenses increased $5.0 million $6.0 million, or 2.6% 2.0%, to $197.6 million $298.7 million for the six nine months ended July 29, 2023 October 28, 2023, compared to $192.6 million $292.7 million for the six nine months ended July 30, 2022 October 29, 2022. The increase was driven by higher marketing expenses and higher facilities costs, partially offset by lower salary and benefits expenses. expenses and lower logistics costs. As a percentage of net sales, selling and administrative expenses increased to 31.6% 31.5% for the six nine months ended July 29, 2023 October 28, 2023, compared to 27.9% 28.9% for the six nine months ended July 30, 2022 October 29, 2022, reflecting deleveraging of expenses over lower net sales.

Restructuring and Other Special Charges, Net

Restructuring and other special charges of $0.9 million and $1.7 million for the three and six nine months ended July 29, 2023 October 28, 2023, respectively, were associated with expense reduction initiatives, primarily severance. Refer to Note 5 to the condensed consolidated financial statements for additional information related to these charges. There were no corresponding charges for the six nine months ended July 30, 2022 October 29, 2022.

Operating Earnings

Operating earnings decreased increased to $26.8 million $38.2 million for the second third quarter of 2023, from $29.4 million $22.3 million for the second third quarter of 2022, as a result of the factors described above. As a percentage of net sales, operating earnings were 8.9% 11.9% for the second third quarter of 2023, compared to 9.1% 6.9% in the second third quarter of 2022.

Operating earnings decreased increased to $69.5 million $107.7 million for the six nine months ended July 29, 2023 October 28, 2023, compared to $70.8 million $93.1 million for the six nine months ended July 30, 2022 October 29, 2022, as a result of the factors described above. As a percentage of net sales, operating earnings were 11.1% 11.4% for the six nine months ended July 29, 2023 October 28, 2023, compared to 10.3% 9.2% in the six nine months ended July 30, 2022 October 29, 2022.

ELIMINATIONS AND OTHER

	Thirteen Weeks Ended				Twenty-Six Weeks Ended				Thirteen Weeks Ended				Thirty-Nine Weeks Endec			
	July 29, 2023		July 30, 2022		**July 29, 2023**		July 30, 2022		**October 28, 2023**		October 29, 2022		**October 28, 2023**		October 29	
($ millions)		**% of Net Sales**		% of Net Sales		**% of Net Sales**		% of Net Sales		**% of Net Sales**		% of Net Sales		**% of Net Sales**		N
Net sales	**$(19.6)**	**100.0 %**	$(22.1)	100.0 %	**$(31.5)**	**100.0 %**	$(37.2)	100.0 %	**$ (8.6)**	**100.0 %**	$ (6.9)	100.0 %	**$(40.2)**	**100.0 %**	$(44.2)	
Cost of goods sold	**(18.2)**	**92.7 %**	(21.2)	95.8 %	**(29.8)**	**94.5 %**	(34.7)	93.4 %	**(10.0)**	**116.3 %**	(8.8)	127.6 %	**(39.9)**	**99.2 %**	(43.6)	
Gross profit	**(1.4)**	**7.3 %**	(0.9)	4.2 %	**(1.7)**	**5.5 %**	(2.5)	6.6 %	**1.4**	**(16.3)%**	1.9	(27.6)%	**(0.3)**	**0.8 %**	(0.6)	
Selling and administrative expenses	**15.8**	**(80.5)%**	22.6	(102.0)%	**25.6**	**(81.2)%**	45.8	(123.2)%	**21.5**	**(248.9)%**	26.7	(385.4)%	**47.1**	**(117.3)%**	72.6	(
Restructuring and other special charges, net	**0.6**	**(2.9)%**	—	— %	**0.6**	**(1.8)%**	—	— %	**0.3**	**(3.3)%**	2.9	(42.0)%	**0.9**	**(2.1)%**	2.9	
Operating loss	**$(17.8)**	**90.7 %**	$(23.5)	106.2 %	**$(27.9)**	**88.5 %**	$(48.3)	129.8 %	**$(20.4)**	**235.9 %**	$(27.7)	399.8 %	**$(48.3)**	**120.2 %**	$(76.1)	

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The Eliminations and Other category includes the elimination of intersegment sales and profit, unallocated corporate administrative expenses, and other costs and recoveries.

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The net sales elimination of $19.6 million $8.6 million for the second third quarter of 2023 is $2.5 million $1.7 million, or 11.4% 24.7%, lower higher than the second third quarter of 2022. 2022 reflecting an increase in product sold from our Brand Portfolio segment to Famous Footwear. The net sales elimination of $31.5

million $40.2 million for the six nine months ended July 29, 2023 October 28, 2023 is $5.7 million $4.0 million, or 15.3% 9.1%, lower than the six nine months ended July 30, 2022. The decreases for both periods reflect October 29, 2022 reflecting a decrease in product sold from our Brand Portfolio segment to Famous Footwear.

Selling and administrative expenses decreased $6.8 million $5.2 million, to $15.8 million $21.5 million in the second third quarter of 2023, compared to $22.6 million $26.7 million for the second third quarter of 2022. The decrease Selling and administrative expenses decreased $25.5 million, to $47.1 million for the nine months ended October 28, 2023, compared to $72.6 million for the nine months ended October 29, 2022. These decreases primarily reflects reflect lower expenses related to anticipated payments under our cash and share-based incentive compensation and other employee benefits.

Selling and administrative expenses decreased $20.2 million, to $25.6 million for the six months ended July 29, 2023, compared to $45.8 million for the six months ended July 30, 2022. The decrease primarily reflects lower expenses related to our cash and share-based incentive compensation and other employee benefits.

Restructuring and other special charges of $0.6 million $0.3 million and $0.9 million for the three and six nine months ended July 29, 2023 October 28, 2023, respectively, were associated with expense reduction initiatives at our corporate headquarters. Refer to Note 5 to the condensed consolidated financial statements for additional information related to these charges. There were no corresponding Restructuring and other special charges of $2.9 million for the six nine months ended July 30, 2022.

October 29, 2022 were associated with a CFO transition at our corporate headquarters.

LIQUIDITY AND CAPITAL RESOURCES

Borrowings

Total debt obligations of $244.0 $222.0 million at July 29, 2023 October 28, 2023 decreased $104.5 million $142.5 million, from $348.5 million $364.5 million at July 30, 2022 October 29, 2022, and decreased $63.5 million $85.5 million, from $307.5 million at January 28, 2023. Net interest expense for the second third quarter of 2023 increased $2.5 $0.5 million to $5.1 $4.5 million, compared to $2.6 million $4.0 million for the second third quarter of 2022, primarily due to higher interest rates. This increase was partially offset by lower average borrowings under our revolving credit agreement. The interest on our revolving credit facility is based on a variable rate, which has resulted in higher interest expense in the current rising interest rate environment. While our interest expense in the second half fourth quarter of 2023 will continue to be adversely affected by the elevated interest rates, we expect to continue to reduce the borrowings under our revolving credit agreement to mitigate the impact of the high interest rate environment.

Credit Agreement

As further discussed in Note 10 to the condensed consolidated financial statements, the Company maintains a revolving credit facility for working capital needs. On October 5, 2021, we entered into a Fifth Amendment to Fourth Amended and Restated Credit Agreement ("Fifth Amendment") that, among other modifications, extended the maturity date of the credit facility from January 18, 2024, to October 5, 2026 and decreased the amount available under the revolving credit facility by $100.0 million to an aggregate amount of up to $500.0 million, subject to borrowing base restrictions, and may be increased by up to $250.0 million. Interest on the borrowings was previously calculated using variable rates based on the London Interbank Offered Rate ("LIBOR") (with a floor of 0.0%), or the prime rate (as defined in the Fifth Amendment), plus a spread. The Fifth Amendment decreased the spread applied to the LIBOR or prime rate by a total of 75 basis points. On April 27, 2023, the Company entered into a Sixth Amendment to Fourth Amended and Restated Credit agreement (as so amended, the "Credit Agreement") to transition the borrowings on the revolving credit facility from bearing interest based on LIBOR to a term secured overnight financing rate ("SOFR").

At July 29, 2023 October 28, 2023, we had $244.0 million $222.0 million in borrowings and $10.7 million $10.6 million in letters of credit outstanding under the Credit Agreement. Total borrowing availability was $245.3 million $267.4 million at July 29, 2023 October 28, 2023. We were in compliance with all covenants and restrictions under the Credit Agreement as of July 29, 2023 October 28, 2023.

Working Capital and Cash Flow

	Twenty-Six Weeks Ended		
($ millions)	**July 29, 2023**	July 30, 2022	Change
Net cash provided by operating activities	$ **125.2**	$ 27.2	$ 98.0
Net cash used for investing activities	**(16.9)**	(20.7)	3.8
Net cash (used for) provided by financing activities	**(95.0)**	9.3	(104.3)
Effect of exchange rate changes on cash and cash equivalents	**0.1**	—	0.1
Increase in cash and cash equivalents	$ **13.4**	$ 15.8	$ (2.4)

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Working Capital and Cash Flow

($ millions)	Thirty-Nine Weeks Ended October 28, 2023	Thirty-Nine Weeks Ended October 29, 2022	Change
Net cash provided by operating activities	$ **157.2**	$ 46.3	$ 110.9
Net cash used for investing activities	**(37.4)**	(45.4)	8.0
Net cash (used for) provided by financing activities	**(119.5)**	1.9	(121.4)
Effect of exchange rate changes on cash and cash equivalents	**(0.0)**	(0.1)	0.1
Increase in cash and cash equivalents	$ **0.3**	$ 2.7	$ (2.4)

Reasons for the major variances in cash provided (used) in the table above are as follows:

Cash provided by operating activities was $98.0 million $110.9 million higher in the six nine months ended July 29, 2023 October 28, 2023 as compared to the six nine months ended July 30, 2022 October 29, 2022, primarily reflecting the following factors:

- A smaller An increase in inventory trade accounts payable during the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023, compared to a decrease during the twenty-six thirty-nine weeks ended July 30, 2022 October 29, 2022, due in part to lower wholesale reflecting higher inventory attributable to strong inventory management and lower in-transit inventory levels as the supply chain delays were mitigated; and purchases;
- A larger increase decrease in trade accounts payable inventory during the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023, reflecting higher inventory purchases compared to an increase during the twenty-six thirty-nine weeks ended July 30, 2022; October 29, 2022, due in part to lower inventory primarily within our Brand Portfolio segment, as we aggressively managed product receipts in the current year; partially offset by
- Lower net earnings in the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023, compared to the twenty-six thirty-nine weeks ended July 30, 2022 October 29, 2022,
- A smaller increase in net income taxes payable during the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023, compared to the twenty-six thirty-nine weeks ended July 30, 2022 October 29, 2022; and
- A larger decrease in accrued expenses and other liabilities during the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023, compared to the twenty-six thirty-nine weeks ended July 30, 2022 October 29, 2022, due in part to lower balances attributable to anticipated payments under our cash-based incentive compensation plans.

Cash used for investing activities was $3.8 million $8.0 million lower for the twenty-six thirty-nine weeks ended July 29, 2023 October 28, 2023 as compared to the twenty-six thirty-nine weeks ended July 30, 2022 October 29, 2022, reflecting lower capital expenditures. In 2023, we expect our Our expected purchases of property and equipment and capitalized software to be between approximately $50 million and $60 million, as in 2023, compared to $64.0 million in 2022.

Cash used for financing activities was $104.3 million $121.4 million higher for the six nine months ended July 29, 2023 October 28, 2023 as compared to the six nine months ended July 30, 2022 October 29, 2022, primarily due to net repayments on our revolving credit agreement of $63.5 million $85.5 million in the six nine months ended July 29, 2023 October 28, 2023, compared to net borrowings of $58.5 million $74.5 million in the comparable period in 2022. In addition, the issuance of common stock under share-based plans was $6.2 million $5.2 million higher in the six nine months ended July 29, 2023 October 28, 2023, compared to the six nine months ended July 30, 2022 October 29, 2022. These increases were partially offset by a $24.2 million $45.8 million decrease in repurchases of our common stock under our share repurchase programs during the six nine months ended July 29, 2023 October 28, 2023, compared to the six nine months ended July 30, 2022 October 29, 2022.

A summary of key financial data and ratios at the dates indicated is as follows:

	July 29, 2023	July 30, 2022	January 28, 2023	**October 28, 2023**	October 29, 2022	January 28, 2023
Working capital ($ millions) (1)	$ **(41.5)**	$ (121.0)	$ (79.7)	$ **(5.0)**	$ (117.8)	$ (79.7)
Current ratio (2)	**0.96:1**	0.89:1	0.91:1	**0.99:1**	0.89:1	0.91:1
Debt-to-capital ratio (3)	**34.1 %**	47.5 %	41.9 %	**29.9 %**	47.3 %	41.9 %

(1) Working capital has been computed as total current assets less total current liabilities.
(2) The current ratio has been computed by dividing total current assets by total current liabilities.
(3) The debt-to-capital ratio has been computed by dividing the borrowings under our revolving credit agreement by total capitalization. Total capitalization is defined as total debt and total equity.

Working capital at July 29, 2023 October 28, 2023 was a deficit of $41.5 million $5.0 million, which was an improvement of $79.5 million $112.8 million and $38.2 million $74.7 million from July 30, 2022 October 29, 2022 and January 28, 2023, respectively. The increase in working capital from July 30, 2022 October 29, 2022 primarily reflects lower accrued expenses and trade accounts payable, and accrued expenses, partially offset by lower inventory. The increase in working capital from January 28, 2023 primarily reflects higher inventory and lower accrued expenses and higher accounts receivable, partially offset by higher trade accounts payable. payable and lower

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inventory. Our current ratio was 0.96: 0.99:1 as of July 29, 2023 October 28, 2023, compared to 0.89:1 at July 30, 2022 October 29, 2022 and 0.91:1 at January 28, 2023. Our debt-to-capital ratio was 34.1% 29.9% as of July 29, 2023 October 28, 2023, compared to 47.5% 47.3% as of July 30, 2022 October 29, 2022 and 41.9% at January 28, 2023.

We declared and paid dividends of $0.07 per share in the second third quarter of both 2023 and 2022. The declaration and payment of any future dividend is at the discretion of the Board of Directors and will depend on our results of operations, financial condition, business conditions and other factors deemed relevant by our Board of Directors. However, we presently expect that dividends will continue to be paid.

We have various contractual or other obligations, including borrowings under our revolving credit facility, operating lease commitments, one-time transition tax for the mandatory deemed repatriation of cumulative foreign earnings and obligations for our supplemental executive retirement plan and other postretirement benefits. We also have purchase obligations to purchase inventory, assets and other goods and services. We believe our operating cash flows are sufficient to meet our material cash requirements for at least the next 12 months.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

No material changes have occurred related to critical accounting policies and estimates since the end of the most recent fiscal year. For further information on the Company's critical accounting policies and estimates, see Part II, Item 7 of our Annual Report on Form 10-K for the year ended January 28, 2023.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Recently issued accounting pronouncements, if any, and their impact on the Company are described in Note 2 to the condensed consolidated financial statements.

FORWARD-LOOKING STATEMENTS

This Form 10-Q 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) 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 Part I, 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.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

No material changes have taken place in the quantitative and qualitative information about market risk since the end of the most recent fiscal year. For further information, see Part II, Item 7A of the Company's Annual Report on Form 10-K for the year ended January 28, 2023.

ITEM 4 CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

It is the Chief Executive Officer's and Chief Financial Officer's ultimate responsibility to ensure we maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the

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Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our disclosure controls and procedures include mandatory communication of material events, automated accounting processing and reporting, management review of monthly, quarterly and annual results, an established system of internal controls and ongoing monitoring by our internal auditors.

A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the

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controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to errors or fraud may occur and not be detected. Our disclosure controls and procedures are designed to provide a reasonable level of assurance that their objectives are achieved. As of July 29, 2023October 28, 2023, management of the Company, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon and as of the date of that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded our disclosure controls and procedures were effective at the reasonable assurance level.

Based on the evaluation of internal control over financial reporting, the Chief Executive Officer and Chief Financial Officer have concluded that there have been no changes in the Company's internal controls over financial reporting during the quarter ended July 29, 2023October 28, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

We are involved in legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such ordinary course of business proceedings and litigation currently pending will not have a material adverse effect on our results of operations or financial position. All legal costs associated with litigation are expensed as incurred.

Information regarding Legal Proceedings is set forth within Note 16 to the condensed consolidated financial statements and incorporated by reference herein.

ITEM 1A RISK FACTORS

There have been no material changes that have occurred related to our risk factors since the end of the most recent fiscal year. For further information, see Part I, Item 1A of our Annual Report on Form 10-K for the year ended January 28, 2023.

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ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information relating to our repurchases of common stock during the second third quarter of 2023:

Fiscal Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (1)	Total Number Purchased as Part of Publicly Announced Program (2)	Maximum Number of Shares that May Yet be Purchased Under the Program (2)	Total Number of Shares Purchased (1)	Average Price Paid per Share (1)	Total Number Purchased as Part of Publicly Announced Program (2)	Maximum Numb of Shares that M Yet be Purchas Under the Program (2)
April 30, 2023 - May 27, 2023	—	$ —	—	6,367,379				
July 30, 2023 - August 26, 2023					—	$ —	—	5,604,379
May 28, 2023 - July 1, 2023	763,205	22.86	763,000	5,604,379				
August 27, 2023 - September 30, 2023					818	28.88	—	5,604,379
July 2, 2023 - July 29, 2023	—	—	—	5,604,379				
October 1, 2023 - October 28, 2023					73	27.34	—	5,604,379
Total	763,205	$ —	763,000	5,604,379	891	$ 28.75	—	5,604,379

(1) Includes shares that are tendered by employees related to certain share-based awards to satisfy tax withholding amounts for restricted stock awards. The average price per share on repurchases of our common stock excludes the cost of broker commissions. No excise taxes were due on the Company's share repurchases during the twenty-six weeks ended July 29, 2023 under the provisions of the Inflation Reduction Act of 2022.

(2) On September 2, 2019, the Board of Directors approved a stock repurchase program ("2019 Program") authorizing the repurchase of 5,000,000 shares of our outstanding common stock. In addition, on March 10, 2022, the Board of Directors approved a stock repurchase program ("2022 Program") authorizing the repurchase of an additional 7,000,000 shares of our outstanding common stock. We can use

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the repurchase programs to repurchase shares on the open market or in private transactions. Under the 2022 Program, the Company repurchased 763,000 shares during the thirteen and twenty-six weeks ended July 29, 2023. During the thirteen and twenty-six thirty-nine weeks ended July 30, 2022 October 28, 2023, the Company repurchased 1,083,496 zero and 1,784,820 763,000 shares, respectively, under the 2022 Program. During the thirteen and thirty-nine weeks ended October 29, 2022, the Company repurchased 838,025 and 2,622,845 shares, respectively, under these programs. As of July 29, 2023 October 28, 2023, there were 5,604,379 shares authorized to be repurchased under the 2022 Program. Our repurchases of common stock are limited under our revolving credit agreement.

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 OTHER INFORMATION

Director and Section 16 Officer Trading Arrangements

On June 30, 2023 October 11, 2023, Diane M. Sullivan, John W. Schmidt, President, Chief Executive Chair of the Board of Directors, Officer and Director, adopted a Rule 10b5-1 plan ("Rule 10b5-1 Plan") intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act of 1934. Ms. Sullivan's Mr. Schmidt's Rule 10b5-1 Plan provides for the sale of up to 286,960 76,000 shares of the Company's common stock, pursuant to the terms of the Rule 10b5-1 Plan. The Rule 10b5-1 Plan expires on June 28, 2024 July 12, 2024, or upon the earlier completion of all authorized transactions under such Rule 10b5-1 Plan.

No other director or Section 16 officer adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement", as each term is defined in Item 408(a) of Regulation S-K, during the thirteen weeks ended July 29, 2023 October 28, 2023.

ITEM 6 EXHIBITS

Exhibit No.		
3.1		Restated Certificate of Incorporation of Caleres, Inc. (the "Company") incorporated herein by reference to Exhibit 3.1 to the Company's Form 8-K filed June 1, 2020.
3.2		Bylaws of the Company as amended through March 9, 2023, incorporated herein by reference to Exhibit 3.1 to the Company's Form 8-K filed March 15, 2023.
10.1*	†	Caleres, Inc. Nonqualified Restoration Plan, filed herewith.
31.1	†	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2	†	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	†	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	†	iXBRL Instance Document
101.SCH	†	iXBRL Taxonomy Extension Schema Document
101.CAL	†	iXBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	†	iXBRL Taxonomy Extension Label Linkbase Document
101.PRE	†	iXBRL Taxonomy Presentation Linkbase Document
101.DEF	†	iXBRL Taxonomy Definition Linkbase Document
104	†	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101.

* Denotes management contract or compensatory plan arrangements.

† Denotes exhibit is filed with this Form 10-Q.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CALERES, INC.

Date: September 5, 2023 December 5, 2023

/s/ Jack P. Calandra

Jack P. Calandra
Senior Vice President and Chief Financial Officer
on behalf of the Registrant and as the
Principal Financial Officer

THECALERES,INC.NONQUALIFIEDRESTORATIONPLAN

PLAN DOCUMENT

THE CALERES,INC.NONQUALIFIEDRESTORATION PLAN

Section1. Purpose

By execution of the Adoption Agreement, the Company has adopted the Plan set forth herein, and in the Adoption Agreement, to provide a means by which certain management Employees or IndependentContractorsoftheEmployermayelecttodeferreceiptofcurrentCompensationfrom the Employer in order to provide retirement and other benefits on behalf of such Employees or Independent Contractors of the Employer, as selected in the Adoption Agreement. The Plan is intended to be a nonqualified deferred compensation plan that complies with the provisions of Section 409A of the Internal Revenue Code (the "Code"). The Plan is also intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits for a select group of management or highly compensated employees under Sections 201(2), 301(a)(3) and 401(a)(l) of the Employee Retirement Income Security Act of 1974 (“ERISA”) or independent contractors. Notwithstanding any other provision of this Plan, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.

Section2. Definitions

2.0 “401(k) Refund Offset” means a deferral of the Participant’s base salary equal to the gross amount of a 401(k)-refund caused by Average Deferral Percentage (ADP) testing

failures in the qualified plan. The 401(k) refund itself shall be paid to the Participant from the 401(k) plan and reported on Form 1099-R. This deferral shall not apply to Roth 401(k) refunds or any other refund not generated due to failed testing.

2.1 "Active Participant" means, with respect to any day or date, a Participant who is in Service on such day or date; provided, that a Participant shall cease to be an Active Participant

(i) immediately upon a determination by the Committee that the Participant has ceased to be an Employee or Independent Contractor, or (ii) at the end of the Plan Year that the committee determines the Participant no longer meets the eligibility requirements of the Plan.

2.2 "Adoption Agreement" means the written agreement pursuant to which the Company adopts the Plan. The Adoption Agreement is a part of the Plan as applied to the Company.

2.3 "Beneficiary" means the person, persons, entity or entities designated or determined pursuant to the provisions of Section 13 of the Plan.

2.4 "Board" means the Board of Directors of the Company, if the Company is a corporation.

If the Company is not a corporation, "Board" shall mean the Company.

2.5 "Change in Control Event" means an event described in Section 409A(a)(2)(A)(v) of the Code (or any successor provision thereto) and the regulations thereunder.

2.6 "Committee" means the Employer, an administrative committee appointed by the Board to serve at the pleasure of the Board, the Board itself, any other person or persons as determined in the Employer’s discretion, or any other person or persons noted in the Adoption Agreement. The Recordkeeper is not the Committee.

2.7 "Company"means thecompanydesignated intheAdoption Agreement.

2.8 "Compensation"shall havethe meaningdesignated intheAdoption Agreement.

2.9 "Crediting Date" means the date any corresponding asset payment used to informally finance the Plan, if applicable, is credited to the Employer’s corporate owned investment account or any other day directed by the Employer. Otherwise, all Credits shall be credited on any business day as specified by the Employer.

2.10 "Deferred Compensation Account" means the account maintained with respect to each Participant under the Plan. The Deferred Compensation Account shall be credited with Participant Deferral Credits and Employer Credits, credited or debited for deemed investment gains or losses, and adjusted for payments in accordance with the rules and elections in effect under Section 8. As permitted in the Adoption Agreement, the Deferred Compensation Account of a Participant may consist of one or more accounts. A Participant may elect payment options for each account as described in Section 7.1 and deemed investments for each account as described in Section 8.2.

2.11 "Disabled or Disability" means Disabled or Disability within the meaning of Section 409A of the Code and the regulations thereunder. Generally, this means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of the Employer.

2.12 “Education Account” is an In-Service Account which will be used by the Participant for educational purposes.

2.13 "Effective Date" shall be the date designated in the Adoption Agreement.

2.14 "Employee" means an individual in the Service of the Employer if the relationship between the individual and the Employer is the legal relationship of employer and employee. An individual shall cease to be an Employee upon the Employee's Separation from Service.

2.15 "Employer" means the Company, as identified in the Adoption Agreement, and any Participating Employer which adopts this Plan. An Employer may be a corporation, a limited liability company, a partnership or sole proprietorship.

2.16 "Employer Credits" means the amounts credited to the Participant's Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.2.

2.17 "Grandfathered Amounts" means, if applicable, the amounts that were deferred under the Plan and were earned and vested within the meaning of Section 409A of the Code and regulations thereunder as of December 31, 2004. Grandfathered Amounts shall be subject to the terms designated in the Plan which were in effect as of October 3, 2004.

2.18 "Independent Contractor" means an individual in the Service of the Employer if the relationship between the individual and the Employer is not the legal relationship of employer and employee. An individual shall cease to be an Independent Contractor upon the termination of the Independent Contractor's Service. An Independent Contractor shall include a director of the Employer who is not an Employee.

2.19 "In-Service Account" means a separate account to be kept for each Participant that has elected to take in-service distributions as described in Section 5.4. The In-Service Account shall be adjusted in the same manner and at the same time as the Deferred Compensation Account under Section 8 and in accordance with the rules and elections in effect under Section 8.

2.20 "Normal Retirement Age", which may also be called “Full Vesting Age”, of a Participant means the age designated in the Adoption Agreement.

2.21 "Participant" means with respect to any Plan Year an Employee or Independent Contractor who has been designated by the Committee as a Participant and who has entered the Plan or who has a Deferred Compensation Account under the Plan; provided that if the Participant is an Employee, the individual must be a member of a select group of management or highly compensated employee of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

2.22 "Participant Deferral Credits" means the amounts credited to the Participant's Deferred

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Compensation Account by the Employer pursuant to the provisions of Section 4.1.

2.23 "Participating Employer" means any trade or business (whether or not incorporated) which adopts this Plan with the consent of the Company identified in the Adoption Agreement.

2.24 "Participation Agreement" means a written agreement, including electronic submissions by the Participant or at the Participant's direction, entered into between a Participant and the Employer pursuant to the provisions of Section 4.1

2.25 "Performance-Based Compensation" means compensation where the amount of, or entitlement to, the compensation is contingent on the satisfaction of preestablished organizational or individual performance criteria relating to a performance period of at least twelve months. Organizational or individual performance criteria are considered preestablished if established in writing within 90 days after the commencement of the period of service to which the criteria relates, provided that the outcome is substantially uncertain at the time the criteria are established. Performance-based compensation may include payments based upon subjective performance criteria as provided in regulations and administrative guidance promulgated under Section 409A of the Code.

2.26 "Plan"means thenameof thePlanas designated inthe Adoption Agreement.

2.27 "Plan-Approved Domestic Relations Order" shall mean a judgment, decree, or order (including the approval of a settlement agreement) which is:

2.27.1 Issued pursuant to a State's domestic relations law;

2.27.2 Relates to the provision of child support, alimony payments or marital property rights to a Spouse, former Spouse, child or other dependent of the Participant;

2.27.3 Creates or recognizes the right of a Spouse, former Spouse, child or other dependent of the Participant to receive all or a portion of the Participant's benefits under the Plan;

2.27.4 Requires payment to such person of their interest in the Participant's benefits in a lump sum payment or any other form of payment allowed under the Plan at a specific time; and

2.27.5 Meetssuchotherrequirementsestablishedbythe Committee.

2.28 "Plan Year" means the twelve-month period ending on the last day of December, unless otherwise noted in the Adoption Agreement, provided, that the initial Plan Year may have fewer than

twelve months.

2.28.1 "Recordkeeper" means the individual or entity responsible for keeping records of Plan activity including the tracking of Participant Deferred Compensation Account balances. As to applicable tax and regulatory rules, the actions of the Recordkeeper are limited to executing the decisions and directions of the Committee. The Recordkeeper does not make plan administration decisions.

2.29 "Qualifying Distribution Event" means (i) the Separation from Service of the Participant, (ii) the date the Participant becomes Disabled, (iii) the death of the Participant, (iv)

the time specified by the Participant for an In-Service Distribution, (v) a Change in Control Event, or (vi) an Unforeseeable Emergency, each to the extent provided in Section 5.

2.30 "Seniority Date" which may also be called "Installment Eligibility Date" shall have the meaning designated in the Adoption Agreement and shall apply to both the initial deferral election described in Section 4 and the Subsequent deferral election described in Section 7.5.

2.31 "Separation from Service" or "Separates from Service" means a "separation from service" within the meaning of Section 409A of the Code.

2.32 "Service" as an Employee means employment by the Employer. For purposes of the Plan, the employment relationship is treated as continuing intact while the Employee is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Employee's right to reemployment is provided either by statute or contract. If the Participant is an Independent Contractor, "Service" shall mean the period during which the contractual relationship exists between the Employer and the Participant. The contractual relationship is not terminated if the Participant anticipates a renewal of the contract or becomes an Employee. A Participant who has a Deferred Compensation Account which contains amounts deferred or contributed as an Employee and a member of the Board(DualStatus),Servicesperformedinthosecapacitieswillbelookedat independentlywhen determining if a Separation from Service has occurred. Services as a member of the Board and Independent Contractor (in a capacity not on the Board) will be looked collectively when determining if a Separation from Service has occurred.

2.33 "Service Bonus" means any bonus that does not meet the definition of Performance-Based Compensation that is paid to a Participant by the Employer as noted in the Adoption Agreement.

2.34 "Specified Employee" means an Employee who meets the requirements for key employee treatment under Section 416(i)(l)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and without regard to Section 416(i)(5) of the Code) at any time during the

twelve month period ending on December 31 of each year (the "identification date"). If the person is a key employee as of any identification date, the person is treated as a Specified Employee for the twelve-month period beginning on the first day of the fourth month following the identification date. Unless binding corporate action is taken to establish different rules for determining Specified Employees for all plans of the Company and its controlled group members that are subject to Section 409A of the Code, the foregoing rules and the other default rules under the regulations of Section 409A of the Code shall apply.

2.35 "Spouse" or "Surviving Spouse" means, except as otherwise provided in the Plan, a person who is the legally married spouse or surviving spouse of a Participant.

2.36 "Unforeseeable Emergency" means an "unforeseeable emergency" within the meaning of Section 409A of the Code.

2.37 "YearsofService"meanseachPlanYearofServicecompletedbytheParticipant.

For vesting purposes, Years of Service shall be calculated from the date designated in the Adoption Agreement and Service shall be based on service with the Company and all Participating Employers.

Section3.Participation

The Committee in its discretion shall designate each Employee or Independent Contractor who is eligible to participate in the Plan. A Participant who Separates from Service

with the Employer and who later returns to Service may be eligible consistent with Section 409A of the Code and upon satisfaction of such terms and conditions as the Committee shall establish.

Section 4. Credits to Deferred Compensation Account

4.1 Participant Deferral Credits. To the extent provided in the Adoption Agreement, each Active Participant may elect, by entering into a Participation Agreement with the Employer, to defer the receipt of Compensation from the Employer by a dollar amount or percentage specified in the Participation Agreement. The amount of Compensation the Participant elects to defer, the Participant Deferral Credit, shall be credited by the Employer to the Deferred Compensation Account maintained for the Participant pursuant to Section 8. The following special provisions shall apply with respect to the Participant Deferral Credits of a Participant:

4.1.1 The Employer shall credit to the Participant's Deferred Compensation Account on each Crediting Date an amount equal to the total Participant Deferral Credit for the period ending on such Crediting Date.

4.1.2 An election pursuant to this Section 4.1 shall be made by the Participant by executing and delivering a Participation Agreement to the Committee. Except as otherwise provided in this Section 4.1, the Participation Agreement shall become effective with respect to such Participant as of the first day of January following the date such Participation Agreement is received by the Committee. A Participant's election may be changed at any time prior to the last permissible date for making the election as permitted in this Section 4.1, and shall thereafter be irrevocable. Any election of a Participant shall continue in effect for the time period as set forth in the Adoption Agreement.

4.1.3 A Participant may execute and deliver a Participation Agreement to the Committee within 30 days after the date the Participant first becomes eligible to participate in the Plan. After the 30-day period expires, or after any shorter time period as agreed to by the Participant and the Committee, the latest election made by the Participant during that period becomes irrevocable. Such election shall then be effective as of the first payroll period commencing following the date the Participation Agreement becomes irrevocable. Whether a Participant is treated as newly eligible for participation under this Section shall be determined in accordance with Section 409A of the Code and the regulations thereunder, including (i) rules that treat all elective deferral account balance plans as one plan, and (ii) rules that treat a previously eligible Employee as newly eligible if the Participant's benefits had been previously distributed or if he has been ineligible for 24 months. For Compensation that is earned based upon a specified performance period (for example, an annual bonus), where a deferral election is made under this Section but after the beginning of the performance period, the election will only apply to the portion of the Compensation equal to the total amount of the Compensation for the service period multiplied by the ratio of the number of days remaining in the performance period after the date the election becomes irrevocable over the total number of days in the performance period.

4.1.4 A Participant may unilaterally modify a Participation Agreement (either to terminate, increase or decrease future Compensation which is subject to deferral within the percentage limits set forth in Section 4.1 of the Adoption Agreement) by providing a written modification of the Participation Agreement to the Committee. The modification shall become effective as of the first day of January following the date such written modification is received by the Committee, or at such later date as required under

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Section 409A of the Code.

4.1.5 If the Participant performed services continuously from the later of the beginning of the performance period or the date upon which the performance criteria are established through the date upon which the Participant makes an initial deferralelection, aParticipationAgreementrelatingtothedeferralofPerformance-BasedCompensationmaybeexecutedanddeliveredtotheCommitteenolaterthan the date which is 6 months prior to the end of the performance period, provided that in no event may an election to defer Performance-Based Compensation be made after such Compensation has become readily ascertainable.

4.1.6 If the Employer has a fiscal year other than the calendar year, Compensation relating to Service in the fiscal year of the Employer (such as a bonus based on the fiscal year of the Employer), of which no amount is paid or payable during the fiscal year, may be deferred at the Participant's election if the election to defer is made not later than the close of the Employer's fiscal year next preceding the first fiscal year in which the Participant performs any services for which such Compensation is payable.

4.1.7 Compensation payable after the last day of the Participant's taxable year solely for services provided during the final payroll period containing the last day of the Participant's taxable year (i.e., generally December 31) is treated for purposes of this Section 4.1 as Compensation for services performed in the subsequent taxable year.

4.1.8 The Committee may from time to time establish policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which Participant Deferral Credits may be made.

4.1.9 If a Participant becomes Disabled all currently effective deferral elections for such Participant shall be cancelled. At the time the participant is no longer Disabled, subsequent elections to defer future compensation will be permitted under this Section 4.

4.1.10 If a Participant applies for and receives a distribution on account of an Unforeseeable Emergency, all currently effective deferral elections for such Participant shall be cancelled. Subsequent elections to defer future compensation will be permitted under this Section 4. Furthermore, a Participant may apply to the Committee to cancel all deferral elections due to an Unforeseeable Emergency.

4.2 Employer Credits. If designated by the Employer in the Adoption Agreement, the

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Employer shall cause the Committee to credit to the Deferred Compensation Account of each Active Participant an Employer Credit as determined in accordance with the Adoption Agreement. A Participant must make distribution elections with respect to any Employer Credits credited to the Deferred Compensation Account by the deadline that would apply under Section 4.1 for distribution elections with respect to Participant Deferral Credits credited at the same time, on a Participation Agreement that is timely executed and delivered to the Committee pursuant to Section 4.1. If no distribution election is made, vested amounts in the Deferred Compensation Account will be distributed in a lump sum upon the earliest of any Qualifying Distribution Event limited to Separation from Service, Disability, Death or Change in Control.

4.3. Deferred Compensation Account. All Participant Deferral Credits and Employer Credits shall be credited to the Deferred Compensation Account of the Participant as provided in Section 8.

Section5.QualifyingDistributionEvents

5.1 Separation from Service. If the Participant Separates from Service with the Employer, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 7. Notwithstanding the foregoing, no distribution shall be made earlier than six months after the date of Separation from Service (or, if earlier, the date of death) with respect to a Participant who as of the date of Separation from Service is a Specified Employee of a corporation (or a member of such corporation's controlled group) the stock in which is traded on an established securities market (either foreign or domestic) or otherwise. Any payments to which such Specified Employee would be entitled during the first six months following the date of Separation from Service shall be accumulated and paid on the first day of the seventh month following the date of Separation from Service, and shall be adjusted for deemed investment gain and loss incurred during the six month period.

5.2 Disability. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan when a Participant becomes Disabled, and the Participant becomes Disabled while in Service, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 7.

5.3 Death. If the Participant dies while in Service, the Employer shall pay a benefit to the Participant's Beneficiary in the amount of the vested balance in the Deferred Compensation Account and any additional amount designated in the Adoption Agreement. Payment of such benefit shall be made by the Employer as provided in Section 7.

5.4 In-Service Distributions. If the Employer designates in the Adoption Agreement that in-service distributions are permitted under the Plan, a Participant may designate in the Participation Agreement to have a specified amount credited to the Participant's In-Service Account for in-service distributions at the date specified by the Participant. In no event may an in- service distribution of an amount be made before the date that is two years after the first day of the year in which any deferral election to such In-Service Account became effective. Notwithstanding the foregoing, if a Participant incurs a Qualifying Distribution Event prior to the date on which the entire balance in the In-Service Account has been distributed, then the vested balance in the In-Service Account on the date of the Qualifying Distribution Event shall be paid as provided under Section 7.1 for payments on such Qualifying Distribution Event.

5.5 Change in Control Event. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan upon the occurrence of a Change in Control Event, the Participant may designate in the Participation Agreement to have the vested balance in the Deferred Compensation Account paid to the Participant upon a Change in Control Event by the Employer as provided in Section 7.

5.6 Unforeseeable Emergency. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan upon the occurrence of an Unforeseeable Emergency event, a distribution from the Deferred Compensation Account may be made to a Participant in the event of an Unforeseeable Emergency, subject to the following provisions:

5.6.1 A Participant may, make an application to the Committee to cancel all active deferral elections or to cancel deferral elections and receive a distribution in a lump sum of all or a portion of the vested balance in the Deferred Compensation Account (determined as of the date the distribution, if any, is made under this Section 5.6) because of an Unforeseeable Emergency. A distribution because of an Unforeseeable Emergency shall not exceed the amount required to satisfy the Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of such distribution, after taking into account the extent to which the Unforeseeable Emergency may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship) or by stopping current deferrals under the Plan pursuant to Section 4.1.10.

5.6.2 The Participant's request for a distribution on account of Unforeseeable

Emergency must be made in writing to the Committee. The request must specify the nature of the financial hardship, the total amount requested to be distributed from the Deferred Compensation Account, and the total amount of the actual expense incurred or to be incurred on account of the Unforeseeable Emergency.

5.6.3 If a cancellation of deferral elections is approved such cancellation will be effective as soon as practicable. If a distribution under this Section 5.6 is approved by the Committee, such distribution will be made as soon as practicable following the date it is approved. The processing of the request shall be completed as soon as practicable from the date on which the Committee receives the properly completed written request for a distribution on account of an Unforeseeable Emergency. If a Participant's Separation from Service occurs after a request is approved in accordance with this Section 5.6.3, but prior to distribution of the full amount approved, the approval of the request shall be automatically null and void and the benefits which the Participant is entitled to receive under the Plan shall be distributed in accordance with the applicable distribution provisions of the Plan.

5.6.4 The Committee may from time to time adopt additional policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which such distributions may be made so that the Plan may be conveniently administered.

Section6.Vesting

A Participant shall be fully vested in the portion of the Deferred Compensation Account attributable to Participant Deferral Credits, and all income, gains and losses attributable thereto. A Participant shall become fully vested in the portion of the Deferred Compensation Account attributable to Employer Credits, and income, gains and losses attributable thereto, in accordance with the vesting schedule and provisions designated by the Employer in the Adoption Agreement. Once a Participant achieves vesting on an Employer Credit, it cannot be reduced or eliminated. If Change in Control was elected as a vesting event in the Adoption Agreement participants accounts shall be fully vested upon a Change in Control, however new vesting schedules may be applied to future Employer Credits. If a Participant's Deferred Compensation Account is not fully vested upon Separation from Service, the portion of the Deferred Compensation Account that is not fully vested shall be forfeited.

Section7.DistributionRules

7.1 Payment Options. The Employer shall designate in the Adoption Agreement the payment options which may be elected by the Participant. The Participant may at such time elect a method of payment for Qualifying Distribution Events as specified in the Adoption Agreement. If the Participant is permitted by the Employer in the Adoption Agreement to elect different payment options and does not make a valid election, the vested balance in the Deferred Compensation Account will be distributed as a lump sum upon the Qualifying Distribution Event.

Notwithstanding the foregoing, if certain Qualifying Distribution Events occur prior to the date on which the vested balance of a Participant's Deferred Compensation Account is completely paid pursuant to this Section 7.1 following the occurrence of certain Qualifying Distribution Events, the following rules apply:

7.1.1 IfthecurrentlyeffectiveQualifyingDistributionEventisaSeparationfrom Service or Disability, and the Participant subsequently dies, the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as a lump sum.

7.1.2 If the currently effective Qualifying Distribution Event is a Change in ControlEvent,andanysubsequentQualifyingDistributionEventoccurs(except an In-Service Distribution described in Section 2.29(iv)), the remaining unpaid vested balanceofaParticipant'sDeferredCompensationAccountshallbepaid asprovided under Section 7.1 for payments on such subsequent Qualifying Distribution Event.

7.2 Timing of Payments. Payment shall be made in the manner elected by the Participant and shall commence as soon as practicable after the distribution date specified for the QualifyingDistributionEvent.Distributionshallbenolaterthanwithin60daysfollowingthedayafter the Qualifying Distribution Event. Such payment shall not be deemed late if the payment is made on or before the later of (i) December 31 of the calendar year in which the Qualifying Distribution Event occurs, or (ii) the date that is 2-1/2 months after the Qualifying Distribution Event occurs. Participants shall not have any influence as to the tax year or timing of the distribution. For each payment, the Committee must specify a date for the Deferred Compensation Account(s) to be valued. In the event the Participant fails to make a valid election of the payment method, the distribution will be made in a single lump sum payment as soon as practicable after the Qualifying Distribution Event. A payment may be further delayed to the extent permitted in accordance with regulations and guidance under Section 409A of the Code.

7.3 Installment Payments. If the Participant elects to receive installment payments upon a

Qualifying Distribution Event, the payment of each installment shall be made on the anniversary of the date of the first installment payment, and the amount of the installment shall be adjusted on such anniversary for credits or debits to the Participant's account pursuant to Section 8 of the Plan. Such adjustment shall be made by dividing the balance in the Deferred Compensation Account on such date by the number of installments remaining to be paid hereunder; provided that the last installment due under the Plan shall be the entire amount credited to the Participant's account on the date of payment.

7.4 De Minimis Amounts. Notwithstanding any payment election made by the Participant, if the Employer designates a pre-determined de minimis amount in the Adoption Agreement, the vested balance in all Deferred Compensation Accounts of the Participant will be distributed in a single lump sum payment if at the time of a permitted Qualifying Distribution Event the vested balance does not exceed such pre-determined de minimis amount; provided, however, that such distribution will be made only where the Qualifying Distribution Event is a SeparationfromService,death,Disability,orChangein Control Event. In addition, the Employer may distribute a Participant's vested balance in all of the Participant’s Deferred Compensation Accounts at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan as provided under Section 409A of the Code.

7.5 Subsequent Elections. With the consent of the Committee, a Participant may delay or change the method of payment of the Deferred Compensation Account subject to the following requirements:

7.5.1 The new election may not take effect until at least 12 months after the date on which the new election is made.

7.5.2 If the new election relates to a payment for a Qualifying Distribution Event other than the death of the Participant, the Participant becoming Disabled, or an Unforeseeable Emergency, the new election must provide for the deferral of the payment for a period of at least five years from the date such payment would otherwise have been made.

7.5.3 If the new election relates to a payment from the In-Service Account, the new election must be made at least 12 months prior to the date of the first scheduled payment from such account.

For purposes of this Section 7.5 and Section 7.6, a payment is each separately identified amount to which the Participant is entitled under the Plan; provided, that entitlement to a series of installment payments is treated as the entitlement to a single payment.

7.6 Acceleration Prohibited. The acceleration of the time or schedule of any payment due under the Plan is prohibited except as expressly provided in regulations and administrative guidance promulgated under Section 409A of the Code (such as accelerations for domestic relations orders and employment taxes). It is not an acceleration of the time or schedule of payment if the Employer waives or accelerates the vesting requirements applicable to a benefit under the Plan.

7.7 Residual Distributions. If calculation of the amount of any credit to a Participant's Deferred Compensation Account is not administratively practicable due to events beyond the control of the Employer, payments may be made to the Participant for residual amounts contributed to or remaining in a Deferred Compensation Account after payments under the provisions of this Section 7 have commenced or been completed. The residual amount shall be credited to the Deferred Compensation Account when the calculation of the amount becomes administratively practicable. Examples of residual amounts include, but are not limited to, additional investment returns credited after payment (due to dividends or pricing changes) or additional contributions made after payment (such as an annual bonus deferral or an Employer Credit). Payments that would have been made had the residual amount been calculable at the benefit commencement date shall be made up as soon as practicable after crediting to the Deferred Compensation Account, in no case later than the end of the year in which calculation of the amount becomes administratively practicable.

7.8 IneffectiveDeferrals. IfaParticipantdeferralelectionunderSection4tocontribute to an In-Service Account carries over to a subsequent year (an evergreen election) and the deferral election is ineffective (i.e., the distribution election would cause payment in the current or prior years), the amount deferred will be credited to a Deferred Compensation Account that is not an In-Service Account. If the Participant only has one account of this type, the amount deferred will be credited to that account. If the Participant has multiple accounts of this type, and one of the accounts has a lump sum at Separation from Service distribution election, the amount deferred will be credited to that account. If the Participant has multiple accounts of this type and does not have an account with a lump sum at Separation from Service distribution election, one will be established with a lump sum at Separation from Service distribution election and the amount deferred will be credited to this account.

Section8.Accounts;DeemedInvestment;AdjustmentstoAccount

8.1 Accounts. The Committee shall establish a book reserve account, entitled the "Deferred Compensation Account," on behalf of each Participant. The Committee shall also establish an In-Service Account as a part of the Deferred Compensation Account of each Participant, if applicable. The amount credited to the Deferred Compensation Account shall be adjusted pursuant to the provisions of Section

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8.3.

8.2 Deemed Investments. The Deferred Compensation Account of a Participant shall be credited with an investment return determined as if the account were invested in one or more investment funds made available by the Committee. The Participant shall elect the investment funds in which the Participant’s Deferred Compensation Account shall be deemed to be invested. Such election shall be made in the manner prescribed by the Committee and shall take effect upon the entry of the Participant into the Plan. The investment election of the Participant shall remain in effect until a new election is made by the Participant. In the event the Participant fails for any reason to make an effective election of the investment return to be credited to the account, the investment return shall be determined by the Committee.

8.3 Adjustments to Deferred Compensation Account. With respect to each Participant who has a Deferred Compensation Account under the Plan, the amount credited to such account shall be adjusted by the following debits and credits, at the times and in the order stated:

8.3.1 TheDeferredCompensationAccountshallbedebitedeachbusiness day with the total amount of any payments made from such account since the last preceding businessday. Unless otherwise specified bythe Employer,eachdeemedinvestment fund will be debited pro-rata based on the value of the investment funds as of the end of the preceding business day.

8.3.2 The Deferred Compensation Account shall be credited on each Crediting Date with the total amount of any Participant Deferral Credits and Employer Credits to such account since the last preceding Crediting Date.

8.3.3 TheDeferredCompensationAccountshallbecreditedordebitedoneachday securities are traded on a national stock exchange with the amount of deemed investment gain or loss resulting from the performance of the deemed investment funds elected by the Participant in accordance with Section 8.2. The amount of such deemed investment gain or loss shall be determined by the Committee and such determination shall be final and conclusive upon all concerned.

Section9.AdministrationbyCommittee

9.1 Membership of Committee. If the Committee consists of individuals appointed by the Board, they will serve at the pleasure of the Board. Any member of the Committee may resign, and any successor shall be appointed by the Board.

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9.2 General Administration. The Committee shall be responsible for the operation and administration of the Plan and for carrying out its provisions. The Committee shall have the full authority and discretion to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions, including interpretations of this Plan, as may arise in connection with this Plan. Any such action taken by the Committee shall be final and conclusive on any party. To the extent the Committee has been granted discretionary authority under the

Plan, the Committee's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by the Employer with respect to the Plan. The Committee may, from time to time, employ agents and delegate to such agents, including Employees of the Employer, such administrative or other duties as it sees fit.

9.3 Indemnification. To the extent not covered by insurance, the Employer shall indemnify the Committee, each Employee, officer, director, and agent of the Employer, and all persons formerly serving in such capacities, against any and all liabilities or expenses, including all legal fees relating thereto, arising in connection with the exercise of their duties and responsibilities with respect to the Plan, provided however that the Employer shall not indemnify any person for liabilities or expenses due to that person's own gross negligence or willful misconduct.

Section10.ContractualLiability,Trust

10.1 Contractual Liability. Unless otherwise elected in the Adoption Agreement, the Company shall be obligated to make all payments hereunder. This obligation shall constitute a contractual liability of the Company to the Participants, and such payments shall be made from the general funds of the Company. The Company shall not be required to establish or maintain any special or separate fund, or otherwise to segregate assets to assure that such payments shall be made, and the Participants shall not have any interest in any particular assets of the Company by reason of its obligations hereunder. To the extent that any person acquires a right to receive payment from the Company under the Plan, such right shall be no greater than the right of an unsecured creditor of the Company.

10.2 Trust. The Employer may establish a trust to assist it in meeting its obligations under the Plan. Any such trust shall conform to the requirements of a grantor trust under Revenue Procedures 92-64 and 92-65 and at all times during the continuance of the trust the principal and income of the trust shall be subject to claims of general creditors of the Employer under federal and state law. The establishment of such a trust would not be intended to cause Participants to realize current income on amounts

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contributed thereto, and the trust would be so interpreted and administered.

Section11.AllocationofResponsibilities

The persons responsible for the Plan and the duties and responsibilities allocated to each are as follows:

11.1 Board.

(i) To amend the Plan;

(ii) To appoint and remove members of the Committee; and

(iii) To terminate the Plan as permitted in Section 14.

11.2 Committee.

(i) To designate Participants;

(ii) To interpret the provisions of the Plan and to determine the rights of the Participants under the Plan, except to the extent otherwise provided in Section 16 relating to claims procedure;

(iii) To administer the Plan in accordance with its terms, except to the extent powers to administer the Plan are specifically delegated to another person or persons as provided in the Plan;

(iv) To account for the amount credited to the Deferred Compensation Account of a Participant;

(v) To direct the Employer in the payment of benefits;

(vi) To file such reports as may be required with the United States Department of Labor, the Internal Revenue Service and any other government agency to which reports may be required to be submitted from time to time; and

(vii) To administer the claims procedure to the extent provided in Section 16.

Section12.BenefitsNotAssignable;FacilityofPayments

12.1 Benefits Not Assignable. No portion of any benefit credited or paid under the Plan with respect to any Participant shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void, nor shall any portion of such benefit be in any manner payable to any assignee, receiver or any one trustee, or be liable for any debts, contracts,

liabilities, engagements or torts.

12.2 Plan-Approved Domestic Relations Orders. The Committee shall establish procedures for determining whether an order directed to the Plan is a Plan- Approved Domestic Relations Order. If the Committee determines that an order is a Plan- Approved Domestic Relations Order, the Committee shall cause the payment of amounts pursuant to or segregate a separate account as provided by (and to prevent any payment or act which might be inconsistent with) the Plan-Approved Domestic Relations Order notwithstanding Section 12.1.

12.3 Payments to Minors and Others. If any individual entitled to receive a payment under the Plan shall be physically, mentally or legally incapable of receiving or acknowledging receipt of such payment, the Committee, upon the receipt of satisfactory evidence of incapacity and satisfactory evidence that another person or institution is maintaining custody of that person andthatnoguardianorcommitteehasbeenappointed,maycause anypaymentotherwisepayable to that person to be made to such person or institution so maintaining custody. Payment to such person or institution shall be in full satisfaction of all claims by or through the Participant to the extent of the amount thereof.

Section13.Beneficiary

The Participant's Beneficiary shall be the person, persons, entity or entities designated by the Participant on the Beneficiary designation form provided by and filed with the Committee or its designee. If the Participant does not designate a Beneficiary, the Beneficiary shall be the Surviving Spouse. If the Participant does not designate a Beneficiary and has no Surviving Spouse, the Beneficiary shall be the Participant's estate. The designation of a Beneficiary may be changed or revoked only by filing a new Beneficiary designation form with the Committee or its designee. If a Beneficiary (the "primary Beneficiary") is receiving or is entitled to receive payments under the Plan and dies before receiving all of the payments due, the balance to which he is entitledshall be paid to the contingent Beneficiary, if any, named in the Participant's current Beneficiary designation form. If there is no contingent Beneficiary, the balance shall be paid to the estate of the primary Beneficiary. Any Beneficiary may disclaim all or any part of any benefit to which such Beneficiary shall be entitled hereunder by filing a written disclaimer with the Committee before payment of such benefit is to be made. Such a disclaimer shall be made in a form satisfactory to the Committee and shall be irrevocable when filed. Any benefit disclaimed shall be payable from the Plan in the same manner as if the Beneficiary who filed the disclaimer had predeceased the Participant.

Section14.AmendmentandTerminationof Plan

The Employer may amend any provision of the Plan or terminate the Plan at any time;

provided, that in no event shall such amendment or termination reduce the balance in any Participant's Deferred Compensation Account, including reduction in vesting percentage, as of the date of such amendment or termination, nor shall any such amendment materially adversely affect the Participant relating to the payment of such Deferred Compensation Account. Notwithstanding the foregoing, the following special provisions shall apply:

14.1 Termination in the Discretion of the Employer. Except as otherwise provided in Sections 14.2, the Employer in its discretion may terminate the Plan and distribute vested benefits in a single lump sum to Participants subject to the following requirements and any others specified under Section 409A of the Code:

14.1.1 All arrangements sponsored by the Employer that would be aggregated with the Plan under Section 1.409A-l(c) of the Treasury Regulations are terminated.

14.1.2 No payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within 12 months of the termination date.

14.1.3 All benefits under the Plan are paid within 24 months of the termination date.

14.1.4 The Employer does not adopt a new arrangement that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations providing for the deferral of compensation at any time within 3 years following the date of termination of the Plan.

14.1.5 The termination does not occur proximate to a downturn in the financial health of the Employer.

Distribution of benefits shall occur in the same tax year for all Participants.

14.2 Termination Upon Change in Control Event. If the Employer terminates the Plan within thirty days preceding or twelve months following a Change in Control Event, the vested Deferred Compensation Account of each Participant shall become payable to the Participant in a lump sum within twelve months following the date of termination, subject to the requirements of Section 409A of the Code. Distribution of benefits shall occur in the same tax year for all Participants.

Section15.CommunicationtoParticipants

The Employer shall make a copy of the Plan available for inspection by Participants and their beneficiaries during reasonable hours at the principal office of the Employer.

Section16.ClaimsProcedure

The following claims procedure shall apply with respect to the Plan:

16.1 Filing of a Claim for Benefits. If a Participant or Beneficiary (the "claimant") believes that he is entitled to benefits under the Plan which are not being paid or being accrued for the claimant’s benefit, the claimant shall file a written claim therefore with the Committee.

16.2 Notification to Claimant of Decision. Within 90 days after receipt of a claim by the Committee (or within 180 days if special circumstances require an extension of time), the Committee shall notify the claimant of the decision with regard to the claim. In the event of such special circumstances requiring an extension of time, there shall be furnished to the claimant prior to expiration of the initial 90-day period written notice of the extension, which notice shall set forth the special circumstances and the date by which the decision shall be furnished. If such claim shall be wholly or partially denied, notice thereof shall be in writing and worded in a manner calculated to be understood by the claimant, and shall set forth: (i) the specific reason or reasonsforthedenial;(ii)specificreferencetopertinentprovisionsofthePlanonwhichthedenial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) an explanation of the procedure for review of the denial and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA following an adverse benefit determination on review.

16.3 Procedure for Review. Within 60 days following receipt by the claimant of notice denying the claim, in whole or in part, or, if such notice shall not be given, within 60 days following the latest date on which such notice could have been timely given, the claimant may appeal denial of the claim by filing a written application for review with the Committee. Following such request for review, the Committee shall fully and fairly review the decision denying the claim. Prior to the decision of the Committee, the claimant shall be given an opportunity to review pertinent documents and to submit issues and comments in writing.

16.4 Decision on Review. The decision on review of a claim denied in whole or in part by the Committee shall be made in the following manner:

16.4.1 Within 60 days following receipt by the Committee of the request for review (or within 120 days if special circumstances require an extension of time), the Committee shall notify the claimant in writing of its decision with regard to the claim. In the event of such special circumstances requiring an extension of time, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension.

16.4.2 With respect to a claim that is denied in whole or in part, the decision on review

shall set forth specific reasons for the decision, shall be written in a manner calculated to be understood by the claimant, and shall set forth:

(i) the specific reason or reasons for the adverse determination;

(ii) specific reference to pertinent Plan provisions on which the adverse determination is based;

(iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevantto the claimant's claim for benefits; and

(iv) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the information about such procedures, as well as a statement of the claimant's right to bring an action under ERISA section 502(a).

16.4.3 The decision of the Committee shall be final and conclusive.

16.5 Action by Authorized Representative of Claimant. All actions set forth in this Section 16 to be taken by the claimant may likewise be taken by a representative of the claimant duly authorized by the claimant to act on the claimant's behalf on such matters. The Committee may require such evidence of the authority to act of any such representative as it may reasonably deem necessary or advisable.

16.6 Disability Claims. Notwithstanding any provision of the Plan to the contrary, if a claim for benefits is based on Disability, the following claims procedures shall apply: The Committee shall maintain a procedure under which any Participant or Beneficiary can file a claim for benefits under this Plan based on Disability.

16.6.1 After receiving a claim for benefits, the Committee will notify the Participant or Beneficiary of its claim determination within 45 days of the receipt of the claim. This period may be extended by 30 days if an extension is necessary to process the claim due to matters beyond the control of the Committee. A written notice of the extension, the reason for the extension and when the Committee expects to decide the claim, will be furnished to the Participant or Beneficiary within the initial 45-day period. This period may be extended for an additional 30 days beyond the original extension. A written notice of the additional extension, the reason for the additional extension and when the Committee expects to decide the claim, will be furnished to the Participant or Beneficiary within the first 30-day extension period if an additional extension of time is needed. However, if a

period of time is extended due to a Participant or Beneficiary's failure to submit information necessary to decide a claim, the period for making the benefit determination by the Committee will be tolled from the date on which the notification of the extension is sent to the Participant or Beneficiary until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.2 If a claim for benefits is denied, in whole or in part, a Participant or Beneficiary or an authorized representative, will receive a written notice of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the Participant or Beneficiary. The notice will include:

(i) the specific reason(s) for the denial,

(ii) references to the specific Plan provisions on which the benefit determination was based,

(iii) a description of any additional material or information necessary to perfect a claim and an explanation of whysuch information is necessary,

(iv) a description of the Committee's appeals procedures and applicable time limits, including, to the extent applicable, a statement of the right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review,

(v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (i) the views presented by the claimant to the Committee of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (ii) the views of medical or vocational experts whose advice was obtained on behalf of the Committee in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (iii) a disability determination regarding the claimant presented by the claimant to the Committee made by the Social Security Administration,

(vi) if the determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the relevant medical circumstances, or a statement that such explanation will be provided free of charge upon request,

(vii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse benefit determination, or a statement that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist, and

(viii) a statement that the Participant or Beneficiary is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits.

16.6.3 If a claim for benefits is denied, a Participant, Beneficiary, or representative, may appeal the denied claim in writing within 180 days of receipt of the written notice of denial. The Participant or Beneficiary may submit any written comments, documents, records and any other information relating to the claim. Upon request, the Participant or Beneficiary will also have access to, and the right to obtain copies of, all documents, records and information relevant to the claim free of charge.

16.6.4 A full review of the information in the claim file and any new information submitted to support the appeal will be conducted. The claim decision will be made by a first review appeals committee appointed by the Employer. This committee will consist of individuals who were not involved in the initial benefit determination, nor will such individuals be subordinate to any person involved in the initial benefit determination. This review will not afford any deference to the initial benefit determination.

16.6.5 If the initial adverse decision was based in whole or in part on a medical judgment, the first review appeals committee will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment, was not consulted in the initial adverse benefit determination and is not a subordinate of the healthcare professional who was consulted in the initial adverse benefit determination.

16.6.6 Beforeanadversebenefit determinationonreviewisissued,thefirstreview appeals committee will provide the Participant or Beneficiary, free of charge, with any new or additional evidence considered, relied upon, or generated by the committee or other person making the benefit determination (or at the direction of the committee or such other person) in connection with the claim. Such evidence will be provided as soon as

possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.7 Before the first review appeals committee issues an adverse benefit determination on review based on a new or additional rationale, the committee will provide the Participant or Beneficiary, free of charge, with the rationale. The rationalewillbeprovidedassoonaspossibleandsufficientlyinadvanceofthedate on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.8 The first review appeals committee will make a determination on an appealed claim within 45 days of the receipt of an appeal request. This period may be extended for an additional 45 days if the committee determines that special circumstances require an extension of time. A written notice of the extension, the reasonfortheextensionandthedatethatthecommitteeexpectstorenderadecision will be furnished to the Participant or Beneficiary within the initial 45-day period. However, if the period of time is extended due to a Participant’s or Beneficiary’s failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.9 If the claim on appeal is denied in whole or in part, a Participant or Beneficiary will receive a written notification of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the claimant. The notice will include:

(i) the specific reason(s) for the adverse determination,

(ii) references to the specific Plan provisions on which the determination was based,

(iii) a statement regarding the right to receive upon request and free of charge reasonable access to, and copies of, all records, documents and other information relevant to the benefit claim,

(iv) a description of the first review appeals committee's review procedures and applicable time limits, including a statement of the right to bring a civil

action under section 502(a) of ERISA following an adverse benefit determination on review,

(v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (i) the views presented by the claimant to the committee of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (ii) the views of medical or vocational experts whose advice was obtained by or on behalf of the committee in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (iii) a disability determination regarding the claimant presented by the claimant to the committee made by the Social Security Administration,

(vi) if the determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the relevant medical circumstances, or a statement that such explanation will be provided free of charge upon request, and

(vii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse benefit determination, or a statement that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist.

16.6.10 If the appeal of the benefit claim denial is denied, a Participant, Beneficiary, or representative, may make a second appeal of the denial in writing to the Committee within 180 days of the receipt of the written notice of denial. The Participant or Beneficiary may submit with the second appeal any written comments, documents, records and any other information relating to the claim. Upon request, the Participant or Beneficiary will also have access to, and the right to obtain copies of, all documents, records and information relevant to the claim free of charge.

16.6.11 Upon receipt of the second appeal, a full review of the information in the claim file and any new information submitted to support the appeal will be conducted. The claim decision will be made by a second review appeals committee appointed by the Employer. This committee will consist of individuals who were not involved in the initial benefit determination or the first review appeals committee, nor will such individuals be

subordinate to any person involved in the initial benefit or first appeal determination.

16.6.12 If the first appeal was based in whole or in part on a medical judgment, the second appeals review committee will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment, was not consulted in the initial adverse benefit determination nor in the first appeal and is not a subordinate of the healthcare professional(s) consulted in the initial adverse benefit determination and first appeal.

16.6.13 Before the second appeals review committee issues a denial of the second claim appeal, the committee will provide the Participant or Beneficiary, free of charge, with any new or additional evidence considered, relied upon, or generated by the committee or other person making the benefit determination (or at the direction of the committee or such other person) in connection with the claim. Such evidence will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.14 Before the second review appeals committee issues a denial of the second claim appeal based on a new or additional rationale, the committee will provide the Participant or Beneficiary, free of charge, with the rationale. The rationale will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.15 The second appeals review committee will make a determination on the second claim appeal within 45 days of the receipt of the appeal request. This period may be extended for an additional 45 days if the committee determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that the committee expects to render a decision will be furnished to the Participant or Beneficiary within the initial 45-day period. However, if the period of time is extended due to the Participant's or Beneficiary's failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.16 If the claim on appeal is denied in whole or in part for a second time, the

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Participant or Beneficiary will receive a written notification of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the applicant. The notice will include the same information that was included in the first adverse determination letter and will identify the contractual limitations period that applies to the Participant's or Beneficiary's right to bring an action under section 502(a) of ERISA including the calendar date on which the contractual limitations period expires for the claim.

16.6.17 A claimant may not commence a judicial proceeding against any person, including the Committee, the Employer, the Board, the first or second appeals review committee(s), or any other person or committee, with respect to a claim for benefits without first exhausting the claims procedures set forth in the preceding paragraphs. No suit or legal action contesting in whole or in part any denial of benefits under the Plan shall be commenced later than the earlier of (i) the first anniversary of (A) the date of the notice of the Committee's final decision on appeal, or (B) if the claimant fails to request any level of administrative review within the timeframe permitted under this Section 16.6, the deadline for requesting the next level of administrative review, and (ii) the last date on which such legal actioncouldbecommencedundertheapplicablestatuteoflimitationsunderERISA (including, for this purpose, any applicable state statute of limitations that applies under ERISA to such legal action).

16.6.18 A claimant has the right to request a written explanation of any violation of these claims procedures. The Committee will provide an explanation within 10 days of the request.

Section17.MiscellaneousProvisions

17.1 Set off. The Employer may at any time offset a Participant's Deferred Compensation Account by an amount up to $5,000 to collect the amount of any loan, cash advance, extension of other credit or other obligation of the Participant to the Employer that is then due and payable in accordance with the requirements of Section 409A of the Code.

17.2 Notices. Each Participant who is not in Service and each Beneficiary shall be responsible for furnishing the Committee or its designee with the current address, and direct deposit information if desired, for the mailing of notices and benefit payments. Any notice required or permitted to be given to such Participant or Beneficiary shall be deemed given if directed to such address and mailed by regular

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United States mail, first class, postage prepaid. If any benefit distribution is rejected or returned to the Employer, benefit payments will be suspended until the Participant or Beneficiary furnishes the proper information. This provision shall not be construed as requiring the mailing of any notice or notification otherwise permitted to be given by posting or by other publication.

17.3 Lost Distributees. A benefit shall be deemed forfeited if the Committee is unable to locate the Participant or Beneficiary to whom payment is due by the fifth anniversary of the date payment is to be made or commence; provided, that the deemed investment rate of return pursuant to Section 8.2 shall cease to be applied to the Participant's account following the first anniversary of such date; provided further, however, that such benefit shall be reinstated if a valid claim is made by or on behalf of the Participant or Beneficiary for all or part of the forfeited benefit. The Employer and Committee will be responsible for determining whether unclaimed property laws are applicable to forfeited benefits.

17.4 Reliance on Data. The Employer and the Committee shall have the right to rely on any data provided by the Participant or by any Beneficiary. Representations of such data shall be binding upon any party seeking to claim a benefit through a Participant, and the Employer and the Committee shall have no obligation to inquire into the accuracy of any representation made at any time by a Participant or Beneficiary.

17.5 Headings. The headings and subheadings of the Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

17.6 Continuation of Employment. The establishment of the Plan shall not be construed as conferring any legal or other rights upon any Employee or any persons for continuation of employment, nor shall it interfere with the right of the Employer to discharge any Employee without regard to the effect thereof under the Plan.

17.7 Merger or Consolidation; Assumption of Plan. No Employer shall consolidate or merge into or with another corporation or entity, or transfer all or substantially all of its assets to another corporation, partnership, trust or other entity (a "Successor Entity") unless such Successor Entity shall assume the rights, obligations and liabilities of the Employer under the Planandupon such assumption,theSuccessorEntityshallbecomeobligatedtoperformtheterms and conditions of the Plan. Nothing herein shall prohibit the assumption of the obligations and liabilities of the Employer under the Plan by any Successor Entity.

17.8 Construction. The Employer shall designate in the Adoption Agreement the state or commonwealth according to whose laws the provisions of the Plan shall be construed and enforced,

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except to the extent that such laws are superseded by ERISA and the applicable requirements of the Code.

17.9 Taxes.TheEmployerorotherpayormaywithholdabenefitpaymentunderthePlan or a Participant's wages, or the Employer may reduce a Participant's Deferred Compensation Account balance, in order to meet any federal, state, or local or employment tax withholding obligations with respect to Plan benefits, as permitted under Section 409A of the Code. The Employer or other payor shall report Plan payments and other Plan-related information to the appropriate governmental agencies as required under applicable laws.

17.10 Administration Fees. Any Plan or Plan related fees related to the administration of the Plan shall be paid by the Employer.

17.11 Savings Clause. To the extent that any of the provisions of the Plan are found by a court of competent jurisdiction to be illegal, invalid, or unenforceable for any reason, such provision shall be deleted, and the balance of the Plan shall not be affected.

Exhibit 31.1

CERTIFICATIONS

I, John W. Schmidt, certify that:

1. I have reviewed this report on Form 10-Q of Caleres, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John W. Schmidt

John W. Schmidt
President, Chief Executive Officer and Director

Caleres, Inc.
September December 5, 2023

Exhibit 31.2

CERTIFICATIONS

I, Jack P. Calandra, certify that:

1. I have reviewed this report on Form 10-Q of Caleres, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Jack P. Calandra

Jack P. Calandra
Senior Vice President and Chief Financial Officer
Caleres, Inc.
September December 5, 2023

Exhibit 32.1

Certification Pursuant to
18 U.S.C. §1350,
As Adopted Pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Caleres, Inc. (the “Registrant”) on Form 10-Q for the quarter ended July 29, 2023 October 28, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, John W. Schmidt, President, Chief Executive Officer and Director of the Registrant, and Jack P. Calandra, Senior Vice President and Chief Financial Officer of the Registrant, certify, to the best of our knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ John W. Schmidt
John W. Schmidt
President, Chief Executive Officer and Director
Caleres, Inc.
September December 5, 2023

/s/ Jack P. Calandra
Jack P. Calandra
Senior Vice President and Chief Financial Officer
Caleres, Inc.
September December 5, 2023

DISCLAIMER