



**Genesco Inc.**

**Fourth Quarter Fiscal 2026 Conference Call**

**March 6, 2026**

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

**Jason Ware**, *Vice President FP&A and Investor Relations*

**Mimi Vaughn**, *Board Chair, President and Chief Executive Officer*

**Sandra Harris**, *Senior Vice President Finance and Chief Financial Officer*

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

**Mitch Kummetz**, *Seaport Research Partners*

**Joseph Civello**, *Truist Securities*

**Sam Poser**, *Williams Trading*

**Mantero Moreno-Cheek**, *Jefferies*

## PRESENTATION

### Operator

Good day, everyone, and welcome to the Genesco Fourth Quarter Fiscal 2026 Conference.

Just a reminder, today's call is being recorded.

I'll now turn the call over to Jason Ware, Vice president of FP&A and Investor Relations. Please go ahead, sir.

### Jason Ware

Good morning everyone and thank you for joining us to discuss our Fourth Quarter Fiscal 2026 Results.

Participants on the call expect to make forward-looking statements reflecting our expectations as of today, but actual results could be different. Genesco refers you to this morning's earnings release and the Company's SEC filings, including its most recent 10-K and 10-Q filings, for some of the factors that could cause differences from the expectations reflected in the forward-looking statements made today.

Participants also expect to refer to certain adjusted financial measures during the call. All non-GAAP financial measures are reconciled to their GAAP counterparts in the attachments to this morning's press release and in schedules available on the Company's website in the Quarterly Results section. We have also posted a presentation summarizing our results here as well.

With me on the call today is Mimi Vaughn, Board Chair, President and Chief Executive Officer, and Sandra Harris, Senior Vice President, Finance, and Chief Financial Officer.

Now, I'd like to turn the call over to Mimi.

### Mimi Vaughn

Good morning, everyone, and thank you for joining our fourth quarter earnings call.

Let me begin by taking a moment to thank Sandra for the contribution she has made to our Company. Since stepping into the CFO role, she has been part of our important progress, strengthening our financial discipline, navigating through a dynamic external environment, and working to achieve meaningful profit improvement. We wish her the best of luck in her future endeavors. We have already begun an active search for her successor and plan to work through this search expeditiously. As a reminder, I will assume the role of interim CFO in a seamless transition, working closely with our talented and deeply experienced finance leadership team and leveraging my prior time in the CFO role.

This morning, I'll start with a review of the quarter and year before turning it over to Sandra to cover our financials and walk through guidance for the coming year. Then I'll come back and discuss our strategy and fiscal '27 initiatives before opening it up for questions.

We delivered a strong finish to fiscal '26 with fourth quarter results that exceeded our expectations and reflected outstanding execution during the most important shopping period of the year. We exit the year with clear momentum as we head into fiscal '27. As we've discussed throughout the year, the consumer environment remains selective and intentional. The consumer engages during key shopping moments and pulls back in between, a pattern that became even more pronounced in the back half of the year.

We saw it clearly in December. After a choppy October and a measured November, demand accelerated meaningfully during peak holiday weeks. The final weeks leading up to Christmas were among our strongest of the year. When the consumer came out to shop, they came out with purpose. We had just the right assortments and our people were ready to serve them however they wanted to shop, and they responded decisively.

For the quarter, total comparable sales increased 9%, building on robust 10% comparable performance last year. Stores were especially strong, propelled by exceptional conversion over holiday and higher transaction size, while digital reaccelerated, especially during peak weeks. This balanced performance across channels reinforces the strength of our multi-channel model, especially in high volume periods.

Journeys once again led the way. The transformation and strategic growth work we've been executing over the past two years, elevating the assortment, leaning into our sharp point on the style-led teen girl, building our brand, improving the experience, and rolling out 4.0 stores, continues to translate into sustained comp growth and meaningful profit improvement, with double-digit comp gains in Q4 this year on top of double-digit gains last year.

Holiday performance at Journeys was driven by a powerful combination of demand for both casual and athletic lifestyle footwear. Casual and Boots saw a notable lift and really drove the business, particularly within key brands and franchises. At the same time, we continued to build athletic as a year-round category for our customer, and that strength added to the quarter.

The work of our expert Merchant team helped drive strong full-price selling and higher average selling prices, clear proof that when we deliver key styles and must-have product, the consumer is willing to stretch for it. What's most exciting is we grew total customers in December and January and continued to achieve market share gains. Journeys' performance far outpaced the overall Footwear market as the Journeys transformation gains important traction with the larger youth customer base we're targeting, especially the teen girl.

Our 4.0 stores shined over the holidays and continue to outperform the fleet, driving higher traffic and improved productivity. These stores not only elevate the experience but reinforce our authority across brands and categories. We now have more than 80 4.0 locations, and they are becoming an increasingly meaningful driver of performance. In addition, I want to give a shout out to all our Journeys store teams across the store footprint who did an absolutely amazing job and delivered fantastic customer conversion during the holiday this year.

At Schuh, the UK retail environment remained highly promotional and competitive, ending in a lackluster holiday season, especially for discretionary categories. While many of the brands driving Journeys' growth also resonated at Schuh, greater price sensitivity had the UK consumer looking for bargains. With the goal of exiting the year in a clean inventory position, the team aggressively navigated the season, driving positive comps at the expense of gross margin, with promotional activity taking a toll on profitability for the quarter. Taking a broader view, we see a similar consumer opportunity to Journeys in the UK, but are clear-eyed about the work ahead at Schuh, as I will discuss shortly, are focused on restoring margin discipline and improving store productivity in fiscal '27.

Moving now to our branded business, at Johnston & Murphy, we made encouraging progress as the quarter unfolded, with comps improving in each successive month and meaningfully in the run-through holiday. Apparel and Accessories performed well, supported by new trend, renewed product focus, and faster innovation cycles. The refresh in the Icon Quarter Zip program and growth in knits and blazers were prominent contributors to these increases.

Our partnership with Peyton Manning launched right before the start of the fourth quarter, generated strong engagement and traffic lift, and we saw improved comp trends in both stores and digital as the holiday period progressed. Promisingly, this momentum has increased further into the first quarter, with greater return to work and more interest in dressing up.

Genesco Brands Group continued through its transition year. The tail end of the Levi's and other license exits, and tariff impacts weighed on results, but we have simplified the portfolio and prepared for the launch of Wrangler Footwear this fall, which positions this business for healthy growth following the startup year.

So, looking back, fiscal '26 represents a meaningful step forward. We delivered positive overall comps in every quarter of the year, while extending Journey Street to six consecutive quarters of comp growth, reaching back to fiscal '25. We strengthened our market share in key customer segments. We improved operating income year-over-year. We delivered EPS in the range we laid out at the start of the year, despite massive disruption and negative impacts from tariffs, a tough footwear backdrop, and a much more challenging UK market. And importantly, we demonstrated that our Company can perform in a volatile, event-driven consumer environment.

We see meaningful earnings opportunity to unlock in each of our strategically well-positioned businesses, but we must evolve our concepts to meet the needs of the customer, which have rapidly changed in recent years. Journeys has been our number one priority, and we have demonstrated real success, unlocking much greater profitability. With Journeys on its way, we intensify our attention to our other businesses with Schuh at the top of the list.

Importantly, we enter the year in a strong position to achieve this overarching goal, thanks to clean inventories and initiatives in place to drive the improvement. Indeed, Q1 is off to a good start in North America, even with the February weather disruption. The year reinforced a critical lesson, the right product, the right brand positioning, the right experience in stores and online. All of these matter, and when we get these aligned, we win, enabling us to take another meaningful step forward in fiscal '27.

I want to thank our talented and incredible people who are at the core of what we achieved in the year we just finished and will achieve in the year to come.

And with that, I'll turn it over to Sandra to walk you through the financial details for the quarter and our outlook for fiscal '27.

### **Sandra Harris**

Thanks, Mimi.

Overall for the quarter, we grew revenue, delivered high single-digit comps, meaningfully leveraged SG&A, and generated adjusted EPS of \$3.74, up \$0.48 versus last year. For the full year, adjusted EPS was \$1.45, finishing above our revised estimates and well ahead of the prior year.

Fourth quarter revenue of \$800 million increased 7% year-over-year. Comparable sales rose 9%, with stores up 9% and direct up 8%. Importantly, this marked our strongest quarterly comp performance of the year across both channels, delivered in our highest volume quarter and on top of strong results last year.

All businesses delivered positive comps in the quarter. Journeys led with 12% growth, driven by continued strength in key franchises and full price selling. This built on 14% in Q4 last year, a remarkable stack comp result. Johnson and Murphy comps increased 2%, with sequential improvement in December and January. Schuh comps rose 3%, driven in part by holiday promotional activity. Notably, e-commerce penetration at Schuh exceeded 50% of sales in the quarter, reflecting a highly promotional environment and continued value-driven online behavior in that market.

These gains, as well as favorable foreign currency impact, were partially offset by lower revenue from ongoing store optimization and closures and the wind-down of licenses at Genesco Brands. We ended the quarter with 42 net fewer stores versus a year ago, which was a decrease of about 3% of the fleet and 2% of the square footage, representing about 1% of the sales. Closing these stores was accretive to operating income, and for many, we also saw a positive sales transfer.

Adjusted gross margin for the quarter declined 90 basis points versus last year. The decrease was primarily driven by heightened promotional activity at Schuh, along with the ongoing tariff pressure and changes in channel mix at Genesco Brands. Journeys and Johnston & Murphy gross margins were supported by strong full-price selling that mostly offset brand mix shifts and tariff pressures.

SG&A expense was 39.1% of sales, leveraging 140 basis points year-over-year. In addition to our store optimization efforts related to right-sizing the store fleet that removed store expense, additional cost actions, including rent reductions, selling salary efficiencies, break negotiations, and other procurement efficiencies combined with high single-digit comp growth drove the leverage. We achieved this significant leverage despite the expected higher brand marketing investments and a meaningful increase in performance-based incentive compensation expense, which is primarily accrued in the fourth quarter as earned.

As a result of our strong performance, adjusted operating income was \$56 million for the quarter an increase of 17% compared to \$48 million last year. And adjusted diluted EPS was \$3.74 versus \$3.26 in Q4 last year. Full year adjusted diluted EPS was \$1.45 versus \$0.94 last year, and we ended the year with an adjusted tax rate of 30%.

Now turning to capital allocation and the balance sheet. We generated \$164 million of free cash flow in the fourth quarter and nearly \$84 million for the full year, ending the year in a positive net cash position. Year-end inventories were up modestly versus last year, reflecting a deliberate investment in key items at Journeys to support sustained consumer demand and continued momentum.

Inventories at Schuh were lower on a constant currency basis as a result of significant promotional sell-through during the holiday period, leaving the business in a cleaner position exiting the year. And at Genesco Brand, inventories declined significantly with the sell-off of product related to the license exits.

Capital expenditures in Q4 were primarily focused on Retail stores, ending the year with 84 Journeys 4.0 stores. We also opened four new Johnston & Murphy stores during the quarter. While we did not repurchase shares in the fourth quarter, we repurchased approximately 600,000 shares earlier in the year, representing about 5% of shares outstanding at that time. We have \$29.8 million remaining under our current authorization and as a reminder, we have repurchased 50% of our outstanding shares since the beginning of fiscal '20. Our strong liquidity and revolver capacity provide more than enough flexibility to support our strategic priorities and disciplined capital allocation approach.

Turning now to fiscal '27 guidance. We exited the fourth quarter with solid momentum and as we look to fiscal '27, we expect continued strength at Journeys, improvement at Johnston & Murphy, and a reset for Schuh to drive profitability. While we navigate a fluid external and consumer environment, we expect to add to this year's gains. Before I get into the specifics of our guidance, there are a few key factors shaping this year that I want to highlight.

First, positive comps being offset by store closures and license exits, resulting in flattish sales. Gross margin improvement driven by reduced Schuh promotions and lapping license exit headwinds. Continued cost discipline, though no leverage on a flat sales base. And quarterly tax rate volatility due to the valuation allowance with a comparable full year rate. This all results in healthy improvement in operating profit and earnings per share for the year. Let me expand on each of these beginning with sales.

For fiscal '27, we expect comparable sales to increase approximately 1% to 2%. After increasing 6% in fiscal '25 and 9% in fiscal '26, Journeys comps are projected to be positive again this year, which along with positive comps at Johnston & Murphy will more than offset negative comps at Schuh from the promotional reset. This is a deliberate trade-off.

We are prioritizing margin recovery and earnings improvement at Schuh over short-term comp gains. These comp gains will be reduced by approximately \$3 million of sales from planned net store closures related to our ongoing store optimization efforts, including Schuh, and roughly \$30 million of net sales from the license exits. As a result, we expect total sales to range from down 1% to flat for the year.

By division, we expect low single-digit sales growth at Journeys as comp growth is partially offset by planned store closures. Schuh sales are expected to decline mid-single digits, reflecting store closures and sales headwinds with fewer promotions. We expect Johnston & Murphy sales to increase mid-single digits, helped by new stores and wholesale expansion. And at Genesco Brands, sales will decline due to the timing gap between Levi's wind down and the launch of Wrangler later in the year.

For the full year, we expect gross margin to improve approximately 50 basis points to 60 basis points, driven primarily by margin recovery at Schuh with more full-price selling, and at Genesco Brands as we lap prior year liquidation. At Journeys, we expect modest rate pressure from brand mix, but growth in average selling prices.

Regarding tariffs. Although we expect higher unmitigated dollar exposure in fiscal '27 due to a full-year impact, ongoing mitigation efforts, including pricing actions and sourcing adjustments are expected to result in a net negative operating income impact of approximately \$5 million to \$10 million, already included in these assumptions. With the flash sales, we expect full-year SG&A as a percent of sales to deleverage only about 10 basis points to 30 basis points compared to last year, reflecting investments to support longer-term growth, along with continued store optimization efforts and cost savings initiatives, including the benefits from our strategic technology transformation we announced back in January.

As in prior years, profitability will be weighted to the back half of the year given seasonal sales patterns. We expect year-over-year operating income growth to improve after the first quarter but be quite weighted to the fourth quarter as we benefit from higher volume, improved store productivity, and lapping a highly promotional period issue. Our guidance assumes no share repurchases, resulting in fiscal '27 average share count of approximately 10.9 million.

We expect our full-year effective tax rate to be approximately 30%. However, as an important call-out, due to our tax valuation allowance and our seasonal earnings profile, we expect our effective tax rate to be materially lower in the first three quarters, roughly 7% to 8%, with a fourth quarter true-up to reach the full-year rate. This will distort quarterly earnings per share comparisons, particularly in Q1 and Q2, where a lower tax rate will generate higher losses per share in loss-making quarters. So, we recommend investors focus on operating income trends as the cleanest read on underlying performance.

Based on these assumptions, we expect fiscal year adjusted operating income to be in the range of \$32 million to \$38 million, and adjusted EPS to be in the range of \$1.90 to \$2.30. We expect capital expenditures of approximately \$65 million to \$70 million, primarily for Journeys remodels and selected new stores at Journeys and Johnston & Murphy.

Now, for some additional color specific to the first quarter. We expect first quarter comps to be in line with the full-year range, fueled by stronger anticipated tax refunds and more robust Journeys' comps, diluted to some extent by notably negative Shoe comps. Even with the positive comps, sales will be down a little for the reasons that we've discussed.

For gross margin, we expect the rate to be flattest to last year, as there is more opportunity for pickup as the year progresses. On SG&A, we expect deleverage at the high end of our annual range, given it is our lowest volume quarter. This results in an expected adjusted operating loss that is a little over a million dollars worse to last year, and adjusted EPS that will be quite a bit lower than last year due to the tax rate impacts. Again, Q1 is the most pressured quarter year-over-year. We expect improvement from here with higher sales volumes and more gross margin recapture.

In fiscal '27, we remain focused on driving profitable growth by investing in our businesses, continuing cost discipline, and improving performance in challenged areas. Our aim is to build on the progress made in fiscal '26 and continue rebuilding the Company toward historical profitability levels to unlock shareholder value.

Now I'll turn it back over to Mimi to provide an update on our fiscal '27 strategy.

### **Mimi Vaughn**

Thank you, Sandra.

We advanced our business over the last few years through our Footwear-focused strategy comprised of six pillars designed to meet evolving customer needs and improve our cost structure in response to changes in the retail landscape. Looking back, we more than doubled e-commerce to nearly \$600 million in a little over five years, now representing over 25% of direct-to-consumer sales.

We added BOPUS and other essential omni-channel capabilities. We introduced Loyalty and signed up over 15 million members in just a few short years. We dramatically evolved our product assortments. We built meaningful data analytics and CRM capabilities, and we removed tens of millions of dollars from our cost structure, among other achievements.

Entering the new year, we're evolving our focus with what we call Footwear First, an advancement of our strategy that centers our work even more clearly around the customer. Our priorities going forward are now on four strategic growth drivers.

Number one, creating and curating winning products. Number two, elevating our distinctive retail and consumer brands. Number three, delivering exceptional consumer experiences. And number four, building amazing teams.

In addition, reshaping the cost structure remains a focus until we achieve historical profit levels, but it is now embedded in our annual plans. These four drivers form our overall Company strategy, that each business has its own important slate of initiatives for the new year that brings this to life.

And starting with Journeys, we've said Journey's strategic growth plan aims to make Journeys the destination for the style-led teen, especially the teen girl. No other concept goes across Athletic, Casual, and Canvas Footwear. This is how Journeys is differentiated and represents the white space we found to build on its strengths to serve a wider teen audience interested in style and trend that's six to seven times larger than the market we've traditionally served and who is underserved in the mall today.

In fiscal '27, you'll see us building on our progress in the second full year of executing this strategy. In addition, we're taking the four key areas we've been concentrating on for Journeys and expanding them to five. Together, these initiatives position us to continue comp growth and expand profitability as we've successfully demonstrated so far.

Starting with product and diversifying our Footwear leadership, we achieved success with a more premium, more elevated assortment, giving us confidence to expand our female-led positioning and open to buy with key vendors. We grew through a diversified portfolio of multiple brands this past year and see opportunity to extend a number of iconic franchises across categories, including Lifestyle Running, Casual, Low-profile, and Sandals. Growth will come from trend leadership and newness from these categories, growth from the new brands we introduced last year, and growth from new models from existing in-demand brands. Leaning into these key trends and newness, we see opportunity to drive ASP increases once again this year as well.

Second, building the Journeys brand, bringing our refreshed trend and style-led positioning to expand awareness with this broader teen audience and acquire new customers. Our Life On Loud campaign, with 750 million impressions across top streaming platforms and social in the fall campaign, will extend into spring, backed by increased media spend, totaling millions of dollars.

For Back to School and Holiday, we'll be unveiling a new creative concept with headline talent, backed by even more media spend. We will elevate our editorial content, expand our Employee Ambassador program, and increase our social media presence to fuel discovery and our positioning that Journeys is the place for

the latest on-trend footwear. As a preferred brand partner, we will build upon our activations like the ones we did last year with the Nike launch and the customization tour with UGG. And lastly, we will launch a community platform focused on teen well-being, creating energy and positivity to engage with our customer base.

Third, reimagining the store fleet. Our new 4.0 format is a key component of our strategy and demonstrates the power of an elevated physical shopping experience, delivering stronger new customer acquisition and higher comp lifts. In the coming year, we will double the 4.0 store count, adding another 80-plus to our fleet. About two-thirds of these will be remodels, and the balance will be relocations to bigger footprints and some additional new stores for more growth. We expect to end the year with about 20% of the fleet converted to 4.0 stores.

Another exciting initiative is expanding the 4.0 concept to Journeys Kids and experimenting to test the results. This new Kids concept will be connected to the big Journeys format but with some intentional differences. Among other features, Kids 4.0 will increase display capacity across all size ranges to see if we're able to drive higher store volumes.

The fourth and new area we've broken out for Journeys is Driving Digital Evolution. With the growth of AI, improving discoverability within agentic search is a key focus. Improving the website experience is another, along with testing new online customer acquisition and retention tactics in general and also in connection with the All Access Loyalty Program. And finally unlocking the power of our people. Our investment in building stronger Retail teams engaged in better selling behaviors and stronger conversion pay dividends, and we're building on these efforts in the coming year.

Now moving over to Schuh, we see the same opportunity in the UK as we have at Journeys to be the leading Fashion Footwear destination for style-led use with a sharp point on the female customer under 25. As such, we moved Schuh under the Journeys Retail Group and Andy Gray's leadership in late fall last year. We have a number of the elements in place at Schuh, such as a new store format, and have the strategy work underway to refine our customer proposition and competitive positioning. However, in the year to come, our immediate priority is on actions to significantly improve Schuh profitability in this reset year.

Some of the most important are reducing Schuh's reliance on discounting. While the UK market has been challenged with heavy promotional activity, matching promotions help sales but hurt profits. We ended the year in a clean inventory position, enabling us to begin removing several calendar promotions and focus on gross margin recovery. This reset will take some time, but our aim is to get back to full price selling of must-have product. As part of this and to further the progress the Merchant team has made on product elevation and brand access, Schuh will leverage the Journeys Global Retail Group under the leadership of Chris Santaella to work with our key brand partners to better serve this coveted customer.

This was a critical component of the Journeys Strategic Growth Plan when we started that work as well. Efforts began last year and will continue this year to optimize the store fleet, closing unproductive stores to improve the overall cost base and store channel economics.

Finally, we are targeting additional cost reduction actions in areas like selling salaries and rent reductions and implementing quick wins on experience like better visual merchandising and social media updates. As progress on these initiatives take hold, we will then shift our focus to Schuh's Strategic Growth Plan focused further on customer brand awareness and experience.

Moving now to our branded platform, Johnston & Murphy will expand its consumer reach as a modern lifestyle brand. Delivering fresh and distinctive product continues as the primary focus. The plan this year is to capitalize on the favorable trend shift for J&M, more tailored styling, more dressing up, while maintaining comfort.

We plan further growth in Apparel and Accessories, building on success injecting the assortment with greater freshness due to shorter lead times and capitalizing on trends like the shift into knit. In Footwear, we're renewing the assortment with 30% more new introductions including franchise updates and new concepts like the Ripley. We will leverage accelerated development tracks to deliver greater freshness in season as well. We plan to add to our brand and awareness building investments like the successful partnership with Peyton Manning and expand distribution by opening 10 to 15 new stores which increases our fleet by 5% to 10%. And finally, Genesco Brands has done an incredible job quickly building out a full line for Wrangler Footwear in anticipation of the Fall launch.

As we move into the year, our evolved Footwear First Strategy centers on the consumer and rebuilding profitability while driving growth. With the work we've already done and this new strategy, we're confident in our ability to drive improvement while positioning the Company for future growth beyond fiscal '27.

With that, I will now open it up for questions.

### **Operator**

Thank you. We'll now be conducting a question-and-answer session. We'll be taking two to three questions from each analyst for the first round. If there are additional questions, we encourage you to get back in the queue. If you'd like to ask a question, please press star, one on your telephone keypad and a confirmation tone will indicate your line is in the question queue. You may press star, two if you'd like to remove your question from the queue. For participants that are using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment please for our first question.

Thank you. And our first question is from the line of Mitch Kummetz with Seaport Research. Please proceed with your questions.

### **Mitch Kummetz**

Yes, thanks for taking my questions. I guess my first question is on Journeys. I'm hoping you could say how the business is performing quarter-to-date. Also, what sort of comp is embedded in the low single digit sales increase? I would guess probably something kind of in the mid single digit range as far as comp goes. And then do you expect comp to be pretty consistent for Journeys over the course of the year by quarter or do you expect it to be, you know, stronger in the back half given that that's where we see, you know, Back to School and holiday pop up and the consumer being very event driven? Then I do have a couple of follow-ups.

### **Mimi Vaughn**

Terrific. Thanks for joining us this morning, Mitch. We have been really pleased by Journeys growth and performance over the last couple of years. And I'll just take you back and say that this is our first full year of the Journey's turnaround. So, when you look to see where comps have been, we increased comps by 6% in fiscal '25 and then followed by 9% in fiscal '26. So, really incredible comp growth.

I'll take your first question and say, how is the business performing quarter-to-date? As I said, we're really pleased with where we are quarter-to-date. It's only been a month. It's been February, but we're tracking in the mid single digits and there's been a lot of disruption in terms of weather, but there was a lot of disruption last year as well. When we think going forward and expect the comp for this year, we don't quite get to mid single digits for this year, but I think it really is just being mindful or excited about all the initiatives that we have. We're mindful of the peaks and valleys that come through the course of the year, which we saw last year, and I think that we've embedded that within our forecast.

In terms of the comp-by-quarter, we expect a higher comp in the early part of the year. We're looking at tax refunds and think that it should be a positive tailwind to what we see in Journeys. Then of course, in the back part of the year, the business comped, an incredible 12% on top of the 14% last year. So, we're mindful

of that. We've got all these great initiatives in place to continue to drive that business forward. Most importantly, we're taking Journeys to places it's never been before with a more elevated product mix and serving a broader customer base.

### **Mitch Kummetz**

Thank you for that, Mimi. And then my second question also on Journeys, can you talk a little bit about maybe some changes to the assortment this year? I know you had said on prior calls that you had added, you know, Hoka, Saucony, and Nike, and Nike came late in the year. I'm just curious with those brands in particular. I know that when you introduce brands like that, they start out, you know, in select stores. Curious to know if you are, growing the number of stores that those brands are in and if there are any other new brands that you could speak of that you'll be adding to the Journeys assortment in fiscal '27. Then I have one last question.

### **Mimi Vaughn**

Great. I've talked a lot, Mitch, about how fashion has been broadening and that our teens are embracing more wearing occasions. And the really important takeaway here is that we need to have the brands that our customer wants and what is represented within their closet. So, that's what we've been striving to do. And Journeys is the place that no matter what's relevant, and there will always be something relevant, we will be well positioned to be very deep in what matters most to our consumer.

So, what I'll talk about for this year is that once again, our year is not dependent on adding new brands. We see opportunity within the existing franchises. I think our growth was spread out. I think it's 10 different brands that we see growth spread out across. And we see some continued opportunity to add to the franchises that saw some very good growth in this year. So, as far as the new brands, we do expect some growth from these new brands. We do expect to add additional product on balance. But again, the overall growth for the year is really not dependent on adding anything new and when we add the next brand, I will let you know.

### **Mitch Kummetz**

Last question on Schuh. Can you say how much pressure Schuh was on gross margin in '26 and how much recovery you're anticipating in '27 as you cut out some of the promotions in that business?

### **Mimi Vaughn**

Sure. I think what's important is that we are going to withdraw from promotions. We won't get there all the way this year, but we will make a really good dent into it. And I'll ask Sandra just to recap how much we gave up in gross margin and how much we expect to pick up.

### **Sandra Harris**

Yes, Mitch. So, the deleverage that was created in '26 in gross margin or the lower gross margin, about 60% of that is attributable to Schuh with the majority of the rest of it related to the exit of the licenses with some small impact from tariffs. Yes. So, I think it was 250 basis points altogether. And we don't think we will take all of that back up as we go through the course of the year this year. I think it's been a couple of years in a row that we have lost gross margin due to the promotional environment. We can't get it all back in one year, but we're going to make a very good start.

### **Operator**

Thank you. Our next questions are from the line of Joseph Civello with Truist Securities. Please receive your questions.

**Joseph Civello**

Hey, guys. Thank you so much for taking my questions. You gave some great color on the category strength during 4Q and where you see growth coming from this year. Can you talk about the Canvas category at all and how that performed over the holidays and what you're thinking about the pipeline for that in 2026?

**Mimi Vaughn**

So, thanks for joining us this morning. When I think about the growth that Journeys experienced in the fourth quarter and the categories that propelled the growth, it really was all about Casual and about Boots. We saw a nice pickup in Boots after several years of not a lot of forward momentum in the Boot category. And so, our fourth quarter was all about Casual. What's exciting about our business is that we've got a nice balance and so we've got Athletic in other parts of the year. And we will be leaning into Athletic, particularly lifestyle running through the course of the Spring.

Canvas continues to be a relevant and important category for our customer base. It's a much more accessible price point than some of the other categories. But we have seen the consumer stretching up to pay up for what they want and we're not anticipating growth in the Canvas category overall for this year.

**Joseph Civello**

Got it. And you've made a lot of gains, obviously. We've talked about the new brands, higher heat, the (inaudible) customizable event. Are you continuing to see brands engage more with you guys just to provide more premium in-store experiences for customers?

**Mimi Vaughn**

For sure. We and they are so excited about what we have accomplished over the last couple of years. And it all starts with who is the consumer we're trying to serve. We've always been known for teens. We've always been a bit more female-focused. But we are leaning significantly into that. And when you think about how well that customer is served with apparel, she's really well-served. Well, you can think of 10 to 15 places that she goes in the mall and the place that she can go for her Footwear is to Journeys.

So, our brands want access to this very coveted customer. This customer has demonstrated that she likes to shop in the physical world. It is a pastime. It is fun. It's engaging. She's super, super educated about what she wants. She keeps up with fashion trends. And we are continuing to lean further into our trend leadership, into the style setting that is out there and working with our brands to be able to do it. So it's a fantastic partnership in terms of what we are able to do together.

So what's important is that we are promoting the Journeys brand, but also promoting the brands that our consumer wants. So, going forward, we have done activations with our brands. We will continue to do activations with our brands. We are adding more premium product. We do see additional opportunity to push up ASPs through the course of the year, and the consumer is responding really well. We've committed to opening more 4.0s so we have a great environment for our brands to put their product and so we'll continue to build.

**Joseph Civello**

Got it. Yes, makes sense. And then on that ASP comment, can you sort of break out how much of that might be coming from just continuing to expand your premium assortment versus underlying product, the pipeline that the brands are setting themselves in terms of higher ASPs?

**Mimi Vaughn**

Sure. So it's both. For sure, the industry has been taking price increases. Always when brands have heat or items have heat or franchises have heat, brands are always seeing an opportunity to be able to take price increases as appropriate, just with a nod if you're a hot brand, you can certainly, you have the opportunity to expand pricing. And then overall cost pressure from higher tariffs is driving some of that as well. But it is also that we are improving the premium nature of our assortment. And so we're actually adding items that are at a higher average selling price than the overall assortment today. So altogether, it's a positive combination that we're just seeing in general some ASP pickups from in general, some price increases, but also adding new items to the assortment that are more premium in nature.

### **Operator**

Thank you. As a reminder, if you do have additional questions, we encourage you to get back in the queue.

The next question comes from the line of Sam Poser with Williams Trading. Please proceed with your question.

### **Sam Poser**

Good morning, everybody. Thanks for having me on the call. I've got a handful. Number one, what is the timing by concept of the store openings and closings and then within that, how many 4.0 stores are you planning to have open this year?

### **Mimi Vaughn**

Sam, thank you for joining us this morning. I will talk about 4.0s and then I will ask Sandra to talk about openings and closings for the year and just overall timing of that. But we are delighted with the 4.0 performance. I know you've been in our stores. We managed to get more than 80, I think it's 84 open through the course of the year this year. And we plan to open 80 more over the course of the year again this year. And it'll be about 20% of our fleet. But what's notable, and I want to call this out to you, is that about two-thirds of those are just remodel in place, which is what we mostly did last year. But about a third of them are larger stores. So, we're expanding our footprint in many of the locations, because we really like what we've seen. We've been able to drive more productivity, and we need more space.

We can, particularly in the more Premium Malls, we're performing even better than average. So, more Premium Malls, more opportunity to take bigger square footage, allows us to be able to not just get the lift from the remodel in place, but to add square footage overall. And so, we will continue with that, and I think I did call out, too, that we're doing a Kids 4.0, and we're going to see how that works. Over to Sandra for the openings and closings.

### **Sandra Harris**

Yes. Then, Sam, in our summary deck that's posted, there's a listing of the opening and closings expected for next year by division. But just in general, we're expecting to open 23 stores next year, predominantly weighted to Johnston & Murphy and that will be more toward the back half of the year. In regard to the closures, we have about 75 stores. About 75% of that will be Journeys, and that's the ongoing store optimization, which we do around lease expiration timing. Then, we have about 13 for Schuh and six for Johnston & Murphy. And those are actually time...

### **Sam Poser**

Go ahead. Time out. I know all of that. I read that in the thing. All I'm trying to do is figure out by quarter, how many you're opening and planning to open and close by concept, by quarter. That's what I'm trying to figure out. I know the total. I just don't want to say your opening stores. I don't want to put in my model your opening stores at the wrong time or closing stores at the wrong time. Right.

**Sandra Harris**

Yes, Sam. So, on the 4.0s, we're doing them, obviously, earlier in the year, pretty evenly. Q1, Q2 was about double of that in Q3. So, they're open, and they're ready, and they're productive, right? And then, in regard to the other Johnston & Murphy stores, opening them in the prime period, right, Q3 and some into Q4. On the store closures, it's all around lease expiration, but predominantly, they're split between Q1 and Q2 and trailing off in Q3 and Q4.

**Sam Poser**

Okay. Thank you. Then, can you talk about the sales in the licensed businesses and how down that is going to be in the first half? How bad it's going to be or how bad it's going to be over a year in the first half? Is it expected to be up at any point in time in the year? And you ran, I think, you had like around a 30% or 35% gross margin. At one time it was down. What is the thought process to get back to those higher gross margins within that business?

**Mimi Vaughn**

Yep. So, I'll give you a little color, and I'll get Sandra to get the numbers. So, we expect the most pressure from the down sales. I think we told you it was a net 30 altogether. We expect the most pressure in the second quarter, and then the third quarter, not much in the fourth quarter, and then some in the first quarter. So, the majority of what, I'd say about two-thirds of the loss is going to happen between the second and third quarters. It used to be a 35% gross margin business. We absolutely want to get it back to that level. We won't be there yet this year. We are starting up the Wrangler, and I know you've seen the line, and team's done an amazing job getting the full line out quickly. But we are, you know, the plan here is that our Dockers business, we're down to Dockers and Wrangler. We simplified the assortment. And, you know, Dockers is moving toward that 35%. We're going to need some time to experiment with Wrangler and therefore won't hit that gross margin level until we grow that business.

**Sam Poser**

Then lastly, I understand that there's an opportunity with Wrangler in the mass, but that doesn't appear like where you're starting it. Can you talk about sort of the timing and the initial plans for the type of, you know, where you're looking to put it this year and so on?

**Mimi Vaughn**

Sure. So, there is opportunity for Wrangler in many tiers of distribution. And if you look where the Apparel is distributed, it informs the thinking that mass is an opportunity, but there's much higher tiers of distribution where we are going to start. And so, the initial collection, and we're going to be focused on Western, and we're going to be focused on work, and we call the First Horizon Western Specialty Farm and Ranch, really the top of the pyramid, is where we're starting. Tier one distribution that will really set the halo for later distribution in mass. So, it's not going to be in the near term that we're going to get to mass. It's going to be in some of just the more premium accounts, Sam. So, that's how we're going about establishing the Footwear part of this brand.

**Operator**

Our next question comes from the Mantero Moreno-Cheek with Jefferies. Please proceed with your questions.

**Mantero Moreno-Cheek**

Thank you for taking my question. Can you triangulate what is driving the ticket and traffic at Journeys and the rest of the brands? And then also, on inventory, you ended the year up 2%, and I'm just guessing that

that implies that units are down. So, is there anything you can just discuss there on inventory, on AOR, ticket and traffic? And I will follow up after that.

**Mimi Vaughn**

For Mantero, I will start with just talking about traffic and ticket and the like. And I'll hand it to Sandra to talk about inventory. But in general, in the fourth quarter, and in general in the Footwear industry, traffic has been down. I think for the industry in general, traffic was down close to 10% in the fourth quarter. I think that is a measure of a couple of things. One is that consumers are more educated. They're doing less window shopping. They know what they want when they come in and so, the traffic that is coming in is more qualified traffic.

What we have been working on is we have been working on conversion. And our businesses across the board saw higher conversion in the fourth quarter. I called out Journey's conversion. Their store associates are really doing phenomenal work to drive great conversion for the customers to properly find well into the double-digit levels. Then, average selling price is the other piece that is moving the needle. So, it's conversion and selling price and transaction size that is moving the needle.

Units are down overall. I think the consumer in general is stretching up to buy what they want. And units are down across the industry. But the important thing is that they're really stepping up and accepting the price points and reaching to buy that must-have product that they want.

**Sandra Harris**

One final note on inventory is units are down. But we also have the exitable licenses at Genesco Brands Group. And then, we also have the highly promotional cadence at Schuh, which sold off a lot of inventory. And so, on a currency basis, they're down as well.

**Mantero Moreno-Cheek**

Thank you. And then, my follow-up is, have you or did you say how much higher the 4.0 store, they're comping versus the rest of the chain?

**Mimi Vaughn**

Yes, we did. For this time around, we said that they've been comping 25% plus. And they continue at that level. And we saw stronger everything. You heard how strong Journeys was over the fourth quarter. But you can take everything that we said. And 4.0s were even stronger. Stronger traffic, stronger conversion, stronger selling prices, more new customers. And new customers are going to be the hook for the 4.0 stores. It's the visible difference in the manifestation of the new Journey strategy. The ability to attract new customers is stronger in the 4.0s and so, we will continue to roll out this year and have more opportunity to do that.

**Mantero Moreno-Cheek**

Thank you.

**Mimi Vaughn**

Thank you.

**Operator**

Thank you. At this time, we'll turn the floor back to Management for closing remarks.

**Mimi Vaughn**

Great. Thank you, everyone, for joining us and we look forward to talking with you on our next call.

**Operator**

This will conclude today's conference. We thank you for your participation. You may disconnect your lines at this time and have a wonderful day.