

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended January 29, 2022

or

**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 1-32545



DESIGNER  
BRANDS

**DESIGNER BRANDS INC.**

(Exact name of registrant as specified in its charter)

**Ohio**

(State or other jurisdiction of incorporation or organization)

**810 DSW Drive, Columbus, Ohio**

(Address of principal executive offices)

**31-0746639**

(I.R.S. Employer Identification No.)

**43219**

(Zip Code)

Registrant's telephone number, including area code: **(614) 237-7100**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
<b>Class A Common Shares, without par value</b>	<b>DBI</b>	<b>New York Stock Exchange</b>

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

The aggregate market value of the registrant's Class A common shares held by non-affiliates of the registrant as of July 31, 2021, was \$867,203,588.

Number of shares outstanding of each of the registrant's classes of common stock, as of March 14, 2022: 65,651,607 Class A common shares and 7,732,743 Class B common shares.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement for the 2022 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

**DESIGNER BRANDS INC.**  
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All references to "we," "us," "our," "Designer Brands," "Designer Brands Inc.," or the "Company" in this Annual Report on Form 10-K (this "Form 10-K") mean Designer Brands Inc. and its subsidiaries.

We own many trademarks and service marks. This Form 10-K may contain trademarks, trade dress, and tradenames of other companies. Use or display of other parties' trademarks, trade dress or tradenames is not intended to and does not imply a relationship with the trademark, trade dress or tradename owner.

We have included our website addresses throughout this report as inactive textual references only. The information contained on the websites referenced herein is not incorporated into this Form 10-K.

## Cautionary Statement Regarding Forward-Looking Information for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995

Certain statements in this Form 10-K may constitute forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements reflect our current views with respect to, among other things, future events and financial performance. You can identify these forward-looking statements by the use of forward-looking words such as "outlook," "could," "believes," "expects," "potential," "continues," "may," "will," "should," "would," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," or the negative version of those words or other comparable words. Any forward-looking statements contained in this Form 10-K are based upon current plans, estimates, expectations and assumptions relating to our operations, results of operations, financial condition, and liquidity. The inclusion of any forward-looking statements should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to numerous risks, uncertainties and other factors that may cause actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In addition to other factors discussed elsewhere in this report, including those factors described under Part I, Item 1A. *Risk Factors*, there are a number of important factors that could cause actual results, performance or achievements to differ materially from those discussed in forward-looking statements that include, but are not limited to, the following:

- risks and uncertainty related to the ongoing coronavirus ("COVID-19") pandemic, any future COVID-19 resurgence, and any other adverse public health developments;
- uncertain general economic conditions, including inflation and supply chain pressures, domestic and global political and social conditions and the potential impact of geopolitical turmoil or conflict, and the related impacts to consumer discretionary spending;
- our ability to anticipate and respond to fashion trends, consumer preferences and changing customer expectations;
- maintaining strong relationships with our vendors, manufacturers, licensors, and retailer customers;
- risks related to losses or disruptions associated with our distribution systems, including our distribution centers and fulfillment center and stores, whether as a result of the COVID-19 pandemic, reliance on third-party providers, or otherwise;
- our reliance on our loyalty programs and marketing to drive traffic, sales, and customer loyalty;
- failure to retain our key executives or attract qualified new personnel;
- risks related to the loss or disruption of our information systems and data and our ability to prevent or mitigate breaches of our information security and the compromise of sensitive and confidential data;
- our ability to protect our reputation and to maintain the brands we license;
- risks related to restrictions imposed by our senior secured asset-based revolving credit facility ("ABL Revolver") that could limit our ability to fund operations;
- our competitiveness with respect to style, price, brand availability, and customer service;
- our ability to provide customers with cost-effective shopping platforms;
- risks related to our international operations, including international trade, our reliance on foreign sources for merchandise, exposure to political, economic, operational, compliance and other risks, and fluctuations in foreign currency exchange rates;
- our ability to protect the health and safety of our associates and our customers, which may be affected by current or future government regulations related to stay-at-home orders and/or orders related to the operation of non-essential businesses;
- our ability to comply with privacy laws and regulations, as well as other legal obligations; and
- uncertainty related to future legislation, regulatory reform, policy changes, or interpretive guidance on existing legislation.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results, performance, or achievements may vary materially from what we have projected. Furthermore, new factors emerge from time to time and it is not possible for management to predict all such factors, nor can management assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

## PART I

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### BUSINESS

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#### **OVERVIEW**

Designer Brands Inc., originally founded as DSW Inc., is one of North America's largest designers, producers, and retailers of footwear and accessories. We operate in three reportable segments: the U.S. Retail segment, the Canada Retail segment, and the Brand Portfolio segment. The U.S. Retail segment operates the DSW Designer Shoe Warehouse ("DSW") banner through its direct-to-consumer U.S. stores and e-commerce site. The Canada Retail segment operates The Shoe Company and DSW banners through its direct-to-consumer Canada stores and e-commerce sites. Together, the U.S. Retail and Canada Retail segments are referred to as the "retail segments." The Brand Portfolio segment earns revenue from the sale of wholesale products to retailers, commissions for serving retailers as the design and buying agent for products under private labels (which we refer to as "First Cost"), and the sale of branded products through our direct-to-consumer e-commerce site at [www.vincecamuto.com](http://www.vincecamuto.com).

Our fiscal year ends on the Saturday nearest to January 31. References to a fiscal year (e.g., "2021") refer to the calendar year in which the fiscal year begins. This reporting schedule is followed by many national retail companies and typically results in a 52-week fiscal year, but occasionally will contain an additional week resulting in a 53-week fiscal year.

#### **RETAIL SEGMENTS**

##### **BANNERS**

We offer a wide assortment of brand name dress, casual and athletic footwear and accessories for women, men and kids, with a significant number of our products geared towards athletic and kids.

- **DSW Designer Shoe Warehouse-** Our DSW banner, which is offered both in the U.S. and in Canada, is the destination for on-trend and fashion-forward footwear and accessory brands at a great value every single day, offering a wide assortment of brand name dress, casual and athletic footwear and accessories for women, men and kids.
- **The Shoe Company-** The Shoe Company banner in Canada offers on-trend footwear and accessory brands that target every-day family styles at a great value every single day.

Our e-commerce platforms offer customers convenient, 24/7 access to our products through our websites, [www.dsw.com](http://www.dsw.com), [www.dsw.ca](http://www.dsw.ca), and [www.theshoecompany.ca](http://www.theshoecompany.ca), with mobile-optimized sites, and our mobile DSW application. Our omni-channel capabilities allow customers to order a wide range of styles, sizes, widths and categories. Online orders in the U.S. and Canada can be fulfilled from any one of our stores. Online orders from the U.S. can also be fulfilled from our fulfillment center or directly from our suppliers (referred to as "drop ship"). Our order routing optimization system determines the best location to fulfill digitally demanded products, which allows us to optimize our operating profit. To further meet customer demand of how they receive products, we provide our customers options to Buy Online Pick Up in Store, Buy Online Ship to Store, and Curbside Pickup in the majority of our locations. Likewise, returns may be shipped to us or brought back to any of our locations.

##### **ASSORTMENT**

We sell a large assortment of brand name, designer and exclusive branded merchandise. During 2020 and continuing into 2021, we experienced a shift in customer preferences from dress toward casual and athletic offerings (referred to as "athleisure"). We plan to continue to expand our athleisure and kids' products, and offer customers stylish exclusive brands, including the Vince Camuto, Lucky, JLO Jennifer Lopez, and Jessica Simpson brands. We believe that our increased penetration in the athletic market, coupled with our historical success in dress and seasonal footwear with a fully integrated supply chain supported by our Brand Portfolio segment, position us to be a premier footwear retailer for the entire family's needs over the long term.

The following table presents certain data about the sourcing of our merchandise:

	2021	2020
Number of unrelated third-party merchandise vendors	440	480
Percentage of purchases from:		
Brand Portfolio segment, including First Cost sourced exclusive branded products and wholesale purchases of licensed products	9 %	8 %
Top three unrelated third-party merchandise vendors	20 %	22 %

We separate our merchandise into four primary categories: women's footwear, men's footwear, kids' footwear, and accessories and other. Refer to Note 2, *Revenue*, of the Consolidated Financial Statements of this Form 10-K for the U.S. Retail and Canada Retail segments' total net sales attributable to each merchandise category.

### **LOYALTY PROGRAMS**

We invite customers to join our VIP rewards programs, where members earn points towards discounts on future purchases. Our VIP rewards programs provides timely customer insights and creates stronger customer engagement while driving a higher-than-average level of customer spend.

The following table presents the number of members enrolled in our loyalty programs that have made a purchase over the prior two years and the percentage of retail segments' net sales generated from these members:

	January 29, 2022	January 30, 2021
Number of VIP members (in thousands)	28,175	28,614
Percentage of retail segments' net sales generated from VIP members	87 %	84 %

### **DISTRIBUTION AND FULFILLMENT**

For our U.S. Retail segment operations, the majority of our inventory is shipped directly from suppliers to our distribution center in Columbus, Ohio and a West Coast facility operated by a third party, where the inventory is then processed, sorted, and shipped to one of our pool locations located throughout the country and then on to the stores. Our inventory can also be shipped directly from our fulfillment center, also located in Columbus, Ohio, and supported by a third-party service provider, to our customers. For our Canada Retail segment, we engage a logistics service provider to receive and distribute inventory to our stores. Through our ship-from-store capability, both in the U.S. and in Canada, inventory is shipped directly from our stores to customers. Through our U.S. drop ship program, inventory is shipped from the vendor's warehouse directly to the customer.

Inventory management is important to our business as we manage our inventory levels based on anticipated sales and the delivery requirements of our customers. Our inventory strategy is focused on continuing to meet consumer demand while improving our efficiency over the long term by enhancing systems and processes.

### **BRAND PORTFOLIO SEGMENT**

Our Brand Portfolio segment designs, develops, and sources in-season fashion footwear and accessories through Camuto LLC, a wholly-owned subsidiary doing business as "Camuto Group," for the sale of wholesale merchandise to our retail segments and our other retailer customers. Our First Cost model earns commission-based income for serving retailers as their design and buying agent while leveraging our overall design and sourcing infrastructure. In addition, we sell branded products on a direct-to-consumer e-commerce site at [www.vincecamuto.com](http://www.vincecamuto.com). Refer to Note 2, *Revenue*, of the Consolidated Financial Statements of this Form 10-K for the Brand Portfolio segments' total net sales attributable to each channel. The Brand Portfolio segment has four customers that make up approximately 57% of its total net sales, excluding intersegment net sales, and the loss of any or all of these customers could have a material adverse effect on the Brand Portfolio segment.

## **LICENSING RIGHTS**

Through Camuto Group, we own the footwear, and in some cases the handbag, licensing rights of Jessica Simpson, Lucky Brand, and, through a joint venture, JLO Jennifer Lopez. In partnership with Authentic Brands Group LLC, a global brand management and marketing company, we have a 40% stake in ABG-Camuto, LLC ("ABG-Camuto"), a joint venture that owns several intellectual property rights, including, among others, Vince Camuto and Louise et Cie. ABG-Camuto is responsible for the growth and marketing of the brands held by the joint venture. We have entered into a licensing agreement with ABG-Camuto whereby we pay royalties to ABG-Camuto, with the royalty expense included in our cost of sales on the consolidated statements of operations, based on the sales of licensed products, subject to guaranteed minimums. ABG-Camuto also earns royalties on sales from third parties that license the brand names to produce non-footwear product categories. Given our 40% ownership interest in ABG-Camuto, we recognize earnings under the equity method, included within the Brand Portfolio segment as it is considered an integral part of the Brand Portfolio segment business.

## **SOURCING AND DISTRIBUTION**

We source each of our product lines based on the individual design, style and quality specifications of the products. Our Brand Portfolio segment does not own or operate manufacturing facilities; rather, we use our sourcing offices in China and Brazil to procure our products from third-party manufacturers. Prior to production, our sourcing offices inspect samples and prototypes of each style and monitor the quality of the production process. We manage our inventory levels based on existing orders and anticipated sales.

The manufacturers of our products are required to meet our quality, human rights, local compliance, safety, and other standard requirements. These vendors are expected to respect local laws, rules, and regulations of the countries in which they operate and have pledged to follow the standards set forth in the Company's Vendor Code of Conduct, which details our dedication to human rights, labor rights, environmental responsibility, and workplace safety. The majority of our wholesale inventory is shipped directly from factories in foreign countries to our distribution center in Westampton, New Jersey, where the inventory is then processed, sorted, and provided to our customers' shipping carriers.

The following table presents the percentages of the Brand Portfolio segment's merchandise units sourced by country:

	2021	2020
China	75 %	73 %
Vietnam	9 %	13 %
Brazil	11 %	7 %
All other foreign locations	5 %	7 %

## **COMPETITION**

The footwear market is highly competitive with few barriers to entry. We compete against a diverse group of manufacturers and retailers, including department stores, mall-based shoe stores, national chains, independent shoe retailers, single-brand specialty retailers, online shoe retailers, brand-oriented discounters, multi-channel specialty retailers, and brand suppliers. In addition, our wholesale retailer customers sell shoes purchased from competing footwear suppliers with owned and licensed brands that are well known.

## **HUMAN CAPITAL MANAGEMENT**

We believe the strength of our workforce is critical to our success. Our associates strive every day to create a welcoming and inclusive environment for our customers. One of our core strategies is to invest in and support our associates who are key to differentiating our products and experiences in the competitive footwear market. We monitor and adapt as necessary to maintain our competitive position, including the following areas of focus:

### ***WORKFORCE***

Our key human capital management objectives are to attract, develop, and retain the highest quality talent. To support these objectives, our human resources programs are aimed to:

- develop associates to prepare them for critical roles and leadership positions for the future;
- reward and support associates through competitive pay, benefit, and perquisite programs;
- enhance our culture through efforts aimed at making the workplace more engaging and inclusive;
- acquire talent and facilitate internal talent mobility to create a high-performing, diverse workforce;
- embrace hybrid and remote work arrangements where possible to utilize flexibility as a competitive advantage; and
- evolve and invest in technology, tools, and resources to support our associates at work.

As of January 29, 2022, we employed approximately 13,500 people worldwide, of which approximately 11,600 are employed in the U.S.

### ***TOTAL REWARDS***

To remain an employer of choice and maintain the strength of our workforce, we continually assess the current business environment and labor market to refine our compensation practices, benefit programs, and other associate resources. This practice was especially crucial in 2021 as we worked to mitigate the ongoing challenging labor market. We have a history of investing in our workforce and offer comprehensive, relevant, and innovative benefits to eligible associates in the U.S.

#### ***Compensation Related-***

- We strive to provide market competitive wages and salaries, targeting the middle of the market in most cases.
- We establish a minimum starting pay rate for each U.S. store that exceeds applicable minimum wage requirements.
- Our incentive plans provide additional cash compensation upon the achievement of results that exceed defined Company goals and are available to eligible store management, distribution centers, and corporate support center associates.
- We provide stock-based, long-term incentives for senior executives through the director level that align with the interests of shareholders.
- We provide retirement benefits through our 401(k) plan, with employer matching contributions up to 4% of associate contributions.
- In 2021, we rewarded our frontline store associates with three separate discretionary bonuses to express appreciation for their dedication and perseverance through the ongoing challenges precipitated by the pandemic.

#### ***Health & Wellness Related-***

- We continue to offer a COVID-19 paid leave policy that provides up to one week of pay for associates who contract the virus, are involuntarily quarantined, are experiencing side effects from obtaining a vaccine, or are without work due to changes in store hours because of direct or indirect impacts of the virus.
- In 2021, we implemented a new benefit granting paid time off to over 8,500 U.S. part-time associates, which they began accruing for use at the beginning of 2022.
- Up to seven days of free backup childcare per year is provided to all full-time associates who need emergency childcare services for any reason.
- All associates are provided free access to a national resource network to locate babysitters and nannies, who have been cleared by a background check, as well as discounts on tutoring, day care centers, and pet sitters.
- Free counseling is available to all associates, their dependents, and their family members 24/7/365, including access to licensed counselors and work/life balance and bereavement specialists.

- Comprehensive health insurance coverage is available to all full-time associates through multiple medical plans, which also include prescription and vision insurance. Dental coverage is also available.
- Other benefits provided to associates and their dependents who are enrolled in a medical plan include:
  - concierge care coordinators and nurses who assist with clinical support for health conditions, locate high quality doctors, enroll in benefit plans, advocate to resolve insurance billing issues, connect to available community resources, and answer member benefit questions;
  - unlimited telemedicine access to U.S. board-certified physicians, via phone or video conference, for general medical, dermatology, and mental health services;
  - fertility services that provide concierge support and access to leading fertility centers of excellence across the nation. Our medical plan covers up to two cycles of IVF or other fertility services in addition to necessary fertility medication and testing; and
  - maternity and parenting tools to assist before, throughout, and beyond pregnancy. The program helps associates discover tools and resources available throughout a maternity/paternity leave of absence, as well as the subsequent return to work.
- Multiple types of paid leave are provided. Full-time associates receive short-term disability income replacement insurance at no cost, paid parental leave, and jury duty pay. All associates are eligible for military pay and bereavement pay.
- Voluntary benefits (long-term disability, accident, hospital indemnity, and critical illness) and flexible spending accounts are available to full-time associates to support their financial needs.
- Free legal help is available to all associates in areas such as civil/criminal needs, family disputes, immigration law, landlord/tenant issues, and basic document preparation.
- Free financial help, including debt counseling, lease/purchase guidance, taxes, financial planning, and college funding, is available to all associates.
- Adoption assistance is available to all full-time associates with reimbursement up to \$10,000 of eligible expenses for each adoption.
- Free accredited, general education college courses, as well as discounted tuition offerings through multiple partner schools, is available to all associates.
- Tuition reimbursement up to \$5,250/year is available to all full-time associates, providing the opportunity to take classes or earn a bachelor's degree.
- Discounts on DSW, American Eagle Outfitters/Aerie, and American Signature/Value City Furniture products are available to all associates.
- Associate accomplishments and work anniversaries, starting with one year of service, are recognized and rewarded through our web-based "Inspire Greatness" recognition program.

#### ***TALENT DEVELOPMENT***

To help our associates succeed in their roles, we emphasize continuous learning and development opportunities. Training provided through our online learning platform includes a wide variety of topics and is designed to address the needs of our entire workforce, from entry-level associates to our most senior executives. We invest resources in professional development and growth as a means of improving associate performance, engagement, and retention. During 2021, over 11,800 associates completed one of our over 280 courses via our online learning platform. We believe that our continued focus on frequent and constructive performance feedback, talent reviews, succession planning, and retention, have contributed to a strong internal promotion rate.

#### ***PHILANTHROPY THROUGH DBI GIVES***

The Company is committed to good corporate citizenship. Not only do we strive to create positive impacts within our organization, but we aim to better the communities in which we conduct business. DBI Gives is our philanthropic community interest group whose mission is to inspire community involvement and enhance associate engagement and has three main areas of focus:

1. **Empowerment-** Support organizations that prioritize empowerment and build self-confidence without discrimination.
2. **Diversity, Equity & Inclusion-** Support organizations whose key constituents align with the diversity dimensions represented by our Business Resource Groups ("BRGs").
3. **Community-** The places where our associates live and work mean everything to us. As a result, we support the organizations that put our local communities first and provide opportunities for our associates to give back through volunteering and donations.

DBI Gives has three primary areas of partnership:

1. **SOLES4SOULS**- Soles4Souls creates sustainable jobs and provides relief through the distribution of shoes and clothing around the world, while keeping them out of landfills and giving shoes and garments a second life. Since partnering with Soles4Souls in 2018, we are proud to have donated nearly six million pairs of shoes, including more than 1.8 million pairs donated in 2021.
2. **Two Ten Footwear Foundation**- Two Ten provides scholarships and financial aid to people working in the footwear industry, as well as free counseling and community resources. Many of our own associates have been beneficiaries of Two Ten's programs. We support Two Ten with corporate financial donations and subject matter expertise to continue to enrich their community program offerings.
3. **Hometown Partnerships**- From annual United Way fundraisers, American Red Cross blood drives, local nonprofit partnerships, and associate volunteering efforts, we always look for ways to help and better the communities in which we operate. In 2021, we received the Dale. E Heydlauff United Way Legacy Award for Outstanding Philanthropy Leadership from Columbus Business First, for the new and innovative partnerships we forged through our point-of-sale campaigns and the creation of the Equity Advancement Fund at United Way of Central Ohio. Through our register donations, during 2021, we also raised nearly \$200,000 for Nationwide Children's Hospital's "On Your Sleeves" program to advance their goal of providing free mental health education resources to children in all communities across the U.S.

## **DIVERSITY, EQUITY, AND INCLUSION ("DE&I")**

We support diversity, equity, and inclusion. We believe:

- **Diversity** is the celebration of the ways we are alike, as well as unique.
- **Equity** compels us to be fair, while also recognizing the need to treat others differently to mitigate the risk of inadvertently perpetuating systemic barriers.
- **Inclusion** is the act of ensuring our differences are not only acknowledged, but also welcomed and valued.

We strive to inspire self-expression, authenticity, and empowerment to drive the best possible experiences for our associates, customers, and communities. Formal ways for associates, on a voluntary basis, to get involved and help advance our DE&I strategy include:

- BRGs are associate-led groups organized around a common diversity dimension to foster an inclusive, engaging work environment for all.
- Community Interest Groups ("CIGs") are associate-led groups based on a common passion or interest to drive a sense of community and shared purpose.
- Councils are associate-led groups organized to create a sense of inclusion and belonging for those who work in our stores, distribution centers, and fulfillment center.

No group is exclusive; all groups are open to any associate who wants to join, and associates can be members of as many groups as they want. Our BRGs, CIGs, and Councils provide a unique strategic perspective of shared experience, background, and allyship, while promoting diversity in our workplace and community.

Our DE&I principles are also reflected in our associate training programs, which address our policies against harassment, bullying, and bias in the workplace. In 2021, a Racism Matters webinar series was utilized to address systemic racism and to ensure we continue to create an inclusive culture for all associates. Recognizing and respecting our customer base, we strive to maintain a diverse and inclusive workforce. In the U.S., nearly 80% of our associates are female and over 50% of the associate population is comprised of people of color. Additionally, as of the end of 2021, women make up 40% of the Company's Board of Directors and 49% of the executives in the vice president and above population.

Mr. Rawlins, Designer Brands' Chief Executive Officer, is a proud signatory of the CEO Action for Diversity & Inclusion Pledge, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace. This demonstrates our goals of cultivating open dialogue, expanding diversity training, sharing best practices with other companies, and engaging our Board of Directors in the evaluation of our progress. For the third consecutive year, Designer Brands has been recognized for its LGBTQ+ inclusion efforts with a perfect score on the Human Rights Campaign's ("HRC") Corporate Equality Index, which places us on HRC's "Best Places to Work for LGBT Equality" list. Designer Brands has also been recognized by Forbes as one of "The Best Employers for Women" and "The Best Employers for Diversity."

We believe that paying our people fairly, regardless of gender, race, or any other status, enables us to deliver on our goal of creating an inclusive environment where we can all be ourselves, contribute ideas and do our best work. To this end, we have invested in pay equity processes that allow us to assess whether associates with similar roles and experience earn equal pay for

comparable work. Against the backdrop of our belief that equality and diversity makes our organization stronger, we continue to focus on and invest in pay equity processes.

We are on a journey to promote greater levels of DE&I in everything we do and recognize that there is still a long way to go. We will continue to challenge our own biases, initiate difficult conversations in meaningful ways, engage diverse perspectives to drive innovation, and intentionally evolve our operating strategies to advance this important work.

### ***ASSOCIATE ENGAGEMENT***

We provide all associates with the opportunity to share their opinions and feedback on their employment experience through engagement surveys performed on a regular basis across all business segments. Results of the surveys are measured and analyzed with a goal of enhancing the associate experience, strengthening engagement and retention, and driving change. In addition to Company-led surveys, leaders are encouraged to conduct "skip level" touch bases, host round table chats, and conduct follow-up activities to better understand associate feedback. We are embracing a flexible work environment by rolling out the option for our corporate associates to work where they choose to, whether that be in the office, at home or elsewhere, to best meet their individual needs. Upon exiting the Company, associates who voluntarily leave the business are provided an exit survey to help us measure satisfaction and engagement and identify the factors that may have contributed to pursuing another opportunity. We continue to develop opportunities for associate connection and engagement in the evolving workplace environment by listening to our associates and taking actions on what is most important and impactful to them.

### **GOVERNMENT REGULATIONS**

Our business activities are global and subject to various federal, state, local, and foreign laws, rules, and regulations. For example, substantially all of our import operations are subject to complex trade and customs laws, regulations, and tax requirements such as sanctions orders or tariffs set by governments through mutual agreements or unilateral actions. In addition, the countries in which our products are manufactured or from which are imported may from time to time impose additional duties, tariffs, or other restrictions on our imports or adversely modify existing restrictions. Changes in tax policy or trade regulations, the disallowance of tax deductions on imported merchandise, or the imposition of new tariffs on imported products, could have an adverse effect on our business, results of operations, and competitive position. Compliance with these laws, rules, and regulations has not had, and is not expected to have, a material effect on our capital expenditures, results of operations, and competitive position as compared to prior periods. For more information on the potential impacts of government regulations affecting our business, see Item 1A. *Risk Factors*.

### **INTELLECTUAL PROPERTY**

We have registered a number of trademarks, service marks, and domain names in the U.S., Canada, and internationally, including DSW®, DSW Shoe Warehouse®, and DSW Designer Shoe Warehouse®. We also have a 40% interest in ABG-Camuto, which holds the intellectual property rights of Vince Camuto®, Louise et Cie®, and others. ABG-Camuto licenses the rights to certain of its trademarks in specific categories, such as footwear and handbags, to Camuto Group, which as of January 29, 2022, have seven years remaining on the initial license term, which are indefinitely renewable on five-year terms. We believe our trademarks and service marks have significant value and are important to building our name recognition.

### **SEASONALITY**

Our business consists of two principal selling seasons: the spring season, which includes the first and second fiscal quarters, and the fall season, which includes the third and fourth fiscal quarters. Generally, net sales in the fall season have been slightly higher than the spring season. Our seasonal results of operations may fluctuate based on the change in weather conditions and our customers' interest in new seasonal styles. Since the COVID-19 outbreak, we have not experienced the typical seasonal trends given changes in customer behavior.

### **AVAILABLE INFORMATION**

Information about Designer Brands Inc., including its reports filed with or furnished to the Securities and Exchange Commission ("SEC"), is available through Designer Brands Inc.'s website at [www.designerbrands.com](http://www.designerbrands.com). Such reports are accessible at no charge through Designer Brands Inc.'s website and are made available as soon as reasonably practicable after such material is filed with or furnished to the SEC. The SEC also maintains a website that contains reports, proxy statements, and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov).

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## RISK FACTORS

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Investing in our Class A common shares involves a high degree of risk. In addition to the other information in this Form 10-K and in our other public filings, investors should carefully consider the following risk factors. The risks described below are not the only ones facing us. The occurrence of any of the following risks, or the occurrence of additional risks and uncertainties not presently known to us or that we currently believe to be immaterial, could materially and adversely affect our business, financial condition or results of operations. In such case, the trading price of our Class A common shares could decline, and investors may lose all or part of their original investment. This Form 10-K also contains forward-looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements and estimates as a result of specific factors, including the risks and uncertainties described below.

### **RISKS RELATING TO MACROECONOMIC AND INDUSTRY CONDITIONS**

***The ongoing COVID-19 pandemic has had, and may continue to have, a material adverse impact on our business, operations, liquidity, financial condition, and results of operations.***

The COVID-19 pandemic has negatively impacted the global economy, disrupted consumer spending and global supply chains, and created significant volatility and disruption of financial markets. The COVID-19 pandemic has had an adverse impact on our business and financial performance, particularly in 2020, and we expect this adverse impact to continue. The extent of the impact of the COVID-19 pandemic on our business and financial performance, including our ability to execute our near-term and long-term business strategies and initiatives in the expected time frame, will depend on future developments, including the duration, severity and any resurgences of the COVID-19 pandemic, which are uncertain and cannot be predicted.

For instance, we have continued to experience reduced store traffic and net sales as compared to pre-COVID-19 periods, and it is unclear when customer behavior will return to pre-COVID-19 patterns, if at all. The ongoing and prolonged nature of the COVID-19 pandemic may lead to further adjustments to our operations. As such, the ultimate impacts of the COVID-19 pandemic on our businesses will depend on future developments, including the availability of labor, global supply chain disruptions, new emerging variants of COVID-19 and the severity thereof, and the global availability and use of vaccines or palliatives, all of which are highly uncertain and cannot be predicted. As a result, we may have future write-downs or adjustments to inventories, receivables, long-lived assets, intangibles, goodwill, and the valuation allowance on deferred tax assets.

The COVID-19 pandemic also has the potential to significantly impact our supply chain if the factories that manufacture our products, the distribution systems we use to manage our inventory, or the operations of our logistics and other service providers are disrupted, temporarily closed or experience worker shortages. All of the products manufactured through the Brand Portfolio segment come from third-party facilities outside of the U.S., with 75% sourced from China during 2021, whereas our U.S. Retail segment and Canada Retail segment merchandise is purchased from both domestic and foreign vendors. Many of our domestic vendors import a large portion of their merchandise from abroad, with the majority manufactured in China. The COVID-19 pandemic has led to work and travel restrictions within, to, and out of mainland China, which in turn may affect our manufacturers as well as our vendors' manufacturers. The COVID-19 pandemic may also make it difficult for our suppliers and our vendors' suppliers to source raw materials from, manufacture goods in, and export products from China and other countries. If the severity and reach of the COVID-19 pandemic continues or worsens, there may be significant and material disruptions to our supply chain and operations, which could have a material adverse effect on our financial position, results of operations, and cash flows.

***We rely on consumer discretionary spending, which may be adversely affected by economic downturns and other macroeconomic conditions or trends, and/or negatively impacted as a result of the COVID-19 pandemic.***

Our business and operating results are subject to global economic conditions and their impact on consumer discretionary spending. Many factors that may negatively influence consumer spending are becoming increasingly present as a result of the COVID-19 pandemic and political instability, including high levels of instability in the job market, higher consumer debt levels, reductions in net worth, declines in certain asset values and related market uncertainty, fluctuating interest rates and credit availability, fluctuating fuel and other energy costs, general uncertainty regarding the overall future political and economic environment, recent large-scale social unrest across much of the U.S., international turmoil and conflicts, war, terrorism, geopolitical uncertainties, trade policies and sanctions. Consumer purchases of discretionary items, including our products, generally decline during periods of economic uncertainty, when disposable income is reduced, or when there is a reduction in consumer confidence. Additionally, any of these adverse economic, political, or social conditions may have the effect of directly or indirectly impacting our operating results in a negative manner. Moreover, we are unable to predict the severity of macroeconomic uncertainty, whether or when such circumstances may improve or worsen, or the full impact such circumstances could have on our business.

***Our industry is subject to cost and pricing pressures that may be exacerbated by the impacts of inflation, which could have a material adverse effect on our business and operations.***

The retail industry is subject to cost and pricing pressures and uncertainties throughout the supply chain. Pricing pressure has been exacerbated by the variability and availability of raw materials in recent months, combined with labor and cost inflation and uncertainty throughout the supply chain. These factors could require us to enact mitigating pricing actions and operating efficiency measures that could have a material adverse effect on customer demand.

### **RISKS RELATING TO OUR BUSINESS AND OPERATIONS**

***We may be unable to anticipate and respond to consumer preferences, changing customer expectations, and fashion trends, which could have a material adverse effect on our business.***

Demand for our products fluctuates according to changes in consumer preferences and trends, which are dictated by lifestyle, fashion and season, and may shift quickly. As a result of the COVID-19 pandemic, our business experienced a shift in consumer behavior and corresponding preferences to increased demand for athleisure and casual products and away from dress and seasonal categories. This shift requires us to anticipate and respond to numerous and fluctuating variables in fashion trends and other conditions in the markets in which our customers are situated. A variety of factors will affect our ability to maintain the proper mix of products, including: local economic conditions impacting customers' discretionary spending; unanticipated fashion trends; our ability to provide timely access to popular brands at attractive prices; our success in distributing merchandise to our stores and our wholesale retailer customers in an efficient manner; and changes in weather patterns, which, in turn, may affect consumer preferences. If we are unable to anticipate trends and fulfill the merchandise needs of our customers, we may experience decreases in our net sales and/or may be forced to increase markdowns in relation to slow-moving merchandise, either of which could have a material adverse effect on our business.

As we look ahead to our strategic growth initiatives, we have organized our efforts around three pillars:

- **Customer-** We are focused on offering great products and differentiated experiences in order to drive customer engagement and loyalty.
- **Brand-** We will continue to prioritize growing our own brands while also partnering with some of the top brands in the industry in order to offer one of the largest assortments.
- **Speed-** We are exploring improved processes to deliver products to our customers more quickly.

Achieving these priorities depends in part on us executing our strategies successfully, and the initiatives that we implement in connection with these strategies may not resonate with our customers. We may not be able to realize, in whole or in part, the anticipated benefits of these strategies or within the expected time frames. In the event that our strategies do not meet customer expectations or are not differentiated from our competitors' offerings, it may have a material adverse effect on our business. In addition, these efforts could place increased demands on our financial, managerial, operational, and administrative resources. We are investing in additional resources, both capital and personnel, and will be implementing new systems and processes or changes to existing systems and processes. These investments could cost more than anticipated, divert resources from other areas of our business, and fail to yield the anticipated benefits, any of which could have a material adverse effect on our business. We could also experience downtime or other technical issues as we make changes to our systems and processes, which could have a material adverse effect on our business.

***We rely on our strong relationships with vendors to purchase products. If these relationships were to be impaired, we may be unable to obtain a sufficient assortment of merchandise at attractive prices or respond promptly to changing fashion trends, either of which could have a material adverse effect on our business and financial performance.***

Our success depends, to a significant extent, on the willingness and ability of our vendors to supply us with merchandise that meets our changing customer expectations, especially as we concentrate our receipts to fewer branded vendors. If we fail to maintain strong relationships with these vendors or if they fail to ensure the quality of merchandise that they supply to us, our ability to provide our customers with merchandise they want at favorable prices may be limited, which could have a negative impact on our business. In addition, our merchandise costs have increased and may increase further due to increased costs incurred by our vendors in raw materials, energy, labor, freight, or duties and taxes on imports, or other reasons, our ability to respond or the effect of our response could adversely affect our net sales or gross profit. Further, any negative brand image, widespread product defects, financial distress, or negative publicity related to our key vendors, or other vendors, could have a material adverse effect on our reputation and on our business.

Decisions by vendors not to sell to us or to limit the availability of their products to us could have a negative impact on our business. In addition, our inability to stock our sales channels with desired merchandise at attractive prices could result in lower net sales and decreased customer interest in our sales channels, which could have a material adverse effect on our business. During 2021, three key third-party vendors together supplied approximately 20% of our retail merchandise, with no individual vendor providing more than 10% of our retail merchandise. The loss of, or a reduction in, the amount and quality of merchandise supplied by any of our high-volume vendors could have an adverse effect on our business. For example, one of these top three vendors, Nike, Inc., ceased shipping products to us during the third quarter of 2021. In order to replace this brand, we are expanding and concentrating our volume of exclusive branded products, wholesale products from our Brand Portfolio segment, and with other high-volume vendors. If we are unable to offer suitable alternatives to satisfy product demand, sales could decline which could have a material adverse effect on our operating results.

***Losses or disruptions associated with our distribution systems, including our distribution centers and fulfillment center and stores, could have a material adverse effect on our business and operations.***

Our operating results depend on the orderly operation of our receiving, distribution, and fulfillment processes, which in turn depends on vendors' adherence to shipping schedules and our effective management of our facilities. We may not anticipate all the changing demands on our operations, and events beyond our control may occur, including disruptions in operations due to public health threats, such as the COVID-19 pandemic, delays in the integration of new stores, catastrophic events, shortages in labor, or shipping problems, any of which may result in delays in the delivery of merchandise to our stores and customers. We rely on the flow of goods through ports worldwide on a consistent basis from factories and suppliers. Disruptions at ports could create significant risks for our business, particularly if these disruptions occur during peak importing times. For example, the COVID-19 pandemic has resulted in delays at ports due to shipping backlog, availability of vessels, capacity constraints, and other disruptions. If we experience significant delays in receiving product, this could result in canceled orders by retailer customers, unanticipated inventory shortages or receipt of seasonal product after the peak selling season, and increased expense of air freight, which could have a material adverse effect on our business and operations.

Our distribution system is dependent on the timely performance of services by third parties. The COVID-19 pandemic could also impact our ability to timely meet our customers' needs for fulfillment due to disruptions with third-party vendors, carriers, and other service providers, as well as increased freight and logistics costs. We are also subject to risk of damage or loss during delivery by our shipping vendors. If our merchandise is not delivered in a timely fashion or is damaged or lost during the delivery process, our customers could become dissatisfied and cease shopping on our sites, which could adversely affect our business and operating results. If we encounter problems with our ability to timely and satisfactorily fulfill customer orders, our ability to meet customer expectations, manage inventory, and complete sales, such problems could have a material adverse effect on our business. While we maintain business interruption and property insurance, in the event any of our points within our distribution system were to shut down for any reason or if we were to incur higher costs and longer lead times in connection with a disruption, our insurance may not be sufficient to cover the impact to the business.

***The success of our Brand Portfolio segment is dependent on our third-party manufacturers and other business partners.***

The success of our Brand Portfolio segment depends on our ability to obtain products from our third-party manufacturers on a timely basis, on acceptable terms, and to our specifications. We do not exert direct control over the manufacturers' operations and cannot guarantee that any third-party manufacturer will have sufficient production capacity, meet our production deadlines, or meet our product safety, social compliance, or quality standards. We typically do not have long-term supply contracts with our manufacturers, and the loss of any of our major manufacturers could disrupt our operations and adversely affect our business. In addition, we cannot predict the impact of global events such as inclement weather, natural disasters, public health threats, or acts of terrorism. If these third-party manufacturers do not perform their obligations, cease working with us, fail to meet our product safety, social compliance or quality standards, or are unable to provide us with the materials and services we need at prices and terms that are acceptable to us, such disruptions may cause product delays and shortages, failure to deliver quality products to our customers on a timely basis, and damage to our reputation, which could have a material adverse impact on our business and results of operations.

***The success of our Brand Portfolio segment is dependent on the strength of our relationships with our retailer customers, and reductions in or loss of sales to such customers as a result of the ongoing COVID-19 pandemic could have a material adverse effect on our financial performance.***

Our major retailer customers have experienced and may continue to experience a significant downturn in their businesses as a result of the ongoing COVID-19 pandemic and, in turn, these customers have reduced, and may continue to reduce, their purchases from us, which has had and may continue to have a material adverse effect on the Brand Portfolio segment.

***We are dependent on our customer loyalty programs and marketing to drive traffic, sales and loyalty, and any decrease in membership or purchases from members could have a material adverse effect on our business.***

Customer traffic is influenced by our marketing and our loyalty programs. We rely on our loyalty programs to drive customer traffic, sales, and purchase frequency. Loyalty members earn points toward discounts on future purchases through our VIP rewards programs in the U.S. and Canada. We employ a variety of marketing methods, including email, direct mail, and social media, to communicate exclusive offers to our rewards members. As of January 29, 2022, we have approximately 28 million members enrolled in our loyalty programs who have made at least one purchase over the last two years. In 2021, shoppers in the loyalty programs generated approximately 87% of the combined U.S. Retail and Canada Retail segments' net sales. In the event that our rewards members do not continue to shop, we fail to add new members, the number of members decreases, or our marketing is not effective in driving customer traffic, such event could have a material adverse effect on our business.

***Our failure to retain our existing senior management team and to continue to attract qualified new personnel could have a material adverse effect on our business.***

Our business requires disciplined execution at all levels of our organization, which requires an experienced and talented management team. If we were to lose the benefit of the experience, efforts and abilities of any of our key executives and sourcing and buying personnel, our business could be adversely affected. We have entered into employment agreements with several key executives and also offer compensation packages designed to attract and retain talent. Furthermore, our ability to manage our business will require us to continue to train, motivate, and develop our associates to maintain a high level of talent for future challenges and succession planning. Competition for these types of personnel is intense, and we may not be successful in attracting and retaining the personnel required to grow and operate our business.

***The loss or disruption of information technology services could affect our ability to implement our strategies and have a material adverse effect on our business.***

Our information technology systems are an integral part of our strategies in efficiently operating our business, in managing operations, and protecting against security risks related to our electronic processing and transmitting of confidential customer and associate data. The requirements to keep our information technology systems operating at peak performance may be higher than anticipated and could strain our capital resources, management of any system upgrades, implementation of new systems and the related change management processes required with new systems and our ability to prevent any future information security breaches. In addition, any significant disruption of our data center could have a material adverse effect on those operations dependent on those systems, specifically, our store and e-commerce operations, our distribution centers and fulfillment center and our merchandising team. While we maintain business interruption and property insurance, in the event of a data center shutdown, our insurance may not be sufficient to cover the impact to the business.

Our e-commerce operations are important to our business and are subject to various risks of operating online and mobile selling capabilities such as the failure of our information technology infrastructure, including any third-party hardware or software, resulting in downtime or other technical issues; reliance on third-party logistics providers to deliver our products to customers; inability to respond to technological changes; violations of state or federal laws; credit card fraud; or other information security breaches. Failure to mitigate these risks could reduce e-commerce sales, damage our reputation, and have a material adverse effect on our business.

***We face risks related to our electronic processing of sensitive and confidential personal and business data. If such data are lost or disclosed in an unauthorized manner, or if we or our third-party vendors are subject to cyberattacks, data breaches, other security incidents, or disruption of information technology systems or software, such events could expose us to liability, could damage our reputation, and have a material adverse effect on our business.***

Given the nature of our business, we, together with third parties acting on our behalf, receive, collect, process, use, and retain sensitive and confidential customer and associate data, in addition to proprietary business information. Our business relies on information technology networks and systems to market and sell our products, process financial and personal information, manage a variety of business processes, and comply with regulatory, legal and tax requirements. We also depend on a variety of information systems to effectively process customer orders and other data, for digital marketing activities and for electronic communications among our associates, customers, prospective customers, and vendors. Some of our third-party service providers, such as identity verification and payment processing providers, also regularly have access to customer data. Additionally, we maintain other confidential, proprietary, or otherwise sensitive information relating to our business and from third parties.

The information technology networks and systems owned, operated, controlled or used by us or our vendors may be vulnerable to damage, disruptions or shutdowns, software or hardware vulnerabilities, data breaches, security incidents, supply-side attacks, failures during the process of upgrading or replacing software, databases or components, power outages, natural disasters, hardware failures, attacks by computer hackers, telecommunication failures, user errors, user malfeasance, computer viruses, unauthorized access, phishing or social engineering attacks, ransomware attacks, denial-of-service attacks and other real or perceived cyberattacks or catastrophic events, all of which may not be prevented by our efforts to secure our computer systems. Any of these incidents could lead to interruptions or shutdowns of our platform, disruptions in our ability to process customer orders or to track, record or analyze the sale of our products, loss or corruption of data or unauthorized access to or acquisition of personal information or other sensitive information, such as our intellectual property. We utilize security tools and controls and also rely on our third-party vendors to use sufficient security measures, including encryption and authentication technology, in an effort to protect personal and other sensitive information. However, advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography or other developments may result in our failure or inability, or the failure or inability of our vendors, to adequately protect personal or other sensitive information and there can be no assurance that we or our vendors will not suffer a cyberattack, that hackers or other unauthorized parties will not gain access to or exfiltrate personal information or other sensitive data, or that any such data compromise or unauthorized access will be discovered in a timely fashion.

We rely on associates, contractors and other third parties who may attempt to circumvent our security measures in order to obtain such information and may purposefully or inadvertently cause a breach involving such information. Actual or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train associates, pay higher insurance premiums, and engage third-party specialists for additional services. An information security breach involving confidential and personal data could damage our reputation and our customers' willingness to purchase from us. In addition, we may incur material liabilities and remediation costs as a result of an information security breach, including potential liability for stolen customer or associate data, repairing system damage or providing credit monitoring or other benefits to customers or associates affected by the breach. In the event we experience an information security breach, our insurance may not be sufficient to cover the impact to the business. Although we have developed mitigating security controls to reduce our cyber risk and protect our data from loss or disclosure due to a security breach, including processes designed to reduce the impact of a security breach at a third-party vendor, such measures cannot provide absolute security.

We, and our third-party vendors, regularly experience cyberattacks aimed at disrupting services. Our third-party vendors have been and may be the victim of cyber-related attacks that could lead to operational disruptions that could have an adverse effect on our ability to fulfill customer orders. Security incidents such as ransomware attacks are becoming increasingly prevalent and severe, as well as increasingly difficult to detect. We, and our third-party vendors, have been subject to cyber, phishing and social engineering attacks and other security incidents in the past and may continue to be subject to such attacks in the future. Security breaches can also occur as a result of non-technical issues, including intentional or inadvertent actions by our associates, our third-party vendors or their personnel or other parties. If we or our third-party service providers experience security breaches that result in a decline in marketplace performance, availability problems, or the loss, corruption of, unauthorized access to, or disclosure of personal data or confidential information, people may become unwilling to provide us the information necessary to make purchases on our sites, and our reputation and market position could be harmed. Existing

customers may also decrease their purchases or close their accounts altogether. We could also face potential claims, investigations, regulatory proceedings, liability and litigation, and bear other substantial costs in connection with remediating and otherwise responding to any data security breach, all of which may not be adequately covered by insurance, and which may result in an increase in our costs for insurance or insurance not being available to us on economically feasible terms, or at all. Insurers may also deny us coverage as to any future claim. Any of these results could harm our growth prospects, financial condition, business, and reputation.

***Our failure to protect our reputation could have a material adverse effect on our brands.***

The value of our brands is largely dependent on the success of our merchandise assortment and our ability to provide a consistent, high quality customer experience. We also believe that maintaining and enhancing the reputation and recognition of our banners, particularly DSW, is critical to our ability to expand and retain our customer base. Any negative publicity about us or the significant brands we offer may reduce demand for our merchandise. Failure to comply with ethical, social, product, labor, health and safety, accounting, or environmental standards could also jeopardize our reputation and potentially lead to various adverse consumer actions. In addition, negative claims or publicity, including social media, regarding celebrities we have license and endorsement arrangements with could adversely affect our reputation and sales regardless of whether such claims are accurate. Consumer actions could include boycotts and negative publicity through social or digital media. Public perception about us or the products we carry, whether justified or not, could impair our reputation, involve us in litigation, damage our brand, and have a material adverse effect on our business.

The value of our brands may also depend on the success of our corporate social responsibility ("CSR") and sustainability initiatives, which require company-wide coordination and alignment. Risks associated with these initiatives include any increased public focus, including by governmental and nongovernmental organizations, new laws and regulations, increased costs associated with sustainability efforts and/or compliance with laws and regulations, as well as increased pressure to expand our CSR and sustainability disclosures in these areas, make commitments, set targets or establish additional goals and take actions to such targets and goals. All of the foregoing could expose us to market, operational and execution costs or risks. Any CSR or sustainability metrics that we currently or may in the future disclose, whether based on the standards we set for ourselves or those set by others, may influence our reputation and the value of our brands. There is also increased focus, including by investors, customers, and other stakeholders, on CSR and other sustainability matters, including the use of plastic, energy, waste, and worker safety. Our reputation could be damaged if we do not, or are perceived to not, act responsibly with respect to sustainability matters, which could also have a material adverse effect on our business, results of operations, financial position, and cash flows.

***The reputation and competitive position of our Brand Portfolio segment is dependent on our ability to maintain the brands we license.***

In partnership with Authentic Brands Group LLC, a global brand management and marketing company, we formed ABG-Camuto, a joint venture in which we have a 40% interest. This joint venture acquired several intellectual property rights, including Vince Camuto, Louise et Cie, and others, and focuses on licensing and developing new category extensions to support the global growth of these brands. ABG-Camuto has entered into a licensing agreement with us, which will earn royalties from the net sales of Camuto Group under the brands acquired. In addition, we own footwear, and in some cases handbag, licensing rights of Jessica Simpson, Lucky Brand, and, through a joint venture, JLO Jennifer Lopez.

We rely on our ability to retain and maintain good relationships with the licensors and their ability to maintain strong, well-recognized brands and trademarks. The terms of our license agreements vary and are subject to renewal with various termination provisions. There can be no assurance that we will be able to renew these licenses. Even our longer-term or renewable licenses are typically dependent upon our ability to market and sell the licensed products at specified levels, and our failure to meet such levels may result in the termination or non-renewal of such licenses. Furthermore, many of our license agreements require minimum royalty payments, and if we are unable to generate sufficient sales and profitability to cover these minimum royalty requirements, we may be required to make additional payments to the licensors, which could have a material adverse effect on our business and results of operations.

***Our ABL Revolver has restrictions that could limit our ability to fund operations, which could adversely affect our business.***

The ABL Revolver contains a minimum availability covenant where an event of default shall occur if availability is less than the greater of \$30.0 million or 10.0% of the maximum credit amount. In addition, the ABL Revolver contains customary covenants restricting our activities, including limitations on the ability to sell assets, engage in acquisitions, enter into transactions involving related parties, incur additional debt, grant liens on assets, pay dividends, or repurchase stock, and make certain other changes. There are specific exceptions to these covenants including, in some cases, upon satisfying specified payment conditions. The ABL Revolver contains customary events of default. Upon an event of default that is not cured or waived within the cure periods, in addition to other remedies that may be available to the lenders, the obligations may be accelerated, outstanding letters of credit may be required to be cash collateralized and remedies may be exercised against the collateral.

We use the ABL Revolver for borrowings and to secure letters of credit, both of which reduce the amount of available credit. The actual amount that is available under the ABL Revolver fluctuates, due to factors including, but not limited to, eligible inventory and credit card receivables, reserve amounts, outstanding letters of credit, and outstanding borrowings. Consequently, it is possible that, should we need to access any additional funds from our ABL Revolver, it may not be available in full.

## **RISKS RELATING TO EXTERNAL FACTORS**

***We may be unable to compete in our highly competitive market, which could have a material adverse effect on our business.***

The footwear market is highly competitive with few barriers to entry. We compete against a diverse group of manufacturers and retailers, including department stores, mall-based shoe stores, national chains, independent shoe retailers, single-brand specialty retailers, online shoe retailers, brand-oriented discounters, multi-channel specialty retailers, and brand suppliers. In addition, our wholesale retailer customers sell shoes purchased from competing footwear suppliers with owned and licensed brands that are well known. Our success depends on our ability to remain competitive with respect to assortment, quality, convenience, and value. The performance of our competitors, as well as a change in their pricing policies as a result of the current economic environment, marketing activities, and other business strategies, could have a material adverse effect on our business.

E-commerce networks have rapidly evolved while consumer receptiveness to shopping online has substantially increased. Competition from e-commerce players has significantly increased due to their ability to provide improved user experience, greater ease of buying goods, low or no shipping fees, faster shipping times, and more favorable return policies. Businesses, including our suppliers, can easily launch online sites and mobile platforms at nominal costs by using commercially available software or partnering with any of a number of successful digital marketplace providers. Some of our suppliers use such platforms to compete with us by allowing consumers to purchase products directly through the supplier. Competitors with other revenue sources may also be able to devote more resources to marketing and promotional campaigns, adopt more aggressive pricing policies, and devote more resources to websites, mobile platforms and applications, and systems development.

***Our business may be adversely affected if we are unable to provide our customers with cost-effective shopping platforms that are able to respond and adapt to rapid changes in technology.***

The number of people who access the Internet through devices other than personal computers, including mobile phones, smartphones, handheld computers such as notebooks and tablets, video game consoles, and television set-top devices, has increased dramatically in the past few years. The smaller screen size, functionality, and memory associated with smartphones, laptops, and tablets may make the use of our sites and purchasing our products more difficult. The versions of our sites developed for these devices and our mobile app may not be compelling to consumers.

In addition, it is time consuming and costly to keep pace with rapidly changing and continuously evolving technology. We cannot be certain that our mobile applications or our mobile-optimized sites will be successful in the future. As existing mobile devices and platforms evolve and new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in adjusting and developing applications for changes and alternative devices and platforms, and we may need to devote significant resources to the creation, support, and maintenance of such applications. If we are unable to attract customers to our websites through these devices or are slow to develop versions of our websites that are more compatible with alternative devices or a mobile application, we may fail to capture a significant share of customers, which could have a material adverse effect on our business.

Further, we continually upgrade existing technologies and business applications, and we may be required to implement new technologies or business applications in the future. The implementation of upgrades and changes requires significant investments. Our results of operations may be affected by the timing, effectiveness, and costs associated with the successful implementation of any upgrades or changes to our systems and infrastructure. In the event that it is more difficult for our customers to buy products from us on their mobile devices, or if our customers choose not to buy products from us on their mobile devices or to use mobile products that do not offer access to our websites, our customer growth could be harmed, which could have a material adverse effect on our business, financial condition, and results of operations.

We also are dependent on the interoperability of our sites with popular mobile operating systems that we do not control, such as iOS and Android, and any changes in such systems that degrade the functionality of our sites or mobile app, limit or discontinue our access to a particular platform, or give preferential treatment to competitive products or services, could adversely affect the usage of our sites on mobile devices. We are also subject to the policies and terms of service of the providers of such operating systems and mobile application download stores, which govern the promotion, distribution, content, and operation of our mobile applications. Each provider has broad discretion to change and interpret its terms of service and other policies with respect to us and other developers, and those changes may be unfavorable to us. Additionally, mobile application download stores have imposed, and are likely to continue imposing, certain privacy-and security-related restrictions and controls on the providers and applications within their marketplaces. For example, Apple released a software update in 2021 that, by default, blocks advertisers from tracking certain mobile device activity unless affirmative consent is obtained.

In the event that it is more difficult for our customers to access and use our sites on their mobile devices, or if our customers choose not to access or to use our sites on their mobile devices or to use mobile products that do not offer access to our sites, it could have a material adverse effect on our business, financial condition, and results of operations.

***We rely on foreign sources for our merchandise, and our business is therefore subject to risks associated with international trade.***

We face risks inherent in purchasing from suppliers with foreign operations, such as: public health threats, including the COVID-19 pandemic; economic and political instability in countries where these suppliers are located; international hostilities or acts of war or terrorism affecting the U.S. or foreign countries from which our merchandise is sourced; increases in shipping costs; transportation delays and interruptions, including increased inspections of import shipments by domestic authorities; work stoppages; expropriation or nationalization; changes in foreign government administration and governmental policies; changes in import duties or quotas; compliance with trade and foreign tax laws; and local business practices, including compliance with foreign laws and with domestic and international labor standards. Such events may increase our costs and disrupt our operations, which could have a material adverse effect on our business, financial condition, and results of operations.

We require our business partners to operate in compliance with applicable laws and regulations and our internal requirements. However, we do not control such third parties or their labor and business practices. The violation of labor or other laws by one of our vendors could have a material adverse effect on our business. In addition, we rely on manufacturers that operate outside of North America, including China, Vietnam, and Brazil, who may disclose our intellectual property or other proprietary information to competitors or third parties, which could result in the distribution and sale of counterfeit versions of our products.

***Our international operations expose us to political, economic, operational, compliance, and other risks.***

We have international operations in various locations, including China, Canada, and Brazil. The success of our international operations may be adversely affected by political, economic, and social conditions beyond our control, local laws and customs, and legal and regulatory constraints, including compliance with applicable anti-bribery, anti-corruption, labor, and currency laws and regulations. Risks inherent in our existing and future operations also include, among others, public health threats, such as the COVID-19 pandemic, the cost and difficulties of managing operations outside of the U.S., possible adverse tax consequences from changes in tax laws or the unfavorable resolution of tax assessments or audits, and greater difficulty in enforcing intellectual property rights. Additionally, foreign currency exchange rates and fluctuations may negatively impact our financial results. Any of these events could have a material adverse effect on our business, financial condition, or results of operations.

***Vaccine mandates and other governmental regulations relating to the ongoing COVID-19 pandemic could have a material adverse impact on our business, operations, and results of operations.***

On September 9, 2021, President Biden announced a proposed rule requiring that all employers with at least 100 employees require that their employees be fully vaccinated or tested weekly (the "vaccine mandate"). The U.S. Department of Labor's Occupational Safety and Health Administration ("OSHA") issued an emergency temporary standard regulation to carry out this mandate. On January 26, 2022, OSHA withdrew the emergency temporary standard regulation, ending the vaccine mandate. At this time, it remains unclear whether OSHA will try to enact similar mandates in the future. As a result, we may be required to implement a requirement that all of our associates or certain of our associates get vaccinated or regularly tested for COVID-19. At this time, it is not possible to predict the impact that a vaccine mandate and any other related measures, or a vaccine requirement should we adopt one, will have on us. Any vaccine requirement put in place may result in employee attrition and impact our ability to recruit new talent, all of which could have a material adverse effect on our business, operations, and results of operations.

***We are subject to stringent and changing privacy laws, regulations, and standards as well as policies, contracts, and other obligations related to data privacy and security. Our failure to comply with privacy laws and regulations, as well as other legal obligations, could have a material adverse effect on our business.***

State, federal, and foreign governments are increasingly enacting laws and regulations governing the collection, use, retention, sharing, transfer, and security of personally identifiable information and data. A variety of federal, state, local, and foreign laws and regulations, orders, rules, codes, regulatory guidance and certain industry standards regarding privacy, data protection, consumer protection, information security and the processing of personal information and other data apply to our business. For example, the California Consumer Privacy Act of 2018 ("CCPA"), which took effect on January 1, 2020, imposes certain restrictions and disclosure obligations on businesses that collect personal information about California residents and provides for a private right of action, as well as penalties for noncompliance. The CCPA provides for civil penalties for violations and creates a private right of action for certain data breaches that is expected to increase data breach litigation. It remains unclear how various provisions of the CCPA will be interpreted and enforced. The California Privacy Rights Act ("CPRA"), which was passed in November 2020 and will take effect in January 2023 (with a look-back for certain requirements to January 2022), amends and expands the CCPA and places additional restrictions on the "sharing" of personal information for purposes of cross-context behavioral advertising. We may be subject to additional privacy regulations in the future, including the Virginia Consumer Data Protection Act and the Colorado Privacy Act, both of which regulate the processing of "personal data" regarding their respective residents and grants residents certain rights with respect to their personal data. State laws are changing rapidly, and new legislation proposed or enacted in a number of other states imposes, or has the potential to impose, additional obligations on companies that process confidential, sensitive and personal information, and will continue to shape the data privacy environment nationally. The U.S. federal government is also significantly focused on privacy matters.

We are subject to other consumer protection laws, including California's Consumer Legal Remedies Act and unfair competition and false advertising laws, the Fair and Accurate Credit Transactions Act and the Telephone Consumer Protection Act, Canada's Anti-Spam Law, the CCPA, CPRA and other recently enacted consumer data protection laws. Additionally, the regulatory environment is increasingly demanding with frequent new and changing requirements concerning cybersecurity, information security and privacy, which may be inconsistent from one jurisdiction to another. Any failure by us or any of our business partners to comply with applicable laws, rules, and regulations may result in investigations or actions against us by governmental entities, private claims and litigation, fines, penalties or other liabilities. Such events may increase our expenses, expose us to liabilities and impair our reputation, which could have a material adverse effect on our business.

While we aim to comply with applicable data protection laws and obligations in all material respects, there is no assurance that we will not be subject to claims that we have violated such laws and obligations, will be able to successfully defend against such claims, or will not be subject to significant fines and penalties in the event of non-compliance. Additionally, to the extent multiple state-level laws are introduced with inconsistent or conflicting standards and there is no federal law to preempt such laws, compliance with such laws could be difficult and costly to achieve, or impossible to achieve, and we could be subject to fines and penalties in the event of non-compliance.

***Legislative or regulatory initiatives related to climate change could have a material adverse effect on our business.***

Greenhouse gases may have an adverse effect on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. Such events could have a negative effect on our business. Concern over climate change may result in new or additional legislative and regulatory requirements to reduce or mitigate the effects of climate change on the environment, which could result in future tax, transportation cost, and utility increases. Moreover, natural disasters and extreme weather conditions may impact the productivity of our facilities, the operation of our supply chain, or consumer buying patterns. Any of these risks could have a material adverse effect on our business.

***Uncertainty in future changes to legislation, regulatory reform, or policies, other than those previously discussed, could have a material adverse effect on our business.***

Laws, regulations, and policies in various jurisdictions may be subject to significant change due to economic, political, and other conditions. Such changes, including additional taxes and tariffs, may result in additional costs to our business and could require us to increase prices to our customers or, if unable to do so, result in a material adverse effect on our financial performance.

**RISKS RELATING TO OUR COMMON SHARES**

***Our amended articles of incorporation, amended and restated code of regulations, and Ohio state law contain provisions that may have the effect of delaying or preventing a change in control of Designer Brands Inc. This could adversely affect the value of our common shares.***

Our amended articles of incorporation authorize our Board of Directors to issue up to 100,000,000 preferred shares and to determine the powers, preferences, privileges, rights, including voting rights, qualifications, limitations, and restrictions on those shares, without any further vote or action by the shareholders. The rights of the holders of our Class A common shares will be subject to, and may be adversely affected by, the rights of the holders of any preferred shares that may be issued in the future. The issuance of preferred shares could have the effect of delaying, deterring, or preventing a change in control and could adversely affect the voting power of our common shares.

In addition, provisions of our amended articles of incorporation, amended and restated code of regulations, and Ohio law, together or separately, could discourage potential acquisition proposals, delay or prevent a change in control, or limit the price that certain investors might be willing to pay in the future for our common shares. Among other things, these provisions establish a staggered board, require a super-majority vote to remove directors, and establish certain advance notice procedures for nomination of candidates for election as directors and for shareholder proposals to be considered at shareholders' meetings.

***We do not expect a trading market for the Company's Class B common shares to develop and, therefore, any investment in the Class B common shares may be effectively illiquid, unless such shares are converted into the Company's Class A common shares.***

There is currently no public market for the Company's Class B common shares. We do not intend to list the Class B common shares on any securities exchange or any automated quotation system. As a result, there can be no assurance that a secondary market will develop, and we do not expect any market makers to participate in a secondary market. Because the Class B common shares are not listed on a securities exchange or an automated quotation system, it may be difficult to obtain pricing information with respect to the shares. Accordingly, there may be a limited number of buyers if a holder decided to sell its Class B common shares. This may affect the price a holder would receive upon such sale. Alternatively, a holder of such shares could convert them into Class A common shares, on a share for share basis, prior to selling. However, such conversion could affect the timing of any such sale, which may in turn affect the price a holder may receive upon such sale.

**Entities owned by or controlled by Jay L. Schottenstein, the Executive Chairman of the Designer Brands Inc. Board of Directors, and members of his family (the "Schottenstein Affiliates") directly control or substantially influence the outcome of matters submitted for Designer Brands Inc. shareholder votes, and their interests may differ from other shareholders.**

As of January 29, 2022, the Schottenstein Affiliates have approximately 54% of the voting power of the Company's outstanding common shares. The Schottenstein Affiliates directly control or substantially influence the outcome of matters submitted to Designer Brands Inc.'s shareholders for approval, including the election of directors, approval of mergers or other business combinations, and acquisitions or dispositions of assets. The interests of the Schottenstein Affiliates may differ from or be opposed to the interests of other shareholders, and their level of ownership and voting power in the Company may have the effect of delaying or preventing a subsequent change in control that may be favored by other shareholders.

The Schottenstein Affiliates engage in a variety of businesses, including, but not limited to, business and inventory liquidations, apparel companies, and real estate investments. Opportunities may arise in the area of potential competitive business activities that may be attractive to the Schottenstein Affiliates and us. Our amended and restated articles of incorporation provide that the Schottenstein Affiliates are under no obligation to communicate or offer any corporate opportunity to us. In addition, the Schottenstein Affiliates have the right to engage in similar activities as us, do business with our suppliers and customers, and, except as limited by agreement, employ or otherwise engage any of our officers or associates.

Furthermore, as a "controlled company" within the meaning of the New York Stock Exchange (the "NYSE") rules, the Company qualifies for and, in the future, may opt to rely on, exemptions from certain corporate governance requirements, including having a majority of independent directors, as well as having nominating and corporate governance and compensation committees composed entirely of independent directors.

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## UNRESOLVED STAFF COMMENTS

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None.

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## PROPERTIES

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The following table summarizes the location and general use of our principal properties as of January 29, 2022 that we consider to be material to our business and we believe will meet our operational needs for the foreseeable future:

Facility	Location	Owned/Leased	Segment	Approximate Square Feet
Principal corporate office	Columbus, Ohio	Owned	Corporate and U.S. Retail	178,000
Distribution center	Columbus, Ohio	Owned	U.S. Retail	625,000
Fulfillment center <sup>(1)</sup>	Columbus, Ohio	Leased	U.S. Retail	854,000
Distribution center	Westampton, New Jersey	Leased	Brand Portfolio	683,000
U.S. retail stores <sup>(2)</sup>	508 various U.S. locations	Leased	U.S. Retail	10,308,000
Canada retail stores <sup>(3)</sup>	140 various Canadian locations	Leased	Canada Retail	1,103,000
Showrooms	7 various U.S. locations	Leased	Brand Portfolio	95,000
Foreign sourcing offices	One location in China and one location in Brazil	Leased	Brand Portfolio	117,000

- (1) Our fulfillment center is leased from a Schottenstein Affiliate, a related party, and expires in September 2022 with two renewal options of five years each.
- (2) Our DSW U.S. stores average approximately 20,300 square feet. Most of the store leases are for a fixed term with options for extension periods, exercisable at our option.
- (3) The Shoe Company and DSW stores in Canada average approximately 7,900 square feet. Most of the store leases are for a fixed term with options for extension periods, exercisable at our option.

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**LEGAL PROCEEDINGS**

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The information set forth in Note 13, *Commitments and Contingencies - Legal Proceedings*, of the Consolidated Financial Statements of this Form 10-K is incorporated herein by reference.

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**LINE SAFETY DISCLOSURES**

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Not applicable.

**PART II**

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**MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

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**COMMON SHARES**

Our Class A common shares are listed for trading on the NYSE under the ticker symbol "DBI." There is currently no public market for the Company's Class B common shares, but the Class B common shares can be exchanged for the Company's Class A common shares at the election of the holder on a share for share basis. Holders of Class A common shares are entitled to one vote per share and holders of Class B common shares are entitled to eight votes per share on matters submitted to shareholders for approval. As of March 14, 2022, there were 197 holders of record of our Class A common shares and 13 holders of record of our Class B common shares. The number of holders of record is based upon the actual number of holders registered at such date and does not include holders of shares in "street names" or persons, partnerships, associates, corporations, or other entities identified in security position listings maintained by depositories.

***DIVIDENDS***

The payment of dividends is subject to the restrictions imposed by the ABL Revolver and is at the discretion of our Board of Directors, which considers our expectations of future earnings, cash flow, financial condition, capital requirements, changes in taxation laws, general economic condition, and any other relevant factors.

***SHARE REPURCHASE PROGRAM***

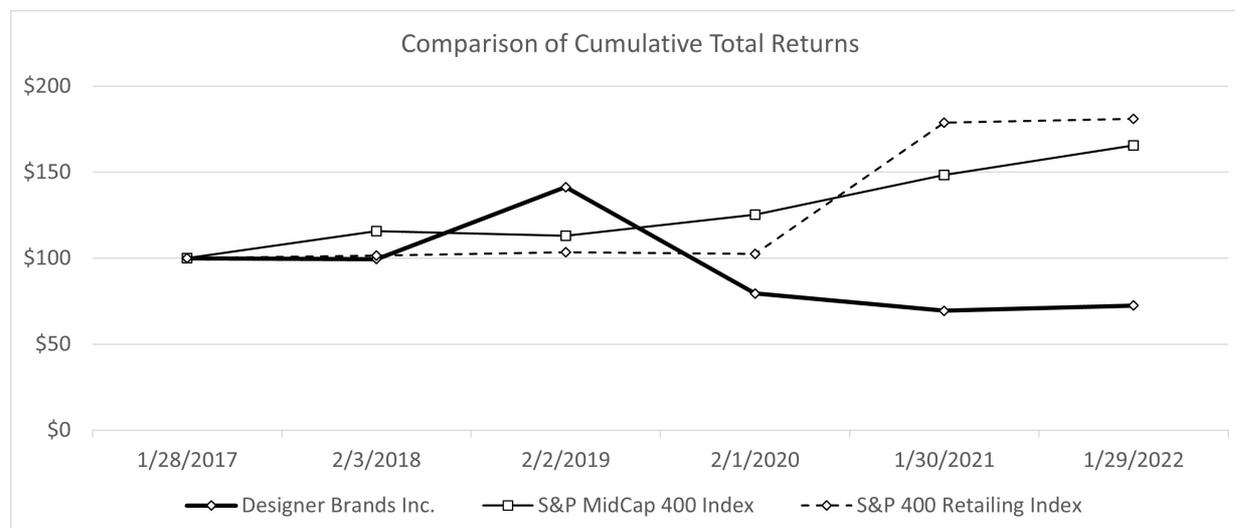
On August 17, 2017, the Board of Directors authorized the repurchase of an additional \$500 million of Class A common shares under our share repurchase program, which was added to the \$33.5 million remaining from the previous authorization, with \$334.9 million of Class A common shares that remain authorized for repurchase under the program as of January 29, 2022. During 2021, we did not repurchase any Class A common shares. The share repurchase program is subject to restrictions imposed by the ABL Revolver and may be suspended, modified, or discontinued at any time, and we have no obligation to repurchase any amount of our common shares under the program. Any share repurchases will be completed in the open market at times and in amounts considered appropriate based on price and market conditions.

***RESTRICTIONS***

The ABL Revolver contains covenants restricting our ability to pay dividends or repurchase stock. There are specific exceptions to these covenants including, in some cases, upon satisfying specified payment conditions. As of March 14, 2022, we were limited in our ability to pay dividends or repurchase stock above a maximum of \$63.1 million.

## PERFORMANCE GRAPH

The following graph compares our cumulative total shareholder return on our Class A common shares with the cumulative total returns of the Standard and Poor's ("S&P") MidCap 400 Index and the S&P MidCap 400 Retail Index, both of which are published indices. The comparison of the cumulative total returns for each investment assumes that \$100 was invested on January 28, 2017 and that all dividends were reinvested. This comparison includes the period ended January 28, 2017 through the period ended January 29, 2022.



Company / Index	January 28, 2017	February 3, 2018	February 2, 2019	February 1, 2020	January 30, 2021	January 29, 2022
Designer Brands Inc.	\$ 100.00	\$ 99.50	\$ 141.35	\$ 79.44	\$ 69.46	\$ 72.52
S&P MidCap 400 Index	\$ 100.00	\$ 115.74	\$ 112.95	\$ 125.21	\$ 148.32	\$ 165.45
S&P MidCap 400 Retail Index	\$ 100.00	\$ 101.40	\$ 103.48	\$ 102.42	\$ 178.77	\$ 181.07

[RESERVED]

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis of financial condition and results of operations contains forward-looking statements that involve various risks and uncertainties. See *Cautionary Statement Regarding Forward-Looking Information for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995* on page ii for a discussion of the uncertainties, risks, and assumptions associated with these statements. This discussion is best read in conjunction with our Consolidated Financial Statements, including the notes thereto, set forth in Item 8. *Financial Statements and Supplementary Data* of this Form 10-K. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those listed under Item 1A. *Risk Factors* of this Form 10-K and included elsewhere in this Form 10-K.

The following discussion includes a comparison of our results of operations and liquidity and capital resources for 2021 and 2020. Except where it may be useful in understanding 2021 results, we have omitted discussion of results for 2019, which may be found in Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* of our Annual Report on Form 10-K for the year ended January 30, 2021, filed with the SEC on March 22, 2021.

## **EXECUTIVE OVERVIEW AND TRENDS IN OUR BUSINESS**

Despite the continuing challenges of the volatile market conditions and supply chain disruptions, our strong results for 2021 demonstrated our ability to be nimble and quickly adapt our business model. Our operating profit in 2021 surpassed pre-COVID-19 levels with a 61% growth when compared to 2019 and we continued to make progress by:

- Growing our market share in historically underpenetrated categories, including athletic, men's and kids';
- Maintaining our leading position in the seasonal and dress categories; and
- Leaning further into our in-house design and sourcing capabilities as we move towards our goal of becoming a builder of brands.

As we look ahead to our strategic growth, we have organized our efforts around three pillars - Customer, Brand, and Speed:

- **Customer-** More than ever, our customers have a great desire for products and experiences, and we are adding resources to our digital, information technology ("IT") and analytics teams to understand precisely what they want and what can be improved to provide the best possible experience. Undertaking these actions will enable us to better understand our customers, provide improved service, and target new demographics in ways that we have never deployed before. We are also developing new ideas for how we can provide more value to our VIP rewards members, who we believe continue to be the lifeblood of our business and our largest competitive differentiator.
- **Brand-** Controlling our own brand destiny is critical for our growth. As we continue to design some of the best brands in the industry, Vince Camuto, Jessica Simpson, Lucky Brand and JLO Jennifer Lopez, we are combining that with our strong direct-to-consumer distribution through our physical footprint in North America and digital infrastructure. We are also partnering with some of the top national brands in the industry to offer one of the largest and broadest assortments. We remain focused on investing in our top 50 brands and will continue to prioritize growing our own brands.
- **Speed-** Moving quickly is of the utmost importance to consumers. We are developing processes to deliver products more quickly. Fulfillment of digital customer orders currently takes five to seven business days and we are working to improve that to two to three calendar days while simultaneously finding efficiencies to contain costs. We are optimizing our current infrastructure and expanding our delivery partnerships. We are also working to improve collaboration through technology and processes across our organization and to gain additional efficiencies in our overall development cycle.

## ***IMPACT OF THE COVID-19 PANDEMIC ON OUR RESULTS OF OPERATIONS***

As we continue to closely monitor the ongoing COVID-19 pandemic, our top priority remains protecting the health and safety of our customers and associates. As this continues to be an unprecedented period of uncertainty, we have made adjustments and may continue to adjust our operational plans, inventory controls, and liquidity management, as well as make changes to our expense and capital expenditure plans. While trends improved during 2021 as compared to 2020, we cannot reasonably estimate the extent to which our business will continue to be affected by the COVID-19 pandemic and to what extent the recent improved trends will continue. For instance, we have continued to experience reduced customer in-store traffic and net sales when compared to pre-COVID-19 periods, and it is unclear when customer behavior will return to pre-COVID-19 patterns, if at all. The ongoing and prolonged nature of the COVID-19 pandemic may lead to further adjustments to our operations. As such, the ultimate impacts of the COVID-19 pandemic on our businesses will depend on future developments, including the availability of labor, global supply chain disruptions, new variants of COVID-19 and the severity thereof, and the global availability and use of vaccines or palliatives, all of which are highly uncertain and cannot be predicted. As a result, we may have future write-downs or adjustments to inventories, receivables, long-lived assets, intangibles, goodwill, and the valuation allowance on deferred tax assets.

## FINANCIAL SUMMARY AND OTHER KEY METRICS

- Net sales increased to \$3.2 billion for 2021 from \$2.2 billion for 2020.
- Gross profit as a percentage of net sales was 33.4% for 2021, as compared to 13.9% for 2020 and higher than the pre-COVID-19 rate, which was 28.6% for 2019.
- Net income for 2021 was \$154.5 million, or \$2.00 per diluted share, which included net after-tax benefits of \$23.2 million, or \$0.30 per diluted share, primarily related to the change in valuation allowance on deferred tax assets, restructuring charges, and target acquisition costs. Net loss for 2020 was \$488.7 million, or a loss of \$6.77 per diluted share, which included net after-tax charges of \$207.1 million, or \$2.87 per diluted share, primarily related to impairment and restructuring charges, a settlement gain with a vendor, and the valuation allowance established against deferred tax assets.

**Comparable Sales Performance Metric-** The following table presents the percent change in comparable sales for each segment and in total:

	2021	2020
Change in comparable sales:		
U.S. Retail segment	55.0 %	(34.9)%
Canada Retail segment	20.1 %	(26.0)%
Brand Portfolio segment - direct-to-consumer channel	30.9 %	38.2 %
Other	NA	(50.4)%
Total	51.6 %	(34.2)%

NA - Not applicable

We consider the percent change in comparable sales from the same previous year period, a primary metric commonly used throughout the retail industry, to be an important measurement for management and investors of the performance of our direct-to-consumer businesses. We include in our comparable sales metric sales from stores in operation for at least 14 months at the beginning of the applicable year. Stores are added to the comparable base at the beginning of the year and are dropped for comparative purposes in the quarter in which they are closed. Comparable sales include stores temporarily closed as a result of the COVID-19 pandemic as management believes that this metric is meaningful to monitor our performance. Comparable sales also include e-commerce sales. Comparable sales for the Canada Retail segment exclude the impact of foreign currency translation and are calculated by translating current period results at the foreign currency exchange rate used in the comparable period of the prior year. Comparable sales for the Brand Portfolio segment include the direct-to-consumer e-commerce site [www.vincecamuto.com](http://www.vincecamuto.com). Beginning with the third quarter of 2020, comparable sales do not include the Other segment due to no longer having activity in the Other segment. The calculation of comparable sales varies across the retail industry and, as a result, the calculations of other retail companies may not be consistent with our calculation.

**Number of Stores-** As of the end of 2021 and 2020, we had the following number of stores:

	January 29, 2022	January 30, 2021
U.S. Retail segment - DSW stores	508	519
Canada Retail segment:		
The Shoe Company stores	115	117
DSW stores	25	27
	140	144
Total number of stores	648	663

## RESULTS OF OPERATIONS

The following table presents our consolidated results of operations with associated percentages of net sales:

	2021		2020		Change	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	%
Net sales	\$ 3,196,583	100.0 %	\$ 2,234,719	100.0 %	\$ 961,864	43.0 %
Cost of sales	(2,127,946)	(66.6)	(1,923,478)	(86.1)	(204,468)	10.6 %
Gross profit	1,068,637	33.4	311,241	13.9	757,396	243.3 %
Operating expenses	(870,682)	(27.2)	(753,278)	(33.7)	(117,404)	15.6 %
Income from equity investment	8,986	0.3	9,329	0.5	(343)	(3.7)%
Impairment charges	(1,720)	(0.1)	(153,606)	(6.9)	151,886	(98.9)%
Operating profit (loss)	205,221	6.4	(586,314)	(26.2)	791,535	NM
Interest expense, net	(32,129)	(1.0)	(23,694)	(1.1)	(8,435)	35.6 %
Non-operating income (expenses), net	(67)	(0.0)	1,361	0.1	(1,428)	NM
Income (loss) before income taxes	173,025	5.4	(608,647)	(27.2)	781,672	NM
Income tax benefit (provision)	(18,544)	(0.6)	119,928	5.3	(138,472)	NM
Net income (loss)	\$ 154,481	4.8 %	\$ (488,719)	(21.9)%	\$ 643,200	NM
Basic and diluted earnings (loss) per share:						
Basic earnings (loss) per share	\$ 2.12		\$ (6.77)		\$ 8.89	NM
Diluted earnings (loss) per share	\$ 2.00		\$ (6.77)		\$ 8.77	NM
Weighted average shares used in per share calculations:						
Basic shares	73,024		72,198		826	1.1 %
Diluted shares	77,268		72,198		5,070	7.0 %

NM - Not meaningful

## NET SALES

The following table summarizes net sales by segment:

	2021		2020		Change		Comparable Sales %
	Amount	% of Total Segment Net Sales	Amount	% of Total Segment Net Sales	Amount	%	
Segment net sales:							
U.S. Retail	\$ 2,769,706	84.2 %	\$ 1,800,323	78.5 %	\$ 969,383	53.8 %	55.0%
Canada Retail	234,809	7.1 %	182,659	8.0 %	52,150	28.6 %	20.1%
Brand Portfolio	286,024	8.7 %	248,646	10.8 %	37,378	15.0 %	30.9%
Other	—	— %	62,909	2.7 %	(62,909)	NM	NA
Total segment net sales	3,290,539	100.0 %	2,294,537	100.0 %	996,002	43.4 %	51.6%
Elimination of intersegment net sales	(93,956)		(59,818)		(34,138)	57.1 %	
Consolidated net sales	\$ 3,196,583		\$ 2,234,719		\$ 961,864	43.0 %	

NA - Not applicable

NM - Not meaningful

The improvement in sales, including increases in comparable sales and total consolidated net sales, during 2021 over 2020 was a result of the temporary closure of stores in 2020 during our peak spring selling season in response to the COVID-19 pandemic and significantly reduced customer in-store traffic since re-opening. During 2021, sales significantly recovered from 2020 levels, although we have continued to experience reduced customer in-store traffic and consolidated net sales remain lower when compared to pre-COVID-19 periods. During a portion of 2021, the Canada Retail segment was impacted by further temporary closures and restrictions in certain key markets. In addition, net sales were impacted by permanent store closures, including those serviced in the Other segment. The Brand Portfolio segment net sales were higher in 2021 than 2020 due to increased orders as our retailer customers also recover, but net sales were still below pre-COVID-19 levels.

## GROSS PROFIT

The following table summarizes gross profit by segment:

<i>(dollars in thousands)</i>	2021		2020		Change		Basis Points
	Amount	% of Segment Net Sales	Amount	% of Segment Net Sales	Amount	%	
<b>Segment gross profit:</b>							
U.S. Retail	\$ 933,555	33.7 %	\$ 242,786	13.5 %	\$ 690,769	284.5 %	2,020
Canada Retail	76,728	32.7 %	28,651	15.7 %	48,077	167.8 %	1,700
Brand Portfolio	66,774	23.3 %	36,393	14.6 %	30,381	83.5 %	870
Other	—	— %	962	1.5 %	(962)	NM	NM
Total segment gross profit	1,077,057	32.7 %	308,792	13.5 %	768,265	248.8 %	1,920
Elimination of intersegment gross loss (profit)	(8,420)		2,449		(10,869)		
Consolidated gross profit	\$ 1,068,637	33.4 %	\$ 311,241	13.9 %	\$ 757,396	243.3 %	1,950

NM - Not meaningful

The improvement in gross profit was primarily driven by increased sales during 2021 as compared to 2020. We addressed the temporary closure of stores in 2020, and the subsequent reduction in customer in-store traffic upon store re-openings, with aggressive promotional activity. These actions resulted in higher inventory reserves, increased shipping costs associated with higher digital penetration, and deleveraged distribution and fulfillment, store occupancy, and royalty expenses on lower sales volume during 2020. During 2021, tight inventory positions resulted in fewer promotions. Accordingly, gross profit as a percentage of net sales for 2021 was higher by 480 basis points than the pre-COVID-19 rate, which was 28.6% for 2019. The Brand Portfolio segment's gross profit as a percentage of net sales significantly improved during 2021 compared to 2020 but remained below pre-COVID-19 levels when compared to 2019 due to the deleverage impacts of lower net sales.

Elimination of intersegment gross loss (profit) consisted of the following:

<i>(dollars in thousands)</i>	2021	2020
<b>Elimination of intersegment activity:</b>		
Net sales recognized by Brand Portfolio segment	\$ (93,956)	\$ (59,818)
<b>Cost of sales:</b>		
Cost of sales recognized by Brand Portfolio segment	62,039	42,028
Recognition of intersegment gross profit for inventory previously purchased that was subsequently sold to external customers during the current period	23,497	20,239
	\$ (8,420)	\$ 2,449

## **OPERATING EXPENSES**

Operating expenses increased by \$117.4 million during 2021 as compared to 2020, primarily driven by the implementation of temporary leaves of absence without pay for a significant number of our employees and reducing pay for nearly all employees not placed on temporary leave in response to the COVID-19 pandemic for most of the first half of 2020. During the second half of 2020, we re-opened our stores, discontinued the furlough program, and restored pay for our associates that had taken pay reductions, but made reductions to our workforce. During 2021, we had an increase in store payroll costs in line with the increase in net sales and higher incentive compensation expense. Operating expenses as a percentage of sales improved to 27.2% in 2021 compared to 33.7% in 2020, but was still higher than the pre-COVID-19 rate, which was 25.1% as a percentage of sales in 2019, primarily due to higher direct marketing expense and incentive compensation on lower sales.

## **IMPAIRMENT CHARGES**

During 2021, we recorded impairment charges of \$1.7 million for abandoned equipment we are replacing and for the sublease of an abandoned leased space. As a result of the material reduction in net sales and cash flows due to the temporary closure of all of our stores during 2020, we performed an impairment analysis at the store level. In addition, we evaluated other long-lived assets based on our intent to use such assets going forward. During 2020, we recorded impairment charges of \$127.1 million for under-performing stores. Also during 2020, we recorded an impairment charge of \$6.5 million for the Brand Portfolio segment customer relationship intangible asset resulting in a full impairment due to the lack of projected cash flows over the remaining useful life. Further, as a result of the material reduction in net sales and cash flows and the decrease in the Company's market capitalization due to the impact of the COVID-19 pandemic on macroeconomic conditions, we performed an impairment analysis for goodwill and other indefinite-lived intangible assets. Our analysis concluded that the fair value of the First Cost reporting unit within the Brand Portfolio segment did not exceed its carrying value. Accordingly, during 2020, we recorded an impairment charge of \$20.0 million for the First Cost reporting unit in the Brand Portfolio segment, resulting in a full impairment.

## **INCOME TAXES**

The effective tax rate changed to 10.7% for 2021 from 19.7% for 2020. The rate for 2021 is the result of maintaining a full valuation allowance on deferred tax assets while also recording net discrete tax benefits, primarily as a result of adjustments to our estimated 2020 return reflecting implemented tax strategies. The rate for 2020 is the result of recording an additional valuation allowance of \$87.6 million partially offset by the ability to carry back current year losses to a tax year where the U.S. federal statutory tax rate was 35%.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **OVERVIEW**

Our primary ongoing operating cash flow requirements are for inventory purchases, payments on lease obligations and licensing royalty commitments, other working capital needs, and capital expenditures. Our working capital and inventory levels fluctuate seasonally. The following table summarizes our material undiscounted cash requirements for 2022 and future fiscal years thereafter, and provides reference for each item to the relevant note of the Consolidated Financial Statements of this Form 10-K:

<i>(in thousands)</i>	Note Reference	2022	Future Fiscal Years Thereafter	Total
Debt maturities	Note 11	\$ —	231,250	\$ 231,250
Fixed minimum lease payments	Note 12	\$ 229,051	654,618	\$ 883,669
Noncancelable purchase obligations	Note 13	\$ 9,101	12,285	\$ 21,386
Guaranteed minimum royalty payments	Note 13	\$ 34,659	222,029	\$ 256,688

On February 8, 2022, we settled in full the \$231.3 million principal amount outstanding under our senior secured term loan ("Term Loan"). In connection with this settlement, we incurred a \$12.7 million loss on extinguishment of debt, comprised of a \$6.9 million prepayment premium and a \$5.7 million write-off of unamortized debt issuance costs, which will be recorded in the first quarter of 2022. The settlement of the Term Loan was made using proceeds from borrowings under the ABL Revolver.

We are committed to a cash management strategy that maintains liquidity to adequately support the operation of the business and withstand unanticipated business volatility, including the impacts of the COVID-19 pandemic. We believe that cash generated from our operations, together with our current levels of cash and availability under our ABL Revolver, are sufficient to maintain our ongoing operations and fund capital expenditures over the next 12 months and beyond.

The following table presents the key categories of our consolidated statements of cash flows:

<i>(in thousands)</i>	2021	2020	Change
Net cash provided by (used in) operating activities	\$ 171,429	\$ (153,793)	\$ 325,222
Net cash provided by (used in) investing activities	(35,028)	2,631	(37,659)
Net cash provided by (used in) financing activities	(121,490)	122,954	(244,444)
Effect of exchange rate changes on cash balances	(33)	1,225	(1,258)
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ 14,878	\$ (26,983)	\$ 41,861

### **OPERATING CASH FLOWS**

The change in net cash provided by (used in) operations was driven by the net income recognized during 2021 versus a net loss incurred during 2020 as a result of the impacts of the COVID-19 pandemic, after adjusting for non-cash activity including impairment charges and the change in deferred taxes. This was partially offset by higher spend on working capital as our business recovered from the impacts of the COVID-19 pandemic and the measures we implemented in 2020 to manage our working capital to preserve liquidity, including delaying vendor and landlord payments while we renegotiated terms, reducing inventory orders, and significantly cutting costs.

### **INVESTING CASH FLOWS**

For 2021, the net cash used in investing activities was primarily due to capital expenditures relating to infrastructure and IT projects, new stores, and store improvements. For 2020, the net cash provided by investing activities was due to the liquidation of our available-for-sale securities and the proceeds from a settlement with a vendor, partially offset by capital expenditures.

### **FINANCING CASH FLOWS**

During 2021, the net cash used in financing activities was due to net payments of \$100.0 million on the ABL Revolver and payments of \$12.5 million on the Term Loan. During 2020, the net cash provided by financing activities was due to net proceeds from borrowings from our ABL Revolver and Term Loan of \$343.7 million offset by the settlement of borrowings under our senior unsecured revolving credit agreement (the "Credit Facility") of \$190.0 million and the payment of debt issuance costs of \$21.4 million associated with the changes we made to our debt structure.

### **DEBT**

**ABL Revolver-** On August 7, 2020, we replaced the Credit Facility with the ABL Revolver, which provides a revolving line of credit of up to \$400.0 million. Our ABL Revolver matures in August 2025 and is secured by substantially all of our personal property assets, including a first priority lien on credit card receivables and inventory. The amount of credit available is limited to a borrowing base based on, among other things, a percentage of the book value of eligible inventory and credit card receivables, as reduced by certain reserves. As of January 29, 2022, the ABL Revolver had a borrowing base of \$400.0 million, with no outstanding borrowings and \$4.9 million in letters of credit issued, resulting in \$395.1 million available for borrowings.

**Term Loan-** On August 7, 2020, we also entered into a \$250.0 million Term Loan. The Term Loan was collateralized by a first priority lien on substantially all of our personal and real property (subject to certain exceptions), including investment property and intellectual property, and by a second priority lien on certain other personal property, primarily credit card receivables, and inventory, that constitute first priority collateral for the ABL Revolver.

**Termination of Term Loan-** As discussed above, on February 8, 2022, we voluntarily terminated our Term Loan and settled in full the \$231.3 million principal amount then outstanding. In connection with this settlement, we incurred a \$12.7 million loss on extinguishment of debt, comprised of a \$6.9 million prepayment premium and a \$5.7 million write-off of unamortized debt issuance costs, which will be recorded in the first quarter of 2022. The settlement of the Term Loan was made using proceeds from borrowings under the ABL Revolver. As of January 29, 2022, the total borrowings under the Term Loan were classified as long-term debt since we had the ability and intent to refinance the Term Loan using borrowings from our ABL Revolver, which we classify as long-term debt. Following the termination of the Term Loan, we had \$235.0 million of outstanding borrowings, resulting in \$160.1 million remaining available for borrowings, under the ABL Revolver.

**Debt Covenants-** The ABL Revolver contains a minimum availability covenant where an event of default shall occur if availability is less than the greater of \$30.0 million or 10.0% of the maximum credit amount. In addition, the ABL Revolver contains customary covenants restricting our activities, including limitations on the ability to sell assets, engage in acquisitions, enter into transactions involving related parties, incur additional debt, grant liens on assets, pay dividends or repurchase stock, and make certain other changes. There are specific exceptions to these covenants including, in some cases, upon satisfying specified payment conditions. As of January 29, 2022, we were in compliance with all financial covenants.

Refer to Note 11, *Debt*, of the Consolidated Financial Statements of this Form 10-K for further information about our debt arrangements.

### **CAPITAL EXPENDITURE PLANS**

We expect to spend approximately \$70.0 million to \$80.0 million for capital expenditures in 2022. Our future investments will depend primarily on the number of stores we open and remodel, infrastructure and IT projects that we undertake and the timing of these expenditures.

### **RECENT ACCOUNTING PRONOUNCEMENTS**

There are no recent accounting pronouncements that are expected to have a material impact to our consolidated financial statements when adopted.

### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

As discussed in Note 1, *Description of Business and Significant Accounting Policies*, of the Consolidated Financial Statements included in this Form 10-K, the preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of commitments and contingencies at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. We base these estimates and judgments on factors we believe to be relevant, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The process of determining significant estimates is fact-specific and takes into account factors such as historical experience, current and expected economic conditions, product mix, and in some cases, actuarial and valuation techniques. We constantly re-evaluate these significant factors and make adjustments where facts and circumstances dictate. While we believe that the factors considered provide a meaningful basis for the accounting policies applied in the preparation of the consolidated financial statements, we cannot guarantee that our estimates and assumptions will be accurate. As the determination of these estimates requires the exercise of judgment, actual results may differ from those estimates, and such differences may be material to our consolidated financial statements.

We believe the following represent the most significant accounting policies, critical estimates and assumptions, among others, used in the preparation of our consolidated financial statements:

Policy	Judgments and Estimates	Effect if Actual Results Differ from Assumptions
<p><b>Inventories-</b> The U.S. Retail segment inventory is accounted for using the retail inventory method and is stated at the lower of cost or market. Under the retail inventory method, the valuation of inventories at cost and the resulting gross profits are determined by applying a calculated cost-to-retail ratio to the retail value of inventories. The cost basis of inventories reflected on the balance sheet is decreased by charges to cost of sales at the time that the retail value of the inventory is lowered by markdowns. The Canada Retail and Brand Portfolio segments account for inventory using the moving average cost method and is stated at the lower of cost or net realizable value. For all inventories, we also monitor excess and obsolete inventories that may need to be liquidated at amounts below cost. We perform physical inventory counts or cycle counts on all inventory on hand throughout the year and adjust the recorded balance to reflect the results. We record estimated shrink between physical inventory counts, based on historical experience and recent results, less amounts realized.</p>	<p>Inherent in the calculation of inventories are certain significant judgments and estimates, including setting the original merchandise retail value, markdowns, shrink, and liquidation values. The shrink reserve is calculated as a percentage of sales from the last physical inventory date, based on both historical experience and recent physical inventory results, less amounts realized. Aged inventory may be written down using estimated liquidation values and cost of disposal based on historical experience.</p>	<p>If the reduction to inventories for markdowns, shrink, and aged inventories were to increase by 10%, cost of sales would increase by approximately \$3.9 million.</p>
<p><b>Asset Impairment of Long-Lived Assets-</b> We periodically evaluate the carrying amount of our long-lived assets, primarily property and equipment and operating lease assets, when events and circumstances warrant such a review to ascertain if any assets have been impaired. The carrying amount of a long-lived asset or asset group is considered impaired when the carrying value of the asset or asset group exceeds the expected future cash flows from the asset or asset group. The impairment loss recognized is the excess of the carrying value of the asset or asset group over its fair value.</p>	<p>Our reviews are conducted at the lowest identifiable level, which typically is at the store level for the majority of our long-lived assets. Fair value at the store level is typically based on projected discounted cash flows over the remaining lease term. We also review construction in progress projects, including internal-use software under development, for recoverability when we have a strategic shift in our plans.</p>	<p>A 10% change in our projected cash flows for our store fleet would not result in a material amount of additional impairment charges. To the extent that these future projections or our strategies change, the conclusion regarding impairment may differ from our current estimates.</p>

Policy	Judgments and Estimates	Effect if Actual Results Differ from Assumptions
<p><b>Impairment of Goodwill and Other Indefinite Lived Intangible Assets-</b> We evaluate goodwill and other indefinite lived intangible assets for impairment annually during our fourth quarter, or more frequently if an event occurs or circumstances change, such as material deterioration in performance or a significant and sustained decline in our stock price, that would indicate that impairment may exist. When evaluating for impairment, we may first perform a qualitative assessment to determine whether it is more likely than not that there is an impairment. If we do not perform a qualitative assessment, or if we determine that it is more likely than not that the carrying value exceeds its fair value, we will calculate the estimated fair value. Fair value is the price a willing buyer would pay and is typically calculated using a discounted cash flow analysis. Where deemed appropriate, we may also utilize a market approach for estimating fair value. Impairment charges are calculated as the amount by which the carrying amount exceeds its fair value, but not to exceed the carrying value for goodwill.</p>	<p>When assessing goodwill and other indefinite lived intangible assets for impairment, our decision to perform a qualitative impairment assessment is influenced by a number of factors, including the significance of the excess of the estimated fair value over carrying value at the last assessment date and the amount of time since the last quantitative fair value assessments. Our quantitative impairment calculations contain uncertainties as we are required to make assumptions and to apply judgment when estimating future cash flows, including projected revenue and operating results, as well as selecting appropriate discount rates and an assumed royalty rate. Estimates of revenue and operating results are based on internal projections considering past performance and forecasted changes, strategic initiatives, and the business environment impacting performance. Discount rates and a royalty rate are selected based on market participant assumptions. These estimates are highly subjective, and our ability to realize the future cash flows used in our fair value calculations is affected by factors such as the success of strategic initiatives, changes in economic conditions, changes in our operating performance and changes in our business strategies.</p>	<p>As of January 29, 2022, we had \$93.7 million of goodwill within the U.S. Retail segment, which is also the reporting unit, and \$15.5 million in indefinite-lived trademarks and tradenames within the Canada Retail segment. We performed a qualitative impairment assessment for goodwill. In addition, we determined the fair values of the indefinite-lived intangibles were in excess of their carrying values and a 10% decrease in fair values would not result in a material impairment charge. As we periodically reassess estimated future cash flows and asset fair values, changes in our estimates and assumptions may cause us to realize material impairment charges in the future.</p>
<p><b>Leases-</b> We recognize lease liabilities based on the present value of the future fixed lease commitments over the lease term with corresponding lease assets. The majority of our real estate leases provide for renewal options, which are typically not included in the lease term used for measuring the lease assets and lease liabilities as it is not reasonably certain we will exercise options.</p>	<p>We determine the discount rate for each lease by estimating the rate that we would be required to pay on a secured borrowing for an amount equal to the lease payments over the lease term.</p>	<p>As of January 29, 2022, a change in our discount rate of 100 basis points would have changed the recorded operating lease assets and liabilities by approximately \$19.7 million.</p>

Policy	Judgments and Estimates	Effect if Actual Results Differ from Assumptions
<p><b>Income Taxes-</b> We determine the aggregate amount of income tax provision or benefit to accrue and the amount that will be currently receivable or payable based upon tax statutes of each jurisdiction in which we do business. Deferred tax assets and liabilities, as a result of these timing differences, are reflected on our balance sheet for temporary differences that are expected to reverse in subsequent years. A valuation allowance is established against deferred tax assets when it is more likely than not that some or all of the deferred tax assets will not be realized. We review and update our tax positions as necessary to add any new uncertain tax positions taken, or to remove previously identified uncertain positions that have been adequately resolved. Additionally, uncertain positions may be remeasured as warranted by changes in facts or law.</p>	<p>Our ability to recover deferred tax assets depends on several factors, including the amount of net operating losses we can carry back and our ability to project future taxable income. In evaluating future taxable income, significant weight is given to positive and negative evidence that is objectively verifiable. In addition, tax laws, regulations, and policies in various jurisdictions may be subject to significant change due to economic, political and other conditions, and significant judgment is required in estimating amounts for income taxes. There may be transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain. The U.S. Treasury Department, the U.S. Internal Revenue Service, and other standard-setting bodies could interpret or issue guidance on how provisions of tax laws, regulations, and policies will be applied or otherwise administered that is different from our interpretation. In addition, state, local or foreign jurisdictions may enact tax laws that could result in further changes to taxation and materially affect our financial position and results of operations.</p>	<p>As of January 29, 2022, our deferred tax assets were reserved with a valuation allowance of \$70.8 million. We also had gross unrecognized tax benefits of \$11.1 million. However, we may have material adjustments in the future that may impact our income tax amounts based on additional information, additional guidance or revised interpretations.</p>

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## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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We have market risk exposure related to interest rates and foreign currency exchange rates. Market risk is measured as the potential negative impact on earnings, cash flows, or fair values resulting from a hypothetical change in interest rates or foreign currency exchange rates over the next year. We currently do not utilize hedging instruments to mitigate these market risks.

### **INTEREST RATE RISK**

As of January 29, 2022, we had \$231.3 million outstanding on our Term Loan, which was settled in full on February 8, 2022, using proceeds from borrowings under the ABL Revolver. Borrowings under both the Term Loan and the ABL Revolver are based on variable rates of interest, which expose us to interest rate market risks, particularly during a period of rising interest rates. The impact of a hypothetical 100 basis point increase in interest rates on our outstanding borrowings would not result in a material amount of additional expense over a 12-month period based on the balance as of January 29, 2022.

### **FOREIGN CURRENCY EXCHANGE RISK**

We are exposed to the impact of foreign exchange rate risk primarily through our operations in Canada, where the functional currency is the Canadian dollar, as well as foreign denominated cash accounts. A hypothetical 10% movement in the exchange rates could result in a \$2.2 million foreign currency translation fluctuation, which would be recorded in accumulated other comprehensive loss within the consolidated balance sheets, and \$3.3 million of foreign currency revaluation, which would be recorded in non-operating income (expenses), net, within the consolidated statements of operations.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of Designer Brands Inc.

**Opinions on the Financial Statements and Internal Control over Financial Reporting**

We have audited the accompanying consolidated balance sheets of Designer Brands Inc. and subsidiaries (the "Company") as of January 29, 2022 and January 30, 2021, the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows, for each of the three years in the period ended January 29, 2022, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of January 29, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 29, 2022 and January 30, 2021, and the results of its operations and its cash flows for each of the three years in the period ended January 29, 2022, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 29, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

**Basis for Opinions**

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

**Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### **Valuation of Inventories – Refer to Note 1 to the financial statements**

#### *Critical Audit Matter Description*

The U.S. Retail segment, which includes stores operated in the U.S. under the DSW Designer Shoe Warehouse banner and its related e-commerce site, accounts for inventory using the retail inventory method and is stated at the lower of cost or market. Under the retail inventory method, the valuation of inventories at cost and the resulting gross profits are determined by applying a calculated cost-to-retail ratio to the retail value of inventories. The cost basis of inventories reflected on the balance sheet is decreased by charges to cost of sales at the time the retail value of the inventory is lowered by markdowns.

Inherent in the valuation of inventory are certain significant judgments and estimates, including estimating inventory markdowns, which can significantly impact the ending inventory valuation and the resulting gross profit. Earnings are negatively impacted as the merchandise is marked down prior to sale.

Given the significant estimates and assumptions management utilizes to measure inventory markdowns at period end, a high degree of auditor judgment and an increased extent of effort is required when performing audit procedures to evaluate the reasonableness of estimates and assumptions. Such estimates are based on the timing and completeness of recorded markdowns.

#### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the completeness of estimated inventory markdowns included the following, among others:

- We tested the design and effectiveness of controls over the timing and completeness of estimated inventory markdowns, including management's controls over the valuation of the estimated inventory markdown reserves, and the approval of lowering the retail value of inventory through markdowns.
- We evaluated management's ability to accurately estimate inventory markdowns by comparing estimated inventory markdowns as of January 29, 2022 to subsequent sales of clearance inventory.
- We observed physical inventory counts throughout the fiscal year, including merchandise designated for clearance. We assessed inventory aging and sell through as of March 2022.
- We tested the amount of estimated inventory markdowns by evaluating management's calculation.
- We developed an independent expectation for inventory markdowns based on historical inventory balances and compared our expectation to the amount recorded by management.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
March 21, 2022

We have served as the Company's auditor since 1997.

**CONSOLIDATED STATEMENTS OF OPERATIONS**

<i>(in thousands, except per share amounts)</i>	2021	2020	2019
Net sales	\$ 3,196,583	\$ 2,234,719	\$ 3,492,687
Cost of sales	(2,127,946)	(1,923,478)	(2,493,017)
Gross profit	1,068,637	311,241	999,670
Operating expenses	(870,682)	(753,278)	(874,749)
Income from equity investment	8,986	9,329	10,149
Impairment charges	(1,720)	(153,606)	(7,771)
Operating profit (loss)	205,221	(586,314)	127,299
Interest expense, net	(32,129)	(23,694)	(7,355)
Non-operating income (expenses), net	(67)	1,361	(170)
Income (loss) before income taxes	173,025	(608,647)	119,774
Income tax benefit (provision)	(18,544)	119,928	(25,277)
Net income (loss)	\$ 154,481	\$ (488,719)	\$ 94,497
Basic and diluted earnings (loss) per share:			
Basic earnings (loss) per share	\$ 2.12	\$ (6.77)	\$ 1.28
Diluted earnings (loss) per share	\$ 2.00	\$ (6.77)	\$ 1.27
Weighted average shares used in per share calculations:			
Basic shares	73,024	72,198	73,602
Diluted shares	77,268	72,198	74,605

The accompanying notes are an integral part of the consolidated financial statements.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

<i>(in thousands)</i>	2021	2020	2019
Net income (loss)	\$ 154,481	\$ (488,719)	\$ 94,497
Other comprehensive income (loss), net of income taxes:			
Foreign currency translation loss	(331)	(618)	(340)
Unrealized net gain on debt securities	—	195	609
Reclassification adjustment for net gains realized in net income (loss)	—	(368)	(58)
Total other comprehensive income (loss), net of income taxes	(331)	(791)	211
Total comprehensive income (loss)	\$ 154,150	\$ (489,510)	\$ 94,708

The accompanying notes are an integral part of the consolidated financial statements.

**CONSOLIDATED BALANCE SHEETS**

<i>(in thousands)</i>	<b>January 29, 2022</b>	January 30, 2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 72,691	\$ 59,581
Receivables, net	199,826	196,049
Inventories	586,429	473,183
Prepaid expenses and other current assets	55,270	51,772
<b>Total current assets</b>	<b>914,216</b>	<b>780,585</b>
Property and equipment, net	256,786	296,469
Operating lease assets	647,221	700,481
Goodwill	93,655	93,655
Intangible assets, net	15,527	15,635
Equity investment	55,578	58,598
Other assets	31,651	31,172
<b>Total assets</b>	<b>\$ 2,014,634</b>	<b>\$ 1,976,595</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 340,877	\$ 245,071
Accrued expenses	215,812	200,326
Current maturities of long-term debt	—	62,500
Current operating lease liabilities	202,228	244,786
<b>Total current liabilities</b>	<b>758,917</b>	<b>752,683</b>
Long-term debt	225,536	272,319
Non-current operating lease liabilities	593,429	677,735
Other non-current liabilities	24,356	30,841
<b>Total liabilities</b>	<b>1,602,238</b>	<b>1,733,578</b>
Commitments and contingencies		
Shareholders' equity:		
Common shares paid in-capital, no par value	1,005,382	990,153
Treasury shares, at cost	(515,065)	(515,065)
Retained deficit	(74,304)	(228,785)
Accumulated other comprehensive loss	(3,617)	(3,286)
<b>Total shareholders' equity</b>	<b>412,396</b>	<b>243,017</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,014,634</b>	<b>\$ 1,976,595</b>

The accompanying notes are an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except per share amounts)	Number of Shares			Amounts				
	Class A Common Shares	Class B Common Shares	Treasury Shares	Common Shares Paid in Capital	Treasury Shares	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total
Balance, February 2, 2019	70,672	7,733	15,091	\$ 953,801	\$ (373,436)	\$ 254,718	\$ (2,706)	\$ 832,377
Cumulative effect of accounting change	—	—	—	—	—	(9,556)	—	(9,556)
Net income	—	—	—	—	—	94,497	—	94,497
Stock-based compensation activity	439	—	—	17,579	—	—	—	17,579
Repurchase of Class A common shares	(7,078)	—	7,078	—	(141,629)	—	—	(141,629)
Dividends paid (\$1.00 per share)	—	—	—	—	—	(72,565)	—	(72,565)
Other comprehensive income	—	—	—	—	—	—	211	211
Balance, February 1, 2020	64,033	7,733	22,169	971,380	(515,065)	267,094	(2,495)	720,914
Net loss	—	—	—	—	—	(488,719)	—	(488,719)
Stock-based compensation activity	633	—	—	18,773	—	—	—	18,773
Dividends paid (\$0.10 per share)	—	—	—	—	—	(7,160)	—	(7,160)
Other comprehensive loss	—	—	—	—	—	—	(791)	(791)
Balance, January 30, 2021	64,666	7,733	22,169	990,153	(515,065)	(228,785)	(3,286)	243,017
Net income	—	—	—	—	—	154,481	—	154,481
Stock-based compensation activity	958	—	—	15,229	—	—	—	15,229
Foreign currency translation adjustment	—	—	—	—	—	—	(331)	(331)
<b>Balance, January 29, 2022</b>	<b>65,624</b>	<b>7,733</b>	<b>22,169</b>	<b>\$ 1,005,382</b>	<b>\$ (515,065)</b>	<b>\$ (74,304)</b>	<b>\$ (3,617)</b>	<b>\$ 412,396</b>

The accompanying notes are an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands)</i>	2021	2020	2019
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ 154,481	\$ (488,719)	\$ 94,497
<b>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</b>			
Depreciation and amortization	77,923	88,026	86,649
Stock-based compensation expense	23,923	20,236	17,059
Deferred income taxes	(1,001)	34,485	(2,931)
Income from equity investment	(8,986)	(9,329)	(10,149)
Distributions received from equity investment	12,006	8,491	10,514
Impairment charges	1,720	153,606	7,771
Gain on settlement	—	(8,990)	—
Other	2,775	695	3,957
<b>Change in operating assets and liabilities:</b>			
Accounts receivables	8,703	23,179	265
Income tax receivable	(12,415)	(149,824)	—
Inventories	(113,248)	160,312	9,290
Prepaid expenses and other current assets	(3,859)	17,166	(14,994)
Accounts payable	92,894	(47,014)	36,995
Accrued expenses	10,735	30,144	(26,595)
Operating lease assets and liabilities, net	(74,222)	13,743	(15,621)
Net cash provided by (used in) operating activities	171,429	(153,793)	196,707
<b>Cash flows from investing activities:</b>			
Cash paid for property and equipment	(33,030)	(31,114)	(77,820)
Purchases of available-for-sale investments	—	—	(20,973)
Sales of available-for-sale investments	—	24,755	66,389
Proceeds from settlements	—	8,990	4,965
Other	(1,998)	—	—
Net cash provided by (used in) investing activities	(35,028)	2,631	(27,439)
<b>Cash flows from financing activities:</b>			
Borrowing on revolving line of credit	—	276,000	463,300
Payments on revolving line of credit	—	(466,000)	(433,300)
Borrowing under ABL Revolver	349,653	150,000	—
Payments on borrowings under ABL Revolver	(449,653)	(50,000)	—
Proceeds from issuance of Term Loan	—	250,000	—
Payments on borrowings under Term Loan	(12,500)	(6,263)	—
Payments of debt issuance costs	—	(21,422)	—
Cash paid for treasury shares	—	—	(141,629)
Dividends paid	—	(7,160)	(72,565)
Cash paid for income taxes for stock-based compensation shares withheld	(8,694)	(1,463)	(1,588)
Other	(296)	(738)	2,429
Net cash provided by (used in) financing activities	(121,490)	122,954	(183,353)
Effect of exchange rate changes on cash balances	(33)	1,225	81
Net increase (decrease) in cash, cash equivalents, and restricted cash	14,878	(26,983)	(14,004)
Cash, cash equivalents, and restricted cash, beginning of period	59,581	86,564	100,568
Cash, cash equivalents, and restricted cash, end of period	\$ 74,459	\$ 59,581	\$ 86,564
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid (received) for income taxes	\$ 28,419	\$ (11,822)	\$ 39,450
Cash paid for interest on debt	\$ 23,341	\$ 19,523	\$ 8,323
Cash paid for operating lease liabilities	\$ 273,080	\$ 198,400	\$ 236,506
<b>Non-cash investing and financing activities:</b>			
Property and equipment purchases not yet paid	\$ 4,365	\$ 1,590	\$ 12,164
Operating lease liabilities arising from lease asset additions	\$ 15,123	\$ 9,407	\$ 24,137
Net increase to operating lease assets and lease liabilities for modifications	\$ 94,992	\$ 36,109	\$ 71,945

The accompanying notes are an integral part of the consolidated financial statements.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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## **DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

### **GENERAL**

**Business Operations-** Designer Brands Inc. ("we," "us," "our," and the "Company") is one of North America's largest designers, producers, and retailers of footwear and accessories. We operate in three reportable segments: the U.S. Retail segment, the Canada Retail segment, and the Brand Portfolio segment. The U.S. Retail segment operates the DSW Designer Shoe Warehouse ("DSW") banner through its direct-to-consumer U.S. stores and e-commerce site. The Canada Retail segment operates The Shoe Company and DSW banners through its direct-to-consumer Canada stores and e-commerce sites. The Brand Portfolio segment earns revenue from the sale of wholesale products to retailers, commissions for serving retailers as the design and buying agent for products under private labels (which we refer to as "First Cost"), and the sale of branded products through the direct-to-consumer e-commerce site at [www.vincecamuto.com](http://www.vincecamuto.com). An integral part of the Brand Portfolio segment is our equity investment in ABG-Camuto LLC ("ABG-Camuto"), which is a partnership between Camuto LLC, a wholly-owned subsidiary doing business as "Camuto Group," and Authentic Brands Group LLC, a global brand management and marketing company. Camuto Group has a 40% interest in ABG-Camuto, a joint venture that owns several intellectual property rights, including, among others, Vince Camuto and Louise et Cie, and focuses on licensing and developing new category extensions to support the global growth of these brands. Camuto Group has a licensing agreement with ABG-Camuto whereby we pay royalties on our net sales from the brands owned by ABG-Camuto, subject to guaranteed minimums. Camuto Group also owns footwear and certain handbag licensing rights of Jessica Simpson, Lucky Brand and, through a joint venture, JLO Jennifer Lopez. Our other operating segment, which we exited during 2020, is below the quantitative and qualitative thresholds for a reportable segment and is aggregated into Other for segment reporting purposes.

**Fiscal Year-** Our fiscal year ends on the Saturday nearest to January 31. References to a fiscal year (e.g., "2021") refer to the calendar year in which the fiscal year begins. This reporting schedule is followed by many national retail companies and typically results in a 52-week fiscal year, but occasionally will contain an additional week resulting in a 53-week fiscal year. The periods presented in these consolidated financial statements each consisted of 52 weeks.

### **IMPACTS OF THE COVID-19 PANDEMIC**

In March 2020, the World Health Organization declared the coronavirus ("COVID-19") outbreak a pandemic. On March 18, 2020, to help control the spread of the virus and protect the health and safety of our customers, associates, and the communities we serve, we temporarily closed all of our stores in the U.S. and Canada. In addition, we took several actions in late March 2020 to reduce costs and operations to levels that were more commensurate with then-current sales, including furloughs and pay reductions. During the second quarter and into the third quarter of 2020, we re-opened all of our stores, discontinued the furlough program, and restored pay for our associates that had taken pay reductions. Beginning in July 2020, we initiated an internal reorganization and reduction of our workforce with additional actions taken throughout 2020 and into the first quarter of 2021, resulting in the elimination of approximately 1,000 associate positions. The charges recorded as a result of this reorganization are included in our integration and restructuring costs discussed below.

As a result of the material reduction in net sales and cash flows during 2020, we updated our impairment analyses for our U.S. Retail and Canada Retail segments at the store-level, which represents the lowest level for which identifiable cash flows are independent of the cash flows of other assets. The carrying amount of the store asset group, primarily made up of operating lease assets, leasehold improvements and fixtures, is considered impaired when the carrying value of the asset group exceeds the expected future cash flows from the asset group. The impairment loss recognized is the excess of the carrying value of the asset or asset group over its fair value (categorized as Level 3 under the fair value hierarchy). Fair value at the store level is typically based on projected discounted cash flows over the remaining lease term. In addition, we evaluated other long-lived assets based on our intent to use such assets going forward. During 2020, we recorded impairment charges of \$127.1 million (\$104.2 million and \$22.9 million for the U.S. Retail segment and Canada Retail segment, respectively). Also, during 2020, we recorded an impairment charge of \$6.5 million for the Brand Portfolio segment customer relationship intangible asset resulting in a full impairment due to the lack of projected cash flows over the remaining useful life (categorized as Level 3 under the fair value hierarchy).

As a result of the material reduction in net sales and cash flows due to the temporary closure of all of our stores, the decrease in net sales from our retailer customers and the decrease in the Company's market capitalization due to the impact of the COVID-19 pandemic on macroeconomic conditions, we performed an impairment analysis for goodwill and other indefinite-lived intangible assets during the first quarter of 2020. We calculated the fair value of the reporting units with goodwill primarily based on a discounted cash flow analysis (categorized as Level 3 under the fair value hierarchy). Our analysis concluded that the fair value of the First Cost reporting unit within the Brand Portfolio segment did not exceed its carrying

value. Accordingly, during 2020, we recorded an impairment charge of \$20.0 million for the First Cost reporting unit in the Brand Portfolio segment, resulting in a full impairment.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which, among other things, provided employer payroll tax credits for wages paid to associates who were unable to work over a defined period and options to defer payroll tax payments. Based on our evaluation of the CARES Act, we qualified for certain employer payroll tax credits, which were treated as government subsidies to offset related operating expenses, as well as the deferral of payroll and other tax payments in the future. Similar credits were also available in Canada. During 2021 and 2020, the qualified government credits reduced our operating expenses by \$4.0 million and \$11.4 million, respectively, on our consolidated statements of operations. As of January 29, 2022, we had \$5.3 million of deferred qualified payroll and other tax obligations, which is included in accrued expenses on the consolidated balance sheets that we expect to pay at the end of 2022.

We recorded our income tax expense, income tax receivable, and deferred tax assets and related liabilities based on management's best estimates. Additionally, we assessed the likelihood of realizing the benefits of our deferred tax assets. Our ability to recover these deferred tax assets depends on several factors, including our ability to project future taxable income. One of the provisions of the CARES Act allows net operating losses generated within tax years 2018 through 2020 to be carried back up to five years, including years in which the U.S. federal statutory tax rate was 35%, as opposed to the current rate of 21%. In evaluating future taxable income, significant weight is given to positive and negative evidence that is objectively verifiable. As a result of the losses incurred in 2020 due to the impacts of the COVID-19 pandemic, we were in a three-year cumulative loss position as of January 29, 2022 and January 30, 2021, which was significant objective negative evidence in considering whether deferred tax assets are realizable. Such objective evidence limits the ability to consider other subjective evidence, such as the projection of future taxable income. A valuation allowance has been recognized as a reserve on the total deferred tax asset balance due to the uncertainty of realization of our loss carry forwards and other deferred tax assets. For 2021, 2020 and 2019, our effective tax rate was 10.7%, 19.7% and 21.1%, respectively. The rate for 2021 was the result of maintaining a full valuation allowance on deferred tax assets while also recording net discrete tax benefits, primarily as a result of adjustments to our estimated 2020 return reflecting implemented tax strategies. The decrease in the rate for 2020 compared to 2019 was the result of recording an additional valuation allowance of \$87.6 million partially offset by the ability to carry back current year losses to a tax year where the U.S. federal statutory tax rate was 35%.

While trends improved during 2021 as compared to 2020, we cannot reasonably estimate the extent to which our business will continue to be affected by the COVID-19 pandemic and to what extent the recent improved trends will continue. For instance, we have continued to experience reduced customer in-store traffic and net sales when compared to pre-COVID-19 periods, and it is unclear when customer behavior will return to pre-COVID-19 patterns, if at all. The ongoing and prolonged nature of the COVID-19 pandemic may lead to further adjustments to our operations. As such, the ultimate impacts of the COVID-19 pandemic on our businesses will depend on future developments, including the availability of labor, global supply chain disruptions, new variants of COVID-19 and the severity thereof, and the global availability and use of vaccines or palliatives, all of which are highly uncertain and cannot be predicted. As a result, we may have future write-downs or adjustments to inventories, receivables, long-lived assets, intangibles, goodwill, and the valuation allowance on deferred tax assets.

## **SIGNIFICANT ACCOUNTING POLICIES**

**Variable Interest Entity-** In 2019, we formed a joint venture with an entity affiliated with performing artist and celebrity Jennifer Lopez. This partnership was formed in order to design, source and sell the JLO Jennifer Lopez collection, a line of footwear and handbags. Our Camuto Group business is responsible for design and sourcing, and DSW is the exclusive retailer of the brand. Jennifer Lopez and her team lead the creative directive for marketing and product design, with our technical expertise and guidance. Jennifer Lopez earns fixed licensing fees and also has the opportunity to earn the Company's Class A common shares based on the expansion of our VIP rewards programs from her fan base, which no common shares have been earned yet under this arrangement. Based on certain terms within the joint venture operating agreement, we have determined that we have overall control of the joint venture. In addition, we provide a revolving line of credit to the joint venture and a guarantee for funding in excess of the joint venture's equity. As a result, we are considered the primary beneficiary of the joint venture and it is consolidated within our financial statements. Assets and liabilities of the joint venture are immaterial. We recognize all of the losses of the joint venture up to the amounts guaranteed and share any profits between the partners under the terms of the joint venture operating agreement.

**Principles of Consolidation-** The consolidated financial statements include the accounts of Designer Brands Inc. and its subsidiaries, including the variable interest entity. All intercompany accounts and transactions have been eliminated in consolidation. All amounts are in U.S. dollars.

**Use of Estimates-** The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and reported amounts of net sales and expenses during the reporting periods. Certain estimates and assumptions use forecasted financial information based on information reasonably available to us, along with the estimated, but uncertain, future impacts of the COVID-19 pandemic. Significant estimates and assumptions are required as a part of accounting for sales returns allowances, customer allowances and discounts, allowance for doubtful accounts, gift card breakage income, deferred revenue associated with loyalty programs, valuation of inventories, depreciation and amortization, impairments of long-lived assets, intangibles and goodwill, lease accounting, income taxes, and self-insurance reserves. Although we believe these estimates and assumptions are reasonable, they are based on management's knowledge of current events and actions we may undertake in the future. Changes in facts and circumstances may result in revised estimates and assumptions, and actual results could differ from these estimates.

**Revenue Recognition-** Sales from the U.S. Retail and Canada Retail segments are recognized upon customer receipt of merchandise, net of estimated returns and exclude sales tax. Customers can purchase products from one of our stores, online or from our mobile application. For products shipped directly to our customers, we recognize the sale upon the estimated customer receipt date based on historical delivery transit times. Revenue from shipping and handling is recorded in net sales while the related costs are included in cost of sales in the consolidated statements of operations. For products shipped directly to our customers from our suppliers (referred to as "drop ship"), we record gross sales upon customer receipt based on the price paid by the customers as we have determined that we are the principal party responsible for the sale transaction.

Sales from the Brand Portfolio segment are recognized upon transfer of control. Generally, our wholesale customers arrange their own transportation of merchandise and control is transferred at the time of shipment. Sales are recorded at the transaction price, excluding sales tax, net of estimated reserves for customer returns, allowances and discounts. Direct-to-consumer online sales are recognized upon the estimated customer receipt date based on historical delivery transit times and are net of estimated returns and exclude sales tax. First Cost commission income is recognized at the point in time when the customer's freight forwarder takes control of the related merchandise.

**Gift Cards-** Amounts received from the sale of gift cards are recorded as a liability and are recognized as sales when the cards are redeemed for merchandise. Based on historical information, the likelihood of a gift card remaining unredeemed (referred to as "breakage") can be reasonably estimated at the time of gift card issuance. Breakage income is recognized over the estimated average redemption period of redeemed gift cards.

**Loyalty Programs-** We offer loyalty programs to our customers in the U.S. and Canada. Members under the programs earn points based on their level of spending, as well as for various other activities. Upon reaching a specified point threshold, members receive reward certificates that may be redeemed for purchases made within the stated expiration date. We record a reduction of net sales when points are awarded based on an allocation of the initial customer purchase and the stand-alone value of the points earned. We maintain a deferred liability for the outstanding points and certificates based on historical conversion and redemption rates. The deferred liability is reduced and sales are recognized when certificates are redeemed or when points and certificates expire.

**Cost of Sales-** Cost of sales from the U.S. Retail and Canada Retail segments is recognized net of estimated returns. In addition to the cost of merchandise sold, which includes freight and the impact of markdowns, shrink and other inventory valuation adjustments, we include expenses associated with distribution and fulfillment and store occupancy in cost of sales. Distribution and fulfillment expenses comprise of labor costs, third-party fees, rent, depreciation, insurance, utilities, maintenance and other operating costs. Store occupancy expenses include rent, utilities, repairs, maintenance, insurance, janitorial costs, and occupancy-related taxes, but exclude depreciation.

Cost of sales from the Brand Portfolio segment is recognized net of estimated returns. In addition to the cost of merchandise sold, which includes freight and the impact of inventory valuation adjustments, we include royalty expense for licensed brands in cost of sales.

**Operating Expenses-** Operating expenses include expenses related to store management and store payroll costs, advertising, store depreciation, new store costs, design, sourcing and distribution costs associated with the Brand Portfolio segment, and corporate expenses. Corporate expenses include expenses related to buying, information technology, depreciation and amortization expense for corporate assets, marketing, legal, finance, outside professional services, customer service center expenses, and payroll-related costs for associates.

**Interest Expense, Net-** Interest expense, net, is summarized in the following table:

<i>(in thousands)</i>	2021	2020	2019
Interest expense	\$ (32,198)	\$ (24,032)	\$ (8,914)
Interest income	69	338	1,559
	\$ (32,129)	\$ (23,694)	\$ (7,355)

**Stock-Based Compensation-** We recognize compensation expense for awards of stock options, restricted stock units ("RSUs"), and director stock units, based on the fair value on the grant date and on a straight-line basis over the requisite service period for the awards that are expected to vest, with forfeitures estimated based on our historical experience and future expectations. Stock-based compensation is included in operating expenses in the consolidated statements of operations.

**Integration and Restructuring Costs-** During 2021, we incurred severance costs of \$3.3 million (\$1.5 million and \$1.8 million for the U.S. Retail segment and Brand Portfolio segment, respectively). During 2020, we incurred restructuring costs, which consisted primarily of severance of \$15.2 million (\$5.5 million, \$0.8 million and \$8.9 million for the U.S. Retail segment, Canada Retail segment and Brand Portfolio segment, respectively), and professional fees of \$2.4 million. During 2019, we incurred integration and restructuring costs related to our prior year acquisition activity, which consisted primarily of severance of \$3.9 million, fees for terminating joint ventures of \$7.2 million, and professional fees and other integration costs of \$6.6 million. Integration and restructuring costs are recorded as operating expenses on the consolidated statements of operations. As of January 29, 2022 and January 30, 2021, we had \$1.9 million and \$6.5 million, respectively, of severance liability included in accrued expenses on the consolidated balance sheets.

**Gain on Settlement-** During 2020, we collected \$9.0 million, net of legal costs incurred, and recorded a gain to operating expenses in the consolidated statements of operations that was due to a settlement with a vendor related to costs incurred on an internal-use software project that was capitalized and then impaired in a previous year.

**New Store Opening Costs-** Costs associated with the opening of new stores are expensed as incurred. During 2021, 2020 and 2019, new store opening costs, primarily pre-opening rent and marketing expenses, were \$1.6 million, \$2.7 million and \$2.6 million, respectively.

**Marketing Expense-** The cost of advertising is generally expensed when the advertising first takes place or when mailed. During 2021, 2020 and 2019, marketing costs were \$163.0 million, \$131.7 million and \$123.9 million, respectively.

**Non-Operating Income (Expenses), Net-** Non-operating income (expenses), net, includes gains and losses from foreign currency revaluation and realized gains and losses related to our investment portfolio.

**Income Taxes-** We account for income taxes under the asset and liability method. We determine the aggregate amount of income tax expense to accrue and the amount that will be currently payable based upon tax statutes of each jurisdiction in which we do business. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and respective tax bases and operating loss and tax credit carryforwards, as measured using enacted tax rates expected to be in effect in the periods when temporary differences are expected to be realized or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become realizable.

We review and update our tax positions as necessary to add any new uncertain tax positions taken, or to remove previously identified uncertain positions that have been adequately resolved. Additionally, uncertain positions may be remeasured as warranted by changes in facts or law. Accounting for uncertain tax positions requires estimating the amount, timing and likelihood of ultimate settlement. Although we believe that these estimates are reasonable, actual results could differ from these estimates.

**Cash, Cash Equivalents, and Restricted Cash-** Cash and cash equivalents represent cash, money market funds, and credit card receivables that generally settle within three days. Restricted cash represents cash that is restricted as to withdrawal or usage and consists of a mandatory cash deposit maintained for certain insurance policies and letters of credit.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

<i>(in thousands)</i>	<b>January 29, 2022</b>	January 30, 2021	February 1, 2020
Cash and cash equivalents	\$ 72,691	\$ 59,581	\$ 86,564
Restricted cash, included in prepaid expenses and other current assets	1,768	—	—
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	\$ 74,459	\$ 59,581	\$ 86,564

**Investments-** We determine the balance sheet classification of investments at the time of purchase and evaluate the classification at each balance sheet date. For the balance sheet dates presented, we did not hold any investments in securities other than cash equivalents. We account for investments using the equity method of accounting when we exercise significant influence over the investment. If we do not exercise significant influence, we account for the investment using the cost method of accounting. Cost method investments are included in other assets on the consolidated balance sheets. We evaluate our investments for impairment and whether impairment is other-than-temporary at each balance sheet date.

The following table presents activity related to our equity investment in ABG-Camuto:

<i>(in thousands)</i>	<b>2021</b>	2020	2019
Balance at beginning of period	\$ 58,598	\$ 57,760	\$ 58,125
Share of net earnings	8,986	9,329	10,149
Distributions received	(12,006)	(8,491)	(10,514)
Balance at end of period	\$ 55,578	\$ 58,598	\$ 57,760

**Receivables, net-** Receivables are classified as current assets because the average collection period is generally shorter than one year. We monitor our exposure for credit losses based upon specific receivable balances and we record related allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We utilize an unrelated third-party provider for credit and collection services for receivables from the sale of wholesale products to certain retailers. This third-party provider guarantees payment for the majority of the serviced receivables.

**Inventories-** All of our inventory is made up of finished goods. The U.S. Retail segment inventory is accounted for using the retail inventory method and is stated at the lower of cost or market. Under the retail inventory method, the valuation of inventories at cost and the resulting gross profits are determined by applying a calculated cost-to-retail ratio to the retail value of inventories. The cost basis of inventories is decreased by charges to cost of sales at the time the retail value of the inventory is lowered by markdowns. As a result, earnings are negatively impacted as the merchandise is marked down prior to sale. The Canada Retail segment and the Brand Portfolio segment inventory is accounted for using the moving average cost method and is stated at the lower of cost or net realizable value. We monitor aged inventory for obsolete and slow-moving inventory that may need to be liquidated in the future at amounts below cost. Reductions to inventory values establish a new cost basis. Favorable changes in facts or circumstances do not result in an increase in the newly established cost basis.

We perform physical inventory counts or cycle counts on all inventory on hand throughout the year and adjust the recorded balance to reflect the results. We record estimated shrink between physical inventory counts, based on historical experience and recent results, less amounts realized.

Inherent in the calculation of inventories are certain significant judgments and estimates, including setting the original merchandise retail value, markdowns, shrink, and liquidation values. The ultimate amount realized from the sale of inventory and write offs from counts could differ from management estimates.

**Concentration of Risks-** We are subject to risks due to concentration of our merchandise coming from China. All of the products manufactured through the Brand Portfolio segment come from third-party facilities outside of the U.S., with 75% of units sourced from China. In addition to the merchandise sourced through our Brand Portfolio segment, our U.S. Retail segment and Canada Retail segment also sources merchandise from both domestic and foreign third-party vendors. Many of our domestic vendors import a large portion of their merchandise from China.

We are also subject to risks due to the concentration of vendors within the U.S. Retail and Canada Retail segments. During 2021, three key third-party vendors together supplied approximately 20% of our retail merchandise, with no individual vendor providing more than 10% of our retail merchandise.

Financial instruments, which principally subject us to concentration of credit risk, consist of cash and cash equivalents. We invest excess cash when available through financial institutions in money market accounts. At times, such amounts invested through banks may be in excess of Federal Deposit Insurance Corporation insurance limits, and we mitigate the risk by utilizing multiple banks.

**Fair Value-** Fair value is defined as the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value are categorized using defined hierarchical levels related to the subjectivity associated with the inputs to fair value measurements as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices for similar assets or liabilities in active markets or inputs that are observable.
- Level 3 - Unobservable inputs in which little or no market activity exists.

The carrying value of cash and cash equivalents, restricted cash, receivables, and accounts payables approximated their fair values due to their short-term nature. The fair value of borrowings under our senior secured asset-based credit facility ("ABL Revolver") approximated the carrying value. As of January 29, 2022, the fair value of borrowings under our senior secured term loan ("Term Loan") was \$237.6 million compared to the carrying value of \$231.3 million. The fair value of debt borrowings was estimated based on current interest rates offered for similar instruments (categorized as Level 2 under the fair value hierarchy).

**Property and Equipment, net-** Property and equipment, net, are stated at cost less accumulated depreciation determined by the straight-line method over the expected useful life of assets. The net book value of property or equipment sold or retired is removed from the asset and related accumulated depreciation accounts with any resulting net gain or loss included in results of operations.

**Internal Use Software Costs-** Costs related to software developed or obtained for internal use are expensed as incurred until the application development stage has been reached. Once the application development stage has been reached, certain qualifying costs are capitalized until the software is ready for its intended use. If a cloud computing arrangement includes a software license, the software license element of the arrangement is accounted for in a manner consistent with the acquisition of other software licenses. If the arrangement does not include a software license, the arrangement is accounted for as a service contract.

**Leases-** A lease liability for new leases is recorded based on the present value of future fixed lease commitments with a corresponding lease asset. For leases classified as operating leases, we recognize a single lease cost on a straight-line basis based on the combined amortization of the lease liability and the lease asset. Other leases will be accounted for as finance arrangements. For real estate leases, we are generally required to pay base rent, real estate taxes, and insurance, which are considered lease components, and maintenance, which is a non-lease component. We have elected to not separate non-lease payment components from the associated lease component for all new and modified real estate leases. We determine the discount rate for each lease by estimating the rate that we would be required to pay on a secured borrowing for an amount equal to the lease payments over the lease term. The majority of our real estate leases provide for renewal options, which are typically not included in the lease term used for measuring the lease assets and lease liabilities as it is not reasonably certain we will exercise renewal options.

We monitor for events or changes in circumstances that may require a reassessment of our leases and determine if a remeasurement is required. In response to the COVID-19 pandemic, we negotiated deferrals of lease payments to be repaid over various periods, with no substantive changes to the total consideration without a change in the terms. We have elected to treat these changes as modifications to our leases, resulting in remeasuring the related lease assets and liabilities and including non-lease components per our policy.

**Impairment of Long-Lived Assets-** We periodically evaluate the carrying amount of our long-lived assets, primarily operating lease assets, property and equipment and definite-lived intangible assets, when events and circumstances warrant such a review to ascertain if any assets have been impaired. The reviews are conducted at the lowest identifiable level. The carrying amount of a long-lived asset or asset group is considered impaired when the carrying value of the asset or asset group exceeds the expected future cash flows from the asset or asset group. The impairment loss recognized is the excess of the carrying value of the asset or asset group over its fair value (categorized as Level 3 under the fair value hierarchy). Fair value at the store level is typically based on projected discounted cash flows over the remaining lease term.

During 2021, we recorded impairment charges of \$1.7 million, including \$1.2 million in the U.S. Retail segment for abandoned equipment we are replacing and \$0.5 million in the Brand Portfolio segment for the sublease of an abandoned leased space. Refer to section above, *Impacts of the COVID-19 Pandemic*, regarding impairment charges of long-lived assets during 2020. During 2019, we recorded impairment charges of \$7.8 million, including \$4.8 million for operating lease assets and other property and equipment in the Brand Portfolio segment related to the planned consolidation of certain locations as part of our integration efforts and \$3.0 million primarily for operating lease assets related to under-performing stores (\$2.3 million and \$0.7 million for the U.S. Retail segment and Canada Retail segment, respectively).

**Goodwill and Other Indefinite Lived Intangible Assets-** We evaluate goodwill and other indefinite lived intangible assets for impairment annually during our fourth quarter, or more frequently if an event occurs or circumstances change that would indicate that impairment may exist. When evaluating for impairment, we may first perform a qualitative assessment to determine whether it is more likely than not that there is an impairment. If we do not perform a qualitative assessment, or if we determine that it is more likely than not that the carrying value exceeds its fair value, we will calculate the estimated fair value. Fair value is typically calculated using a discounted cash flow analysis. Where deemed appropriate, we may also utilize a market approach for estimating fair value. Impairment charges are calculated as the amount by which the carrying amount exceeds its fair value, but not to exceed the carrying value for goodwill. Refer to section above, *Impacts of the COVID-19 Pandemic*, regarding impairment charges of goodwill during 2020.

**Self-Insurance Reserves-** We record estimates for certain health and welfare, workers' compensation and casualty insurance costs that are self-insured programs. Self-insurance reserves include actuarial estimates of both claims filed, carried at their expected ultimate settlement value, and claims incurred but not yet reported. The liability represents an estimate of the ultimate cost of claims incurred as of the balance sheet date. Estimates for self-insurance reserves are calculated utilizing claims development estimates based on historical experience and other factors. We have purchased stop loss insurance to limit our exposure on a per person basis for health and welfare and on a per claim basis for workers' compensation and general liability, as well as on an aggregate annual basis.

**Foreign Currency Translation and Transactions-** Our wholly-owned Canadian subsidiary has Canadian dollars as its functional currency. Assets and liabilities of this business are translated into U.S. dollars at exchange rates in effect at the balance sheet date or historical rates as appropriate. Each quarter, amounts included in our consolidated statements of operations from this business are translated at the average exchange rate for the period. The cumulative translation adjustments resulting from changes in exchange rates are included in the consolidated balance sheets as a component of accumulated other comprehensive loss. Transaction gains and losses are included in the consolidated statements of operations.

**Deferred Compensation Plans-** We provide deferred compensation plans, including defined contribution plans to eligible associates and a non-qualified deferred compensation plan for certain executives and members of the Board of Directors. Participants may elect to defer and contribute a portion of their eligible compensation to the plans up to limits stated in the plan documents, not to exceed the dollar amounts set by applicable laws. During 2021, 2020 and 2019, we recognized costs associated with matching contributions of \$5.9 million, \$5.3 million and \$5.9 million, respectively.

**DISAGGREGATION OF NET SALES**

The following table presents net sales disaggregated by product and service category for each segment:

<i>(in thousands)</i>	2021	2020	2019
<b>Net sales:</b>			
U.S. Retail segment:			
Women's footwear	\$ 1,772,729	\$ 1,161,836	\$ 1,853,265
Men's footwear	620,631	386,338	539,917
Kids' footwear	234,806	151,121	158,261
Accessories and other	141,540	101,028	193,952
	<b>2,769,706</b>	<b>1,800,323</b>	<b>2,745,395</b>
Canada Retail segment:			
Women's footwear	117,045	92,623	133,762
Men's footwear	60,972	45,665	63,140
Kids' footwear	48,503	37,233	40,995
Accessories and other	8,289	7,138	11,120
	<b>234,809</b>	<b>182,659</b>	<b>249,017</b>
Brand Portfolio segment:			
Wholesale	240,491	197,940	379,698
Commission income	17,657	18,509	26,424
Direct-to-consumer	27,876	32,197	42,163
	<b>286,024</b>	<b>248,646</b>	<b>448,285</b>
Other	—	62,909	122,090
Total segment net sales	<b>3,290,539</b>	<b>2,294,537</b>	<b>3,564,787</b>
Elimination of intersegment sales	<b>(93,956)</b>	<b>(59,818)</b>	<b>(72,100)</b>
Total net sales	\$ <b>3,196,583</b>	\$ <b>2,234,719</b>	\$ <b>3,492,687</b>

**DEFERRED REVENUE LIABILITIES**

We record deferred revenue liabilities for remaining obligations we have to our customers. The following table presents the changes and total balances for gift cards and loyalty programs:

<i>(in thousands)</i>	2021	2020	2019
<b>Gift cards:</b>			
Beginning of period	\$ 34,442	\$ 35,461	\$ 34,998
Gift cards redeemed and breakage recognized to net sales	(75,352)	(59,173)	(91,000)
Gift cards issued	77,693	58,154	91,463
End of period	\$ 36,783	\$ 34,442	\$ 35,461
<b>Loyalty programs:</b>			
Beginning of period	\$ 11,379	\$ 16,138	\$ 16,151
Loyalty certificates redeemed and expired and other adjustments recognized to net sales	(30,453)	(25,049)	(37,311)
Deferred revenue for loyalty points issued	34,810	20,290	37,298
End of period	\$ 15,736	\$ 11,379	\$ 16,138

## CUSTOMER ALLOWANCES

We reduce sales by the amount of actual and remaining expected customer allowances, discounts and returns, and cost of sales by the amount of merchandise we expect to recover. Customer allowances are provided to our wholesale customers for margin assistance, co-op advertising support, and various other deductions. We estimate the reserves needed for margin assistance by reviewing inventory levels held by retailers, expected markdowns, gross margins realized, and other performance indicators. Product returns and other customer deductions are estimated based on anticipated future returns using historical experience and trends. Co-op advertising allowances are estimated based on arrangements with customers.

The following table presents the changes and total balances for sales reserves:

<i>(in thousands)</i>	2021	2020	2019
<b>Sales returns allowances:</b>			
Beginning of period	\$ 17,333	\$ 21,408	\$ 17,743
Net sales reduced for estimated returns	424,402	279,923	448,886
Actual returns during the period	(423,161)	(283,998)	(445,221)
End of period	\$ 18,574	\$ 17,333	\$ 21,408
<b>Customer allowances and discounts reserve:</b>			
Beginning of period	\$ 4,579	\$ 11,528	\$ 13,094
Acquisition adjustments during measurement period	—	—	(3,267)
Net sales reduced for estimated allowances and discounts	8,709	14,363	43,733
Actual allowances and discounts during the period	(11,191)	(21,312)	(42,032)
End of period	\$ 2,097	\$ 4,579	\$ 11,528

As of January 29, 2022 and January 30, 2021, the asset for recovery of merchandise returns was \$9.4 million and \$8.4 million, respectively, and is included in prepaid expenses and other current assets on the consolidated balance sheets.

## THIRD PARTY TRANSACTIONS

### SCHOTTENSTEIN AFFILIATES

We have transactions with entities owned or controlled by Jay L. Schottenstein, the executive chairman of our Board of Directors, and members of his family (the "Schottenstein Affiliates"). As of January 29, 2022, the Schottenstein Affiliates beneficially owned approximately 19% of the Company's outstanding common shares, representing approximately 54% of the combined voting power, consisting of, in the aggregate, 6.5 million Class A common shares and 7.7 million Class B common shares. The following summarizes the related party transactions with the Schottenstein Affiliates for the relevant periods:

**Leases-** We lease our fulfillment center and certain store locations owned by the Schottenstein Affiliates. See Note 12, *Leases*, for rent expense and future minimum lease payment requirements associated with the Schottenstein Affiliates.

**Other Purchases and Services-** During 2021, 2020 and 2019, we had other purchases and services we incurred from the Schottenstein Affiliates of \$4.9 million, \$4.8 million and \$6.0 million, respectively.

**Due to Related Parties-** Amounts due to the Schottenstein Affiliates, other than operating lease liabilities, were immaterial for all periods presented.

### ABG-CAMUTO

We have a 40% interest in our equity investment in ABG-Camuto. We have a licensing agreement with ABG-Camuto, pursuant to which we pay royalties on the net sales of the brands owned by ABG-Camuto, subject to guaranteed minimums. For each fiscal year 2021, 2020 and 2019, we recorded royalty expense for amounts paid to ABG-Camuto of \$18.2 million. See Note 13, *Commitments and Contingencies - Contractual Obligations*, for future guaranteed minimum royalty payment requirements to ABG-Camuto. Amounts due to ABG-Camuto were immaterial for all periods presented.

## EPS (LOSS) PER SHARE

Basic earnings (loss) per share is based on net income (loss) and the weighted average of Class A and Class B common shares outstanding. Diluted earnings per share reflects the potential dilution of common shares adjusted for outstanding stock options and RSUs calculated using the treasury stock method.

The following is a reconciliation between basic and diluted weighted average shares outstanding, as used in the calculation of earnings (loss) per share:

<i>(in thousands)</i>	2021	2020	2019
Weighted average basic shares outstanding	73,024	72,198	73,602
Dilutive effect of stock-based compensation awards	4,244	—	1,003
Weighted average diluted shares outstanding	77,268	72,198	74,605

For 2021, 2020 and 2019, the number of shares relating to potentially dilutive stock-based compensation awards that were excluded from the computation of diluted earnings (loss) per share due to their anti-dilutive effect was 3.1 million, 5.9 million and 3.2 million, respectively.

## BASED COMPENSATION

The DSW Inc. 2014 Long-Term Incentive Plan (the "Plan") provides for the issuance of stock-based compensation awards to eligible recipients. The Plan replaced the DSW Inc. 2005 Equity Incentive Plan but did not affect outstanding awards granted under that plan. Eligible recipients include associates, including executive officers, and non-employee directors. The maximum number of shares of Class A common shares underlying awards which may be issued over the term of the Plan cannot exceed 11.0 million shares. As of January 29, 2022, 8.6 million shares of Class A common shares remain available for future stock-based compensation grants under the Plan.

Stock-based compensation expense consisted of the following:

<i>(in thousands)</i>	2021	2020	2019
Stock options	\$ 643	\$ 1,467	\$ 2,079
Restricted and director stock units	23,280	18,769	14,980
	\$ 23,923	\$ 20,236	\$ 17,059

## *STOCK OPTIONS*

Stock options were granted with an exercise price per share equal to the fair market value of our Class A common shares on the grant date. Stock options generally vest 20% per year on a cumulative basis and remain exercisable for a period of 10 years from the date of grant. Stock option activity for the periods presented and unvested options as of January 29, 2022 were immaterial.

## *RESTRICTED STOCK UNITS*

Grants of time-based RSUs generally cliff vest after three years and performance-based RSUs generally cliff vest after three years based upon the achievement of pre-established goals as of the end of the first year of the term. RSUs receive dividend equivalents in the form of additional RSUs, which are subject to the same restrictions and forfeiture provisions as the original award. The grant date fair value of RSUs is based on the closing market price of the Class A common shares on the date of the grant.

The following table summarizes the activity for unvested RSUs for 2021:

<i>(shares in thousands)</i>	Time-Based RSUs		Performance-Based RSUs	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding - beginning of period	6,445	\$ 9.20	540	\$ 21.84
Granted	1,161	\$ 15.40	595	\$ 15.38
Vested	(1,165)	\$ 13.39	(366)	\$ 21.79
Forfeited	(383)	\$ 9.28	(25)	\$ 15.38
Outstanding - end of period	6,058	\$ 9.60	744	\$ 17.39

The total fair value of time-based RSUs that vested during 2021, 2020 and 2019 was \$15.1 million, \$6.5 million and \$3.8 million, respectively. As of January 29, 2022, the total compensation cost related to unvested time-based RSUs not yet recognized was \$23.3 million, with a weighted average expense recognition period remaining of 1.7 years.

The total fair value of performance-based RSUs that vested during 2021, 2020 and 2019 was \$7.4 million, \$4.0 million and \$3.9 million, respectively. As of January 29, 2022, the total compensation cost related to unvested performance-based RSUs not yet recognized was approximately \$6.5 million, with a weighted average expense recognition period remaining of 2.1 years.

### ***DIRECTOR STOCK UNITS***

We issue stock units to non-employee directors. Stock units are automatically granted to each director on the date of each annual meeting of shareholders based on the closing market price of the Class A common shares. In addition, each director that is eligible to receive compensation for board service may elect to have the cash portion of such compensation paid in the form of stock units. Stock units granted to directors vest immediately and directors are given the option to settle their units 30 days after the grant date, at a specified date more than 30 days following the grant date, or defer receipt until completion of service. Stock units granted to directors not yet settled, which are not subject to forfeiture, are considered to be outstanding for the purposes of computing basic earnings (loss) per share. As of January 29, 2022, we had 0.5 million director stock units not yet settled.

### **HOLDERS' EQUITY**

#### ***SHARES***

Our Class A common shares are listed for trading under the ticker symbol "DBI" on the New York Stock Exchange. There is currently no public market for the Company's Class B common shares, but the Class B common shares can be exchanged for the Company's Class A common shares at the election of the holder on a share for share basis. Holders of Class A common shares are entitled to one vote per share and holders of Class B common shares are entitled to eight votes per share on matters submitted to shareholders for approval.

The following table provides additional information for our common shares:

<i>(in thousands)</i>	January 29, 2022		January 30, 2021	
	Class A	Class B	Class A	Class B
Authorized shares	250,000	100,000	250,000	100,000
Issued shares	87,793	7,733	86,835	7,733
Outstanding shares	65,624	7,733	64,666	7,733
Treasury shares	22,169	—	22,169	—

We have authorized 100 million shares of no par value preferred shares, with no shares issued for any of the periods presented.

## SHARE REPURCHASES

On August 17, 2017, the Board of Directors authorized the repurchase of an additional \$500 million of Class A common shares under our share repurchase program, which was added to the \$33.5 million remaining from the previous authorization, with \$334.9 million of Class A common shares that remain authorized for repurchase under the program as of January 29, 2022. The share repurchase program is subject to the ABL Revolver and Term Loan restrictions and may be suspended, modified, or discontinued at any time, and we have no obligation to repurchase any amount of our common shares under the program. Any share repurchases will be completed in the open market at times and in amounts considered appropriate based on price and market conditions.

## ACCUMULATED OTHER COMPREHENSIVE LOSS

For 2021, the change in accumulated other comprehensive loss was due to foreign currency translation adjustments as shown in the consolidated statements of shareholders' equity. For 2020 and 2019, changes for the balances of each component of accumulated other comprehensive loss, net of tax, were as follows:

<i>(in thousands)</i>	Foreign Currency Translation	Available-for-Sale Securities	Total
Balance, February 2, 2019	\$ (2,328)	\$ (378)	\$ (2,706)
Other comprehensive income (loss) before reclassifications	(340)	609	269
Amounts reclassified to non-operating expenses, net	—	(58)	(58)
Other comprehensive income (loss)	(340)	551	211
Balance, February 1, 2020	(2,668)	173	(2,495)
Other comprehensive income (loss) before reclassifications	(618)	195	(423)
Amounts reclassified to non-operating income, net	—	(368)	(368)
Other comprehensive loss	(618)	(173)	(791)
Balance, January 30, 2021	\$ (3,286)	\$ —	\$ (3,286)

## TABLES

Receivables, net, consisted of the following:

<i>(in thousands)</i>	January 29, 2022	January 30, 2021
Customer accounts receivables:		
Served by third-party provider with guaranteed payment	\$ 27,827	\$ 29,615
Served by third-party provider without guaranteed payment	82	363
Served in-house	2,783	4,576
Income tax receivable	162,240	149,824
Other receivables	8,026	12,865
Total receivables	200,958	197,243
Allowance for doubtful accounts	(1,132)	(1,194)
	\$ 199,826	\$ 196,049

The following table presents the activity for the allowance for doubtful accounts:

<i>(in thousands)</i>	2021	2020	2019
Allowance for doubtful accounts - beginning of period	\$ (1,194)	\$ (1,219)	\$ (939)
Provision for bad debts	(40)	(1,041)	(1,446)
Recoveries and other adjustments	102	1,066	1,166
Allowance for doubtful accounts - end of period	\$ (1,132)	\$ (1,194)	\$ (1,219)

## PROPERTY AND EQUIPMENT

Property and equipment, net, consisted of the following:

<i>(dollars in thousands)</i>	Useful Life (years)	January 29, 2022		January 30, 2021
Land	Indefinite	\$	1,110	\$ 1,110
Buildings	39		12,485	12,485
Building and leasehold improvements	3-20 or the lease term if shorter		447,158	446,937
Furniture, fixtures and equipment	3-15		466,405	471,586
Software	3-5		206,579	194,064
Construction in progress			17,239	10,659
Total property and equipment			1,150,976	1,136,841
Accumulated depreciation and amortization			(894,190)	(840,372)
		\$	256,786	\$ 296,469

## PROPERTY AND INTANGIBLE ASSETS

### **GOODWILL**

The following table presents the changes to goodwill by segment:

<i>(in thousands)</i>	January 29, 2022			January 30, 2021		
	Goodwill	Accumulated Impairments	Net	Goodwill	Accumulated Impairments	Net
Beginning of period by segment:						
U.S. Retail	\$ 93,655	\$ —	\$ 93,655	\$ 93,655	\$ —	\$ 93,655
Canada Retail	43,086	(43,086)	—	41,610	(41,610)	—
Brand Portfolio	19,989	(19,989)	—	19,989	—	19,989
	156,730	(63,075)	93,655	155,254	(41,610)	113,644
Activity by segment:						
Canada Retail-						
Currency translation adjustment	28	(28)	—	1,476	(1,476)	—
Brand Portfolio-						
Impairment charges	—	—	—	—	(19,989)	(19,989)
	28	(28)	—	1,476	(21,465)	(19,989)
End of period by segment:						
U.S. Retail	93,655	—	93,655	93,655	—	93,655
Canada Retail	43,114	(43,114)	—	43,086	(43,086)	—
Brand Portfolio	19,989	(19,989)	—	19,989	(19,989)	—
	\$ 156,758	\$ (63,103)	\$ 93,655	\$ 156,730	\$ (63,075)	\$ 93,655

## INTANGIBLE ASSETS

Intangible assets consisted of the following:

(in thousands)	January 29, 2022			January 30, 2021		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Definite-lived customer relationships	\$ 1,409	\$ (1,409)	\$ —	\$ 2,909	\$ (2,791)	\$ 118
Indefinite-lived trademarks and tradenames	15,527	—	15,527	15,517	—	15,517
	\$ 16,936	\$ (1,409)	\$ 15,527	\$ 18,426	\$ (2,791)	\$ 15,635

## JED EXPENSES

Accrued expenses consisted of the following:

(in thousands)	January 29, 2022	January 30, 2021
Gift cards	\$ 36,783	\$ 34,442
Accrued compensation and related expenses	41,603	49,864
Accrued taxes	28,327	24,206
Loyalty programs deferred revenue	15,736	11,379
Sales returns allowances	18,574	17,333
Customer allowances and discounts	2,097	4,579
Other	72,692	58,523
	\$ 215,812	\$ 200,326

Debt consisted of the following:

(in thousands)	January 29, 2022	January 30, 2021
ABL Revolver	\$ —	\$ 100,000
Term Loan	231,250	243,750
Total debt	231,250	343,750
Less unamortized Term Loan debt issuance costs	(5,714)	(8,931)
Less current maturities of long-term debt	—	(62,500)
Long-term debt	\$ 225,536	\$ 272,319

As of January 29, 2022, the total borrowings under the Term Loan were classified as long-term debt since we had the ability and intent to refinance the Term Loan using borrowings from our ABL Revolver, which we classify as long-term debt. See Note 16, *Subsequent Event*, for additional information.

## ABL REVOLVER

On August 7, 2020, we replaced our previous senior unsecured revolving credit agreement with the ABL Revolver, which provides a revolving line of credit of up to \$400.0 million, including a Canadian sub-limit of up to \$20.0 million, a \$50.0 million sub-limit for the issuance of letters of credit, a \$40.0 million sub-limit for swing loan advances for U.S. borrowings, and a \$2.0 million sub-limit for swing loan advances for Canadian borrowings. Our ABL Revolver matures in August 2025 and, as of January 29, 2022, was secured by substantially all of our personal property assets, including a first priority lien on credit card receivables and inventory and a second priority lien on personal property assets that constituted first priority collateral for the Term Loan. The amount of credit available is limited to a borrowing base based on, among other things, a percentage of the book value of eligible inventory and credit card receivables, as reduced by certain reserves. As of January 29, 2022, the ABL

Revolver had a borrowing base of \$400.0 million, with no outstanding borrowings and \$4.9 million in letters of credit issued, resulting in \$395.1 million available for borrowings.

Borrowings and letters of credit issued under the ABL Revolver accrue interest, at our option, at a rate equal to: (A) a base rate per annum equal to the greatest of (i) the prime rate, (ii) the overnight bank funding rate plus 0.5%, and (iii) the adjusted one-month London Interbank Offered Rate ("LIBOR") (as defined) plus 1.0%; or (B) an adjusted LIBOR per annum (subject to a floor of 0.75%), plus, in each instance, an applicable rate to be determined based on average availability, with an interest rate of 3.00% as of January 29, 2022. Commitment fees are based on the unused portion of the ABL Revolver. Interest expense related to the ABL Revolver includes interest on borrowings and letters of credit, commitment fees, and the amortization of debt issuance costs.

### **TERM LOAN**

On August 7, 2020, we also entered into a \$250.0 million Term Loan. The Term Loan required minimum quarterly principal payments with the remaining outstanding balance due in August 2025. The Term Loan had limited prepayment requirements under certain conditions. The Term Loan was collateralized by a first priority lien on substantially all of our personal and real property (subject to certain exceptions), including investment property and intellectual property, and by a second priority lien on certain other personal property, primarily credit card receivables, and inventory, that constitute first priority collateral for the ABL Revolver.

Borrowings under the Term Loan accrued interest, at our option, at a rate equal to: (A) a base rate per annum equal to the greater of (i) 3.25%, (ii) the prime rate, (iii) the overnight bank funding rate plus 0.5%, and (iv) the adjusted one-month LIBOR plus 1.0%, plus, in each instance, 7.5%; or (B) an adjusted LIBOR per annum (subject to a floor of 1.25%), plus 8.5%, with an interest rate of 9.75% (effective interest rate of 11.77% when including the amortization of debt issuance costs) as of January 29, 2022.

### **DEBT COVENANTS**

The ABL Revolver contains a minimum availability covenant where an event of default shall occur if availability is less than the greater of \$30.0 million or 10.0% of the maximum credit amount. The Term Loan included a springing covenant imposing a minimum earnings before interest, taxes, depreciation, and amortization covenant, which arises when liquidity is less than \$150.0 million. In addition, the ABL Revolver and the Term Loan each contain customary covenants restricting our activities, including limitations on the ability to sell assets, engage in acquisitions, enter into transactions involving related parties, incur additional debt, grant liens on assets, pay dividends or repurchase stock, and make certain other changes. There are specific exceptions to these covenants including, in some cases, upon satisfying specified payment conditions. As of January 29, 2022, we were limited in our ability to pay dividends, repurchase stock, and make certain restricted payments above a maximum of \$10.0 million over the term of the Term Loan. Both the ABL Revolver and the Term Loan contain customary events of default with cross-default provisions. Upon an event of default that is not cured or waived within the cure periods, in addition to other remedies that may be available to the lenders, the obligations may be accelerated, outstanding letters of credit may be required to be cash collateralized and remedies may be exercised against the collateral. As of January 29, 2022, we were in compliance with all financial covenants.

### **S**

We lease our stores, fulfillment center, and other facilities under operating lease arrangements with unrelated parties and related parties owned by the Schottenstein Affiliates. We pay variable amounts for certain lease and non-lease components as well as for contingent rent based on sales for certain leases where the sales are in excess of specified levels and for leases that have certain contingent triggering events that are in effect. We also lease equipment under operating leases. We receive operating sublease income from unrelated third parties for leasing portions or all of certain properties. Operating sublease income and operating expenses for these properties are included in operating expenses in our consolidated statements of operations.

Lease income and lease expense consisted of the following:

<i>(in thousands)</i>	2021		2020		2019	
Operating sublease income	\$	11,879	\$	12,219	\$	9,601
Operating lease expense:						
Lease expense to unrelated parties	\$	192,146	\$	199,729	\$	213,156
Lease expense to related parties		9,273		9,239		9,486
Variable lease expense to unrelated parties		73,159		63,881		53,239
Variable lease expense to related parties		1,520		1,341		1,283
	\$	276,098	\$	274,190	\$	277,164

Lease term and discount rate for our operating leases were as follows:

	January 29, 2022	January 30, 2021
Other operating lease information:		
Weighted-average remaining lease term	5.1 years	5.3 years
Weighted-average discount rate	4.0 %	4.0 %

As of January 29, 2022, our future fixed minimum lease payments are as follows:

<i>(in thousands)</i>	Unrelated Parties		Related Parties		Total	
2022	\$	221,933	\$	7,118	\$	229,051
2023		185,069		4,573		189,642
2024		140,140		4,139		144,279
2025		103,219		3,919		107,138
2026		75,748		3,596		79,344
Future fiscal years thereafter		130,377		3,838		134,215
		856,486		27,183		883,669
Less discounting impact on operating leases		(85,380)		(2,632)		(88,012)
Total operating lease liabilities		771,106		24,551		795,657
Less current operating lease liabilities		(195,944)		(6,284)		(202,228)
Non-current operating lease liabilities	\$	575,162	\$	18,267	\$	593,429

As of January 29, 2022, we have entered into lease commitments for one new store location and three store relocations where the leases have not yet commenced, and therefore the lease liabilities have not yet been recorded. We expect the lease commencement to begin over the next three fiscal quarters for these locations, and we will record additional operating lease liabilities of approximately \$8.8 million.

## **LITIGATIONS AND CONTINGENCIES**

### **LEGAL PROCEEDINGS**

We are involved in various legal proceedings that are incidental to the conduct of our business. Although it is not possible to predict with certainty the eventual outcome of any litigation, we believe the amount of any potential liability with respect to current legal proceedings will not be material to the results of operations or financial condition. As additional information becomes available, we will assess any potential liability related to pending litigation and revise the estimates as needed.

## INSURANCE RECOVERIES

During 2020, a third-party vendor experienced a shutdown of services to us that impacted our ability to fulfill orders from customers for a limited period of time. This incident is covered under an insurance policy that provides for reimbursement of lost profits and recognized losses as a result of the outage. During 2020, we recognized an insurance recovery receivable of \$3.0 million, recorded as an offset to cost of sales, for recognized losses that we believe are probable of being reimbursed through the insurance policy. Reimbursement for lost profits and any additional recoveries in excess of recognized losses are treated as gain contingencies and will be recognized when realized or realizable. We continue to work with the insurance carrier to reach an agreement on the total amount to be recovered.

## GUARANTEES

We provide guarantees for lease obligations that are scheduled to expire in 2023 for locations that have been leased to third parties. If a third party does not pay the rent or vacates the premise, we may be required to make full rent payments to the landlord. As of January 29, 2022, the total future minimum lease payment requirements for these guarantees were approximately \$13.7 million.

## CONTRACTUAL OBLIGATIONS

As of January 29, 2022, we have entered into various noncancelable purchase and service agreements, including construction commitments for capital items to be purchased for projects that were under construction or for which a lease has been signed. In addition, we have license agreements that allow us to use third-party owned brands, including a license agreement with ABG-Camuto (a related party), that have guaranteed minimum royalty payments.

As of January 29, 2022, our noncancelable purchase obligations and future guaranteed minimum royalty payments are as follows:

<i>(in thousands)</i>	Noncancelable Purchase Obligations	Guaranteed Minimum Royalties		
		Unrelated Parties	Related Party	Total
2022	\$ 9,101	\$ 16,309	\$ 18,350	\$ 34,659
2023	7,306	15,309	18,350	33,659
2024	2,331	14,884	19,650	34,534
2025	691	12,184	19,650	31,834
2026	691	12,184	19,650	31,834
Future fiscal years thereafter	1,266	50,868	39,300	90,168
	\$ 21,386	\$ 121,738	\$ 134,950	\$ 256,688

## 1E TAXES

Income (loss) before income taxes consisted of the following:

<i>(in thousands)</i>	2021	2020	2019
Domestic income (loss)	\$ 161,409	\$ (559,120)	\$ 111,021
Foreign income (loss)	11,616	(49,527)	8,753
	\$ 173,025	\$ (608,647)	\$ 119,774

Income tax provision (benefit) consisted of the following:

<i>(in thousands)</i>	2021	2020	2019
Current:			
Federal	\$ 16,696	\$ (151,931)	\$ 21,196
Foreign	1,774	1,451	205
State and local	1,061	(3,840)	6,596
Total current tax expense (benefit)	19,531	(154,320)	27,997
Deferred:			
Federal	(555)	23,601	(620)
Foreign	(556)	1,504	(1,241)
State and local	124	9,287	(859)
Total deferred tax expense (benefit)	(987)	34,392	(2,720)
Income tax provision (benefit)	\$ 18,544	\$ (119,928)	\$ 25,277

The following presents a reconciliation of the income tax provision (benefit) based on the U.S. federal statutory tax rate to the total tax provision (benefit):

<i>(in thousands)</i>	2021	2020	2019
Income tax provision (benefit) at federal statutory rate	\$ 36,335	\$ (127,816)	\$ 25,152
State and local taxes, net of federal benefit (provision)	7,870	(23,678)	4,809
Foreign tax rate differential	1,111	(3,000)	546
Change in valuation allowance	(29,950)	87,579	(3,949)
Non-deductible compensation	6,799	3,617	344
CARES Act rate differential	(1,697)	(57,894)	—
Other	(1,924)	1,264	(1,625)
	\$ 18,544	\$ (119,928)	\$ 25,277

See Note 1, *Description of Business and Significant Accounting Policies - Impacts of the COVID-19 Pandemic*, for discussion of the CARES Act rate differential and the change in valuation allowance.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

<i>(in thousands)</i>	January 29, 2022	January 30, 2021
<b>Deferred tax assets:</b>		
Operating lease liabilities	\$ 202,683	\$ 232,910
Net operating losses	27,516	34,917
Stock-based compensation	10,334	11,782
Inventories	9,250	9,103
Accrued expenses	4,832	5,567
Loyalty programs deferred revenue	3,714	2,406
State bonus depreciation	3,253	4,654
Intangible assets	2,994	5,031
Other	2,738	5,977
	<b>267,314</b>	<b>312,347</b>
Less: valuation allowance	<b>(70,762)</b>	<b>(101,185)</b>
<b>Total deferred tax assets, net of valuation allowance</b>	<b>196,552</b>	<b>211,162</b>
<b>Deferred tax liabilities:</b>		
Operating lease assets	<b>(170,421)</b>	<b>(187,398)</b>
Property and equipment	<b>(26,527)</b>	<b>(23,306)</b>
Other	<b>(3,210)</b>	<b>(5,065)</b>
	<b>(200,158)</b>	<b>(215,769)</b>
<b>Net deferred tax liabilities</b>	<b>\$ (3,606)</b>	<b>\$ (4,607)</b>

Net deferred income taxes are reported within the consolidated balance sheets as follows:

<i>(in thousands)</i>	January 29, 2022	January 30, 2021
Deferred tax assets included in other assets	\$ 356	\$ —
Deferred tax liabilities included in other non-current liabilities	<b>(3,962)</b>	<b>(4,607)</b>
	<b>\$ (3,606)</b>	<b>\$ (4,607)</b>

As of January 29, 2022, the valuation allowance is primarily related to federal, state and foreign deferred tax assets. Additionally, there are \$9.1 million state and \$14.4 million foreign net operating losses, which, if not utilized, a portion of the carryovers will begin to expire in 2025 and 2038, respectively. The following table presents the changes in valuation allowance:

<i>(in thousands)</i>	2021	2020	2019
Valuation allowance - beginning of period	\$ 101,185	\$ 9,472	\$ 14,097
Additions charged to income tax provision (benefit)	—	87,579	—
Allowances taken or written off	<b>(29,950)</b>	—	<b>(3,949)</b>
Other adjustments	<b>(473)</b>	4,134	<b>(676)</b>
<b>Valuation allowance - end of period</b>	<b>\$ 70,762</b>	<b>\$ 101,185</b>	<b>\$ 9,472</b>

We intend to continue to invest all of the earnings of foreign subsidiaries, as well as our capital in these subsidiaries, indefinitely outside of the U.S. and we do not expect to incur any significant additional taxes related to such amounts.

The following table presents the changes in gross unrecognized tax benefits:

<i>(in thousands)</i>	2021		2020		2019
Unrecognized tax benefits - beginning of period	\$	10,087	\$	10,764	\$ 11,608
Additions for tax positions taken in the current year		1,021		603	1,692
Reductions for tax positions taken in prior years:					
Changes in estimates		—		—	(340)
Settlements		—		(1,280)	(2,196)
Unrecognized tax benefits - end of period	\$	11,108	\$	10,087	\$ 10,764

Of the total unrecognized tax benefits at January 29, 2022, January 30, 2021 and February 1, 2020, approximately \$9.5 million, \$8.7 million and \$9.2 million, respectively, represent the amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate in future periods. While it is expected that the amount of unrecognized tax benefits will change in the next 12 months, any changes are not expected to have a material impact on our financial position, results of operations, or cash flows. We recognize interest and penalties related to unrecognized tax benefits as a component of the income tax provision (benefit). As of January 29, 2022, January 30, 2021 and February 1, 2020, interest and penalties were \$3.1 million, \$2.6 million and \$2.3 million, respectively.

We are no longer subject to U.S. federal or state income tax examinations for years prior to 2015. We have a federal and three state income tax returns in the process of examination at this time. We estimate the range of possible changes that may result from any future tax examinations to be insignificant at this time.

## ENT REPORTING

The following table provides certain financial data by segment reconciled to the consolidated financial statements:

<i>(in thousands)</i>	U.S. Retail		Canada Retail		Brand Portfolio		Other		Corporate / Eliminations	Total
<b>2021</b>										
Net sales:										
External customer sales	\$	2,769,706	\$	234,809	\$	192,068	\$	—	\$	3,196,583
Intersegment sales		—		—		93,956		—	(93,956)	—
Total net sales	\$	2,769,706	\$	234,809	\$	286,024	\$	—	(93,956)	\$ 3,196,583
Gross profit	\$	933,555	\$	76,728	\$	66,774	\$	—	(8,420)	\$ 1,068,637
Income from equity investment	\$	—	\$	—	\$	8,986	\$	—	—	\$ 8,986
Cash paid for property and equipment	\$	15,296	\$	3,225	\$	630	\$	—	13,879	\$ 33,030
Depreciation and amortization	\$	40,693	\$	7,378	\$	5,262	\$	—	24,590	\$ 77,923
<b>2020</b>										
Net sales:										
External customer sales	\$	1,800,323	\$	182,659	\$	188,828	\$	62,909	\$	2,234,719
Intersegment sales		—		—		59,818		—	(59,818)	—
Total net sales	\$	1,800,323	\$	182,659	\$	248,646	\$	62,909	(59,818)	\$ 2,234,719
Gross profit	\$	242,786	\$	28,651	\$	36,393	\$	962	2,449	\$ 311,241
Income from equity investment	\$	—	\$	—	\$	9,329	\$	—	—	\$ 9,329
Cash paid for property and equipment	\$	9,997	\$	3,420	\$	1,194	\$	67	16,436	\$ 31,114
Depreciation and amortization	\$	47,083	\$	7,817	\$	5,433	\$	42	27,651	\$ 88,026

<i>(in thousands)</i>	U.S. Retail	Canada Retail	Brand Portfolio	Other	Corporate / Eliminations	Total
2019						
Net sales:						
External customer sales	\$ 2,745,395	\$ 249,017	\$ 376,185	\$ 122,090	\$ —	\$ 3,492,687
Intersegment sales	—	—	72,100	—	(72,100)	—
Total net sales	\$ 2,745,395	\$ 249,017	\$ 448,285	\$ 122,090	\$ (72,100)	\$ 3,492,687
Gross profit	\$ 786,976	\$ 79,850	\$ 114,170	\$ 26,065	\$ (7,391)	\$ 999,670
Income from equity investment	\$ —	\$ —	\$ 10,149	\$ —	\$ —	\$ 10,149
Cash paid for property and equipment	\$ 36,302	\$ 7,600	\$ 3,574	\$ 178	\$ 30,166	\$ 77,820
Depreciation and amortization	\$ 47,282	\$ 9,583	\$ 5,644	\$ 372	\$ 23,768	\$ 86,649

The U.S. Retail and Brand Portfolio segments and Other net sales recognized are primarily based on sales to customers in the U.S., and Canada Retail segment net sales recognized are based on sales to customers in Canada. Net sales realized from geographic markets outside of the U.S. and Canada have collectively been immaterial.

As of January 29, 2022 and January 30, 2021, long-lived assets, consisting of property and equipment and operating lease assets, included \$835.9 million and \$917.5 million, respectively, in the U.S. and \$66.1 million and \$78.9 million, respectively, in Canada, with only an immaterial amount in other countries. No single customer accounts for 10% or more of consolidated total net sales. However, the Brand Portfolio segment has four customers that make up approximately 57% of its total net sales, excluding intersegment net sales, and the loss of any or all of these customers could have a material adverse effect on the Brand Portfolio segment.

#### **QUENT EVENT**

On February 8, 2022, we settled in full the \$231.3 million principal amount outstanding under our Term Loan. In connection with this settlement, we incurred a \$12.7 million loss on extinguishment of debt, comprised of a \$6.9 million prepayment premium and a \$5.7 million write-off of unamortized debt issuance costs, which will be recorded in the first quarter of 2022. The settlement of the Term Loan was made using proceeds from borrowings under the ABL Revolver.

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**HANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

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None.

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**CONTROLS AND PROCEDURES**

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**EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

We, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded, as of the end of the period covered by this Form 10-K, that such disclosure controls and procedures were effective.

**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for establishing and maintaining adequate internal control over financial reporting for us (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Management assessed the effectiveness of our internal control system as of January 29, 2022. In making its assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework (2013)*. Based on this assessment, management concluded that our internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting.

Deloitte & Touche LLP (PCAOB ID No. 34), our independent registered public accounting firm, has issued an attestation report covering our internal control over financial reporting, as stated in its report which is included herein.

**CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

No change was made in our internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(e), during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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**OTHER INFORMATION**

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The information set forth below is included herein, by our option, for the purpose of providing disclosure under "Item 1.02 - Termination of a Material Definitive Agreement" of Form 8-K.

On March 15, 2022, we terminated our Equity Distribution Agreement (the "ATM Agreement") with BMO Capital Markets Corp., pursuant to which we were entitled, but not required, to offer and sell up to \$100 million of our Class A common shares. The termination was effective March 15, 2022. As of the date of the termination, we had not sold any shares under the ATM Agreement. We will not incur any termination penalties as a result of this termination.

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**DISCLOSURES REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

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Not applicable.

## PART III

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### **DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

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The information contained under the captions "**INFORMATION ABOUT OUR EXECUTIVE OFFICERS**," "**PROPOSAL 1- ELECTION OF DIRECTORS**" and "**OTHER DIRECTOR INFORMATION, BOARD COMMITTEES, AND CORPORATE GOVERNANCE INFORMATION**" in our definitive Proxy Statement for the 2022 Annual Meeting of Shareholders, to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act (the "Proxy Statement"), is incorporated herein by reference.

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### **EXECUTIVE COMPENSATION**

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The information contained under the captions "**OTHER DIRECTOR INFORMATION, BOARD COMMITTEES, AND CORPORATE GOVERNANCE INFORMATION**," "**REPORT OF THE COMPENSATION COMMITTEE**," "**COMPENSATION DISCUSSION AND ANALYSIS**" and the related tabular disclosure, and "**FISCAL YEAR 2021 DIRECTOR COMPENSATION**" in the Proxy Statement is incorporated herein by reference. Notwithstanding the foregoing, the information contained in the Proxy Statement under the caption "**REPORT OF THE COMPENSATION COMMITTEE**" shall be deemed furnished, and not filed, in this Form 10-K and shall not be deemed incorporated by reference into any filing we make under the Securities Act of 1933, as amended, or the Exchange Act.

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### **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS**

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The information contained under the caption "**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**" and "**EQUITY COMPENSATION PLAN INFORMATION**" in the Proxy Statement is incorporated herein by reference.

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### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

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The information contained under the captions "**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**" and "**OTHER DIRECTOR INFORMATION, BOARD COMMITTEES, AND CORPORATE GOVERNANCE INFORMATION**" in the Proxy Statement is incorporated herein by reference.

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### **PRINCIPAL ACCOUNTING FEES AND SERVICES**

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The information contained under the caption "**AUDIT AND OTHER SERVICE FEES**" in the Proxy Statement is incorporated herein by reference.

## PART IV

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### **EXHIBITS, FINANCIAL STATEMENTS SCHEDULES**

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(a) The following documents are filed as a part of this Form 10-K:

#### **(1) CONSOLIDATED FINANCIAL STATEMENTS**

The following consolidated financial statements are included in Part II, Item 8 of this Form 10-K:

- Report of Independent Registered Public Accounting Firm
- Consolidated Statements of Operations for the years ended January 29, 2022, January 30, 2021 and February 1, 2020
- Consolidated Statements of Comprehensive Income (Loss) for the years ended January 29, 2022, January 30, 2021 and February 1, 2020
- Consolidated Balance Sheets as of January 29, 2022 and January 30, 2021
- Consolidated Statements of Shareholders' Equity for the years ended January 29, 2022, January 30, 2021 and February 1, 2020

- Consolidated Statements of Cash Flows for the years ended January 29, 2022, January 30, 2021 and February 1, 2020
- Notes to the Consolidated Financial Statements

## **(2) CONSOLIDATED FINANCIAL STATEMENT SCHEDULES**

Schedules not filed are omitted because of the absence of the conditions under which they are required or because the required information is included in the financial statements or the notes thereto.

## **(3) and (b) EXHIBITS**

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Date of Filing	Exhibit Number
<a href="#">2.1</a>	Agreement and Plan of Merger, dated February 8, 2011, among DSW Inc., DSW MS LLC, and Retail Ventures, Inc.	8-K/A	001-32545	2/25/2011	2.1
<a href="#">2.2</a>	Agreement of Purchase and Sale, dated October 31, 2012, among DSW Inc., 4300 East Fifth Avenue LLC, 4300 Venture 34910 LLC, and 4300 Venture 6729 LLC.	8-K	001-32545	11/1/2012	2.1
<a href="#">2.3</a>	Securities Purchase Agreement, dated as of October 10, 2018, by and among DSW Shoe Warehouse, Inc., ABG-Camuto, LLC, Camuto Group LLC, Camuto Consulting, Inc., Camuto Owners (as defined therein), Clear Thinking Group LLC, in the person of Stuart H. Kessler, solely in its capacity as Sellers' Representative (as defined therein) and Buyer Parents (as defined therein), solely with respect to the Parent Specified Sections.	8-K	001-32545	10/11/2018	2.1
<a href="#">2.3.1</a>	Amendment to Securities Purchase Agreement, dated October 10, 2018, by and among DSW Shoe Warehouse, Inc., ABG-Camuto, LLC, Camuto Group LLC, Camuto Consulting, Inc., Camuto Owners (as defined therein), Clear Thinking Group LLC, in the person of Stuart H. Kessler, solely in its capacity as Sellers' Representative (as defined therein) and Buyer Parents (as defined therein), solely with respect to the Parent Specified Sections.	10-K	001-32545	03/26/2019	2.4.1
<a href="#">2.3.2</a>	Side Letter to Securities Purchase Agreement, dated January 31, 2019, by and among DSW Shoe Warehouse, Inc., ABG-Camuto, LLC, Camuto Group LLC, Camuto Consulting, Inc., Camuto Owners (as defined therein), Clear Thinking Group LLC, in the person of Stuart H. Kessler, solely in its capacity as Sellers' Representative (as defined therein) and Buyer Parents (as defined therein), solely with respect to the Parent Specified Sections.	10-K	001-32545	03/26/2019	2.4.2
<a href="#">3.1</a>	Amended and Restated Articles of Incorporation of Designer Brands Inc. dated March 19, 2019.	10-K	001-32545	03/26/2019	3.1
<a href="#">3.2</a>	Amended and Restated Code of Regulations.	10-K	001-32545	04/13/2006	3.2
<a href="#">4.1</a>	Specimen Class A Common Shares Certificate.	10-Q	001-32545	06/4/2019	4.1
<a href="#">4.2</a>	Description of Designer Brands Inc.'s Securities Registered Under Section 12 of the Securities Exchange Act of 1934.	10-K	001-32545	05/01/2020	4.2
<a href="#">10.1</a>	Corporate Services Agreement, dated June 12, 2002, between Retail Ventures and Schottenstein Stores Corporation.	10-Q	001-10767	06/18/2002	10.6

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Date of Filing	Exhibit Number
<a href="#">10.1.1</a>	Amendment to Corporate Services Agreement, dated July 5, 2005, among Retail Ventures, Schottenstein Stores Corporation and Schottenstein Management Company, together with Side Letter Agreement, dated July 5, 2005, among Schottenstein Stores Corporation, Retail Ventures, Inc., Schottenstein Management Company and DSW Inc. related thereto.	8-K	001-10767	07/11/2005	10.5
<a href="#">10.2#</a>	Employment Agreement, dated March 4, 2005, between Deborah L. Ferrée and DSW Inc.	S-1	333-123289	03/14/2005	10.4
<a href="#">10.2.1#</a>	First Amendment to Employment Agreement, dated December 31, 2007, between Deborah L. Ferrée and DSW Inc.	10-K	001-32545	4/17/2008	10.2.1
<a href="#">10.2.2#</a>	Second Amendment to Employment Agreement, dated February 12, 2016, between Deborah L. Ferrée and DSW Inc.	10-K	001-32545	3/24/2016	10.2.2
<a href="#">10.3#</a>	DSW Inc. 2014 Long-Term Incentive Plan.	Schedule 14A	001-32545	4/30/2014	Appendix C
<a href="#">10.3.1#</a>	First Amendment to DSW Inc. 2014 Long-Term Incentive Plan, dated January 31, 2018.	10-K	001-32545	3/26/2019	10.3.1
<a href="#">10.3.2#</a>	Designer Brands Inc. 2014 Long-Term Incentive Plan (as Amended and Restated).	S-8	333-239853	7/14/2020	99.1
<a href="#">10.3.3#</a>	Form of Restricted Stock Units Award Agreement for Employees (2020).	10-K	001-32545	5/1/2020	10.3.2
<a href="#">10.3.4#</a>	Form of Stock Units for Automatic Grants to Non-employee Directors (2020).	10-K	001-32545	5/1/2020	10.3.3
<a href="#">10.3.5#</a>	Form of Nonqualified Stock Option Award Agreement for Employees (2020).	10-K	001-32545	5/1/2020	10.3.4
<a href="#">10.3.6#</a>	Form of Performance-Based Restricted Stock Units Award Agreement for Employees (2020).	10-K	001-32545	5/1/2020	10.3.5
<a href="#">10.3.7#</a>	Form of Restricted Stock Units Award Agreement for Canada Employees (2020).	10-K	001-32545	5/1/2020	10.3.6
<a href="#">10.3.8#*</a>	Form of Performance Share Agreement (2021).	-	-	-	-
<a href="#">10.3.9#*</a>	Form of Director Stock Unit Agreement (2021).	-	-	-	-
<a href="#">10.4</a>	Credit Agreement, dated August 25, 2017, among DSW Inc., as the lead borrower, certain of its Canadian subsidiaries that may become borrowers thereunder, Designer Brand Inc.'s domestic subsidiaries as guarantors, the lenders party thereto, and PNC Bank, National Association, as administrative agent for the lenders.	8-K	001-32545	8/31/2017	10.1
<a href="#">10.4.1</a>	First Amendment to Credit Agreement, dated as of January 30, 2018, by and among DSW Inc., the guarantors party thereto, the lenders party thereto and PNC Bank, National Association, as administrative agent.	10-K	001-32545	5/1/2020	10.4.1
<a href="#">10.4.2</a>	Second Amendment to Credit Agreement, dated as of October 10, 2018, by and among DSW Inc., the guarantors party thereto, the lenders party thereto and PNC Bank, National Association, as administrative agent.	8-K	001-32545	10/11/2018	10.1
<a href="#">10.4.3</a>	Third Amendment to Credit Agreement, dated as of March 16, 2020, by and among Designer Brands Inc., the lenders party thereto and PNC Bank, National Association, as administrative agent.	10-K	001-32545	5/1/2020	10.4.3

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Date of Filing	Exhibit Number
<a href="#">10.4.4</a>	Fourth Amendment to Credit Agreement, dated as of April 30, 2020, by and among Designer Brands Inc., the guarantors party thereto, the lenders party thereto and PNC Bank, National Association, as administrative agent.	10-K	001-32545	5/1/2020	10.4.4
<a href="#">10.4.5</a>	Pledge and Security Agreement, dated April 30, 2020, by and among each of the Grantors referred to therein, in favor of PNC Bank, National Association, in its capacity as administrative and collateral agent for the Secured Parties referred to therein.	10-K	001-32545	5/1/2020	10.4.5
<a href="#">10.5</a>	Cost Sharing Agreement, dated November 1, 2012, between 4300 East Fifth Avenue LLC and 810 AC LLC, a wholly owned subsidiary of DSW.	8-K	001-32545	11/2/2012	10.1
<a href="#">10.6#*</a>	Designer Brands Inc. Cash Incentive Plan.	-	-	-	-
<a href="#">10.7</a>	Form of Indemnification Agreement between Designer Brands Inc. and its officers and directors.	10-K	001-32545	5/1/2020	10.7
<a href="#">10.8</a>	Management Agreement, dated November 1, 2012, between Schottenstein Property Group, LLC and 810 AC LLC, a wholly owned subsidiary of DSW.	8-K	001-32545	11/01/2012	10.2
<a href="#">10.9</a>	Master Separation Agreement, dated July 5, 2005, between DSW Inc. and Retail Ventures, Inc.	8-K	001-10767	7/11/2005	10.1
<a href="#">10.9.1</a>	Amendment to Master Separation Agreement between DSW Inc. and Retail Ventures, Inc., dated May 26, 2011.	8-K	001-32545	5/26/2011	10.1
<a href="#">10.10</a>	Amended and Restated Supply Agreement dated May 30, 2006, between DSW Inc. and Stein Mart, Inc.	8-K	001-32545	6/5/2006	10.1
<a href="#">10.10.1</a>	First Amendment to Amended and Restated Supply Agreement dated May 30, 2006, between DSW Inc. and Stein Mart, Inc. Entered into August 26, 2008.	10-K	001-32545	3/23/2018	10.11.1
<a href="#">10.10.2</a>	Second Amendment to Amended and Restated Supply Agreement dated May 30, 2006, between DSW Inc. and Stein Mart, Inc. Entered into February 23, 2012.	10-K	001-32545	3/23/2018	10.11.2
<a href="#">10.10.3</a>	Third Amendment to Amended and Restated Supply Agreement dated May 30, 2006, between DSW Inc. and Stein Mart, Inc. Entered into September 10, 2013.	10-K	001-32545	3/23/2018	10.11.3
<a href="#">10.10.4</a>	Fourth Amendment to Amended and Restated Supply Agreement dated May 30, 2006, between DSW Inc. and Stein Mart, Inc. Entered into on July 31, 2014.	10-K	001-32545	3/23/2018	10.11.4
<a href="#">10.10.5</a>	Fifth Amendment to Amended and Restated Supply Agreement dated May 30, 2006, between DSW Inc. and Stein Mart, Inc. Entered into on March 14, 2017.	10-K	001-32545	3/23/2018	10.11.5
<a href="#">10.10.6</a>	Sixth Amendment to Amended and Restated Supply Agreement dated May 30, 2006, between DSW Inc. and Stein Mart, Inc. Entered into on December 6, 2017.	10-K	001-32545	3/23/2018	10.11.6
<a href="#">10.10.7</a>	Seventh Amendment to Amended and Restated Supply Agreement dated May 30, 2006, between Designer Brands Inc. and Stein Mart Inc. Entered into on May 13, 2020.	10-Q	001-32545	6/19/2020	10.5
<a href="#">10.11#</a>	Nonqualified Deferred Compensation Plan.	10-Q	001-32545	12/13/2007	10.1

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Date of Filing	Exhibit Number
<a href="#">10.12</a>	Agreement of Lease, dated October 1, 2007, between 4300 Venture 34910 LLC, an affiliate of Schottenstein Stores Corporation and eTailDirect LLC re: fulfillment center.	8-K	001-32545	3/6/2008	10.1
<a href="#">10.12.1</a>	Lease Amendment to Agreement of Lease, dated September 29, 2009, between 4300 Venture 34910 LLC, an affiliate of Schottenstein Stores Corporation and eTailDirect LLC re: fulfillment center.	10-Q	001-32545	12/3/2009	10.1
<a href="#">10.12.2</a>	Second Lease Amendment to Agreement of Lease, dated November 30, 2010, between 4300 Venture 34910 LLC, an affiliate of Schottenstein Stores Corporation and eTailDirect LLC re: fulfillment center.	10-K	001-32545	3/22/2011	10.56.2
<a href="#">10.12.3</a>	Third Lease Amendment to Agreement of Lease, dated March 1, 2013, between 4300 Venture 34910 LLC, a Schottenstein Affiliate, and eTailDirect LLC re: fulfillment center.	10-Q	001-32545	6/7/2013	10.1
<a href="#">10.12.4</a>	Fourth Lease Amendment to Agreement of Lease, dated December 23, 2016, between 4300 Venture 34910 LLC, an affiliate of Schottenstein Stores Corporation and eTailDirect LLC re: fulfillment center.	10-K	001-32545	3/26/2019	10.12.4
<a href="#">10.13</a>	Guaranty by DSW Inc. to 4300 Venture 34910 LLC, an affiliate of Schottenstein Stores Corporation re: Lease, dated October 1, 2007 between 4300 Venture 34910 LLC, an affiliate of Schottenstein Stores Corporation and eTailDirect LLC re: new fulfillment center for the business of dsw.com.	8-K	001-32545	3/6/2008	10.5
<a href="#">10.14#</a>	Employment Agreement, dated March 27, 2009, between William L. Jordan and DSW Inc.	10-K	001-32545	4/1/2009	10.61
<a href="#">10.14.1#</a>	First Amendment to Employment Agreement, dated November 9, 2015, between William L. Jordan and DSW Inc.	10-K	001-32545	3/24/2016	10.29.1
<a href="#">10.15#</a>	Amended and Restated Standard Executive Severance Agreement, dated December 6, 2019, between Designer Brands Inc. and Roger Rawlins.	10-Q	001-32545	12/10/2019	10.1
<a href="#">10.16#</a>	Standard Executive Severance Agreement, dated July 20, 2016, between Jared Poff and DSW Inc.	10-Q	001-32545	9/1/2016	10.1
<a href="#">10.17#</a>	Standard Executive Severance Agreement, dated April 9, 2020, between Mary Turner and Designer Brands Inc.	10-K	001-32545	5/1/2020	10.21
<a href="#">10.18#*</a>	Standard Executive Severance Agreement, dated January 30, 2022, between James Weinberg and Designer Brands Inc.	-	-	-	-
<a href="#">10.19</a>	Term Loan Credit Agreement, dated August 7, 2020, among Designers Brands Inc., as the lead borrower, Designer Brands Canada Inc., as the Canadian Borrower, certain of its domestic and Canadian subsidiaries as guarantors, the lenders party thereto, and Sixth Street Specialty Lending, Inc. as Administrative Agent and Lead Arranger.	8-K	001-32545	8/7/2020	10.1

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Date of Filing	Exhibit Number
<a href="#">10.20</a>	ABL Credit Agreement, dated August 7, 2020, among Designer Brands Inc., as the lead borrower, Designer Brands Canada Inc., as the Canadian Borrower, certain of its domestic and Canadian subsidiaries that may become borrowers thereunder, the Designer Brand Inc.'s domestic and Canadian subsidiaries as guarantors, the lenders party thereto, and PNC Bank, National Association as administrative agent of the lenders.	8-K	001-32545	8/7/2020	10.2
<a href="#">21.1*</a>	List of Subsidiaries.	-	-	-	-
<a href="#">23.1*</a>	Consent of Independent Registered Public Accounting Firm.	-	-	-	-
<a href="#">24.1*</a>	Powers of Attorney.	-	-	-	-
<a href="#">31.1*</a>	Rule 13a-14(a)/15d-14(a) Certification - Principal Executive Officer.	-	-	-	-
<a href="#">31.2*</a>	Rule 13a-14(a)/15d-14(a) Certification - Principal Financial Officer.	-	-	-	-
<a href="#">32.1**</a>	Section 1350 Certification - Principal Executive Officer.	-	-	-	-
<a href="#">32.2**</a>	Section 1350 Certification - Principal Financial Officer.	-	-	-	-
101*	The following materials from the Designer Brands Inc. Annual Report on Form 10-K for the year ended January 29, 2022, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Statements of Operations; (ii) Consolidated Statements of Comprehensive Income (Loss); (iii) Consolidated Balance Sheets; (iv) Consolidated Statements of Shareholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.	-	-	-	-
104*	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101.	-	-	-	-

\* Filed herewith

\*\* Furnished herewith

# Management contract or compensatory plan or arrangement

### (c) Additional Financial Statement Schedules

None.

### FORM 10-K SUMMARY

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### DESIGNER BRANDS INC.

March 21, 2022

By: /s/ Jared Poff  
Jared Poff,  
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Exchange Act, this report has been signed by the following persons in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Roger Rawlins</u> Roger Rawlins	Chief Executive Officer and Director (Principal Executive Officer)	March 21, 2022
<u>/s/ Jared Poff</u> Jared Poff	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 21, 2022
<u>/s/ Mark Haley</u> Mark Haley	Senior Vice President and Controller (Principal Accounting Officer)	March 21, 2022
<u>*</u> Jay L. Schottenstein	Executive Chairman of the Board and Director	March 21, 2022
<u>*</u> Peter Cobb	Director	March 21, 2022
<u>*</u> Joanne Zaiac	Director	March 21, 2022
<u>*</u> Elaine J. Eisenman	Director	March 21, 2022
<u>*</u> Joanna T. Lau	Director	March 21, 2022
<u>*</u> Joseph A. Schottenstein	Director	March 21, 2022
<u>*</u> Harvey L. Sonnenberg	Director	March 21, 2022
<u>*</u> Allan J. Tanenbaum	Director	March 21, 2022
<u>*</u> Ekta Singh-Bushell	Director	March 21, 2022

\*By: /s/ Jared Poff  
Jared Poff (Attorney-in-fact)

## DESIGNER BRANDS INC. CASH INCENTIVE COMPENSATION PLAN

## 1.00 PURPOSE AND EFFECTIVE DATE

**1.01 Purpose:** This Plan is an amendment and restatement of the DSW Inc. 2005 Cash Incentive Compensation Plan and is intended to foster and promote the financial success of the Company and Subsidiaries and to increase shareholder value by [1] providing Participants an opportunity to receive incentive compensation if specified objectives are met and [2] enabling the Company to attract and retain the services of outstanding employees upon whose judgment, interest and special efforts the successful conduct of the Company's business is largely dependent. The Plan has been amended to remove outdated provisions applicable to "qualified performance-based compensation" under Code §162(m) and make other appropriate changes.

**1.02 Effective Date:** The Plan will be effective upon its adoption by the Board (the "Effective Date").

## 2.00 DEFINITIONS

When used in this Plan, the following terms have the meanings given to them in this section unless another meaning is expressly provided elsewhere in this document or clearly required by the context. When applying these definitions and any other word, term or phrase used in this Plan, the form of any word, term or phrase will include any and all of its other forms.

**Act.** The Securities Exchange Act of 1934, as amended, or any successor statute of similar effect even if the Company is not subject to the Act.

**Award.** A grant made under this Plan consisting of an opportunity to receive a cash bonus if terms and conditions specified in the Award Notice are met.

**Award Notice.** The written or electronic notice delivered to the Participant that describes the terms and conditions that must be met if an Award is to be paid. If there is a conflict between the terms of this Plan and the terms of the Award Notice, the terms of the Plan will govern.

**Board.** The Company's Board of Directors.

**Change in Control.** The earliest of any of the following events to occur:

1. The acquisition by any individual, entity or group (within the meaning of §13(d)(3) or §14(d)(2) of the Act and for purposes of this definition, a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of voting securities of the Company where such acquisition causes such Person to own 30% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of the Board (the "Outstanding Voting Securities"); provided, however, that for purposes of this paragraph [1], the following acquisitions shall not be deemed to result in a Change in Control: [a] any acquisition directly from the Company; [b] any acquisition by the Company or a Subsidiary; [c] any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary; [d] any acquisition by any corporation pursuant to a transaction that complies with clauses [a], [b], and [c] of paragraph [3] below; [e] any acquisition by Jay L. Schottenstein, Schottenstein Stores Corporation or any of their respective affiliates; or [f] any acquisition by any trust established for the benefit of Jay L. Schottenstein or any of his spouse, children or lineal descendants or any other Person controlled by such trust; provided, further, that if any person's beneficial ownership of the Outstanding Voting Securities reaches or exceeds 30% as a result of a transaction described in clause [a] or [b] of this paragraph [1], and such Person subsequently acquires beneficial ownership of additional voting securities of the Company, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 30% or more of the Outstanding Voting Securities;
2. Individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a Director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the Directors then comprising the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall be deemed to be a member of the Incumbent Board;
3. Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or a Subsidiary, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or a Subsidiary (each, a "Business Combination"),

excluding, however, such a Business Combination pursuant to which **[a]** all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries); **[b]** no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination; and **[c]** at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

4. Approval of the shareholders of the Company of a complete liquidation or dissolution of the Company.

**Code.** The Internal Revenue Code of 1986, as amended or superseded after the Effective Date and any applicable rulings or regulations issued under the Code.

**Committee.** The Compensation Committee with respect to Awards granted to executive officers of the Company. With respect to Awards granted to employees who are not executive officers of the Company, the "Committee" shall mean the Chief Executive Officer of the Company or other member of the management team of the Company, as designated by the Compensation Committee.

**Company.** Designer Brands Inc., an Ohio corporation, and any and all successors to it.

**Compensation Committee.** The Board's Compensation Committee.

**Director.** A member of the Board.

**Disability.** Unless the Committee specifies otherwise in the Award Notice, the Participant's permanent and total disability which enables the Participant to be eligible for and receive a disability benefit under the federal Social Security Act.

**Employee.** Any person who, on any applicable date, is a common law employee of the Company or any Subsidiary. A worker who is classified as other than a common law employee but who is subsequently reclassified as a common law employee of the Company for any reason and on any basis will be treated as a common law employee only from the date that reclassification occurs and will not retroactively be reclassified as an Employee for any purpose of this Plan.

**Participant.** Any Employee to whom an Award has been granted.

**Performance Criteria.** The criteria described in Section 5.01.

**Performance Period.** The period over which the Committee will determine if applicable Performance Criteria have been met.

**Plan.** This Designer Brands Inc. Cash Incentive Compensation Plan, as it may be amended from time to time.

**Stock.** The Class A common stock, without par value, issued by the Company or any security issued by the Company in substitution, exchange or in place of these shares.

**Subsidiary.** Any corporation or other entity in which the Company, directly or indirectly, controls 50% or more of the total combined voting power of such corporation or other entity, or any other corporation or other entity in which the Company has a significant equity interest, in either case as determined by the Committee.

**Termination or Terminated.** Unless the Committee specifies otherwise in the Award Notice, **[1]** cessation of the employee-employer relationship between a Participant and the Company and all Subsidiaries for any reason or **[2]** with respect to a Participant who is an Employee of a Subsidiary, a severance or diminution of the Company's direct or indirect ownership after which that entity is no longer a Subsidiary and after which that person is not an Employee of the Company or any entity that then is a Subsidiary. However, a Termination will not have occurred while the Participant is absent from active employment for a period of not more than three months (or, if longer, the period during which reemployment rights are protected by law, contract or written agreement, including the Award Notice, between the Participant and the Company) due to illness, military service or other leave of absence approved by the Committee.

### 3.00 PARTICIPATION

#### 3.01 Participation.

1. Consistent with the terms of the Plan and subject to Section 3.02, the Committee will **[a]** decide which Employees will be granted Awards and **[b]** specify the terms upon which an Award will be granted and may be paid.
2. The Committee may establish different terms and conditions for each Award.

#### 3.02 Conditions of Participation. By accepting an Award, each Participant agrees:

1. To be bound by the terms of the Award Notice and the Plan and to comply with other conditions imposed by the Committee; and
2. That the Committee (or the Board, as appropriate) may amend the Plan and the Award Notice without any additional consideration to the extent necessary to avoid penalties arising under Code §409A, even if those amendments reduce, restrict or eliminate rights granted under the Plan or Award Notice (or both) before those amendments.
3. That all decisions and determinations of the Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest in such Award.

### 4.00 ADMINISTRATION

**4.01 Committee Duties.** The Committee is responsible for administering the Plan and has all powers appropriate and necessary to that purpose. Consistent with the Plan's objectives, the Committee may adopt, amend and rescind rules and regulations relating to the Plan, to the extent appropriate to protect the Company's and any Subsidiary's interests, and has complete discretion to make all other decisions (including whether a Participant has incurred a Disability) necessary or advisable for the administration and interpretation of the Plan. Any action by the Committee will be final, binding and conclusive for all purposes and upon all persons.

**4.02 Delegation of Ministerial Duties.** In its sole discretion, the Committee may delegate any ministerial duties associated with the Plan to any person (including Employees) that it deems appropriate.

**4.03 Award Notice.** At the time an Award is made, the Committee will prepare and deliver an Award Notice to each affected Participant. The Award Notice:

1. Will describe the Award and when and how it may be paid;
2. To the extent different from the terms of the Plan, will describe **[a]** any conditions that must be met before the Award may be paid, including Performance Criteria and **[b]** any other applicable terms and conditions affecting the Award.

### 5.00 AWARDS

#### 5.01 Performance Criteria.

1. Payment of Awards will be based on one or more (or a combination of) factors that the Committee believes are relevant and appropriate, which may include the following Performance Criteria, and which may be applied solely with reference to the Company (and/or any Subsidiary) or relatively between the Company (and/or any Subsidiary) and one or more unrelated entities:
  - a. Net earnings or net income (before or after taxes);
  - b. Earnings per share;
  - c. Net sales or revenue growth;
  - d. Net operating profit;
  - e. Return measures (including, but not limited to, return on assets, capital, invested capital, equity, sales or revenue);

- f. Cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity and cash flow return on investment);
  - g. Earnings before or after taxes, interest, depreciation and/or amortization;
  - h. Gross or operating margins;
  - i. Productivity ratios;
  - j. Share price (including, but not limited to, growth measures and total shareholder return);
  - k. Expense targets;
  - l. Margins;
  - m. Operating efficiency;
  - n. Market share;
  - o. Customer satisfaction;
  - p. Working capital targets; and
  - q. Economic value added (net operating profit after tax minus the sum of capital multiplied by the cost of capital).
2. Different Performance Criteria may be applied to individual Participants or to groups of Participants and, as specified by the Committee, may be based on the results achieved **[a]** separately by the Company or any Subsidiary, **[b]** any combination of the Company and Subsidiaries or **[c]** any combination of segments, products or divisions of the Company and Subsidiaries.

3. The Committee:

- a. Will make appropriate adjustments to Performance Criteria to reflect the effect on any Performance Criteria of any stock dividend or stock split affecting Stock, recapitalization (including, without limitation, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to shareholders, exchange of shares or similar corporate change. Also, the Committee will make a similar adjustment to any portion of a Performance Criteria that is not based on Stock but which is affected by an event having an effect similar to those just described.
- b. May make appropriate adjustments to Performance Criteria to reflect a substantive change in a Participant's job description or assigned duties and responsibilities.
- c. May provide that one or more Performance Criteria will be adjusted to reflect such events as the Committee deems appropriate, including, without limitation, the impact of charges for restructurings, discontinued operations, mergers, acquisitions, and other unusual or infrequently occurring items, and the cumulative effects of tax or accounting changes, each as defined by United States generally accepted accounting principles, occurring during the applicable Performance Period.

**5.02 Determining Awards.** Subject to any terms, restrictions and conditions specified in the Plan or the Award Notice, and taking into account current and anticipated market and business conditions, as of the end of each Performance Period, the Committee will determine the extent to which each Participant has or has not met his or her Performance Criteria. Awards will be:

- 1. Forfeited, if Performance Criteria have not been met at the end of the Performance Period; or
- 2. Subject to Section 5.03, valued and distributed, in a single lump sum cash payment as soon as practicable after the last day of the Performance Period to the extent that related Performance Criteria have been met and market and business conditions warrant, but in no event later than March 15 of the calendar year following the calendar year in which the Performance Period ends.

**5.03 Deferral of Distribution.** Each Participant may direct the Company to defer payment of all or any portion of his or her Award by electing to have that amount [1] credited to his or her account under any nonqualified deferred compensation plan (as defined in §201(2) of the Employee Retirement Income Security Act of 1974, as amended) maintained by the Company and designated by the Committee as an appropriate repository for these deferrals and [2] distributed under the terms of that plan. This election must be made at a time and in a manner that complies with Code §409A.

#### **5.04 Effect of Termination.**

1. **Termination Other Than For Death or Disability.** Unless otherwise provided in the Award Notice or otherwise approved by the Committee, and except in the case of a Termination on account of death or Disability, no Award will be paid to a Participant who Terminates before the end of a Performance Period.
2. **Termination Because of Death or Disability.** Unless otherwise provided in the Award Notice, a prorated Award will be paid to a Participant (or to his or her beneficiary) who Terminates on account of death or Disability, but only if the Performance Criteria applicable to that Performance Period are met at the end of that Performance Period. The amount paid will equal the Award the Participant would have received had his or her employment not Terminated on account of death or Disability before the end of the Performance Period, multiplied by a fraction, the numerator of which is the number of days between the beginning of the Performance Period and the date on which the Termination occurred, and the denominator is the total number of days in that Performance Period. This amount, if any, will be paid at the same time and in the same manner as the Award would have been paid had the Participant not Terminated.

### **6.00 CHANGE IN CONTROL**

**6.01 Accelerated Vesting and Settlement.** Subject to Section 6.02, on the date of any Change in Control, all Performance Criteria will be deemed to have been met at the “target” level on the date of the Change in Control for all Participants who are employed by the Company or a Subsidiary on the date of the Change in Control (or who terminated on account of death or Disability during the Performance Period), all Performance Periods will end on the date of the Change in Control, and all Awards will be distributed in full on or immediately following the date of the Change in Control, but in no event later than March 15 of the calendar year following the calendar year in which the Change in Control occurs.

**6.02 Effect of Code §280G.** Unless otherwise specified in the Award Notice or in another written agreement between the Participant and the Company or a Subsidiary executed simultaneously with or before any Change in Control, if the sum (or value) of the payments described in Section 6.01 for a Participant constitutes an “excess parachute payment” as defined in Code §280G(b)(1) when combined with all other parachute payments attributable to the same Change in Control would but for this Section 6.02 be subject to the excise tax imposed under Code §4999 or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the “Excise Tax”), then the Participant’s benefits under this Plan will be reduced so that the Participant’s total “parachute payment” as defined in Code §280G(b)(2)(A) under this Plan and all applicable agreements will be \$1.00 less than the amount that otherwise would generate an excise tax under Code §4999, but only if such reduction will result in the Participant’s receipt on an after-tax basis of the greatest amount of benefits after taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax).

### **7.00 AMENDMENT, MODIFICATION AND TERMINATION OF PLAN**

The Board or the Committee may terminate, suspend or amend the Plan at any time without shareholder approval. No Plan amendment may, without the consent of the affected Participant (and except as specifically provided otherwise in this Plan or the Award Notice), adversely affect any Award granted before the amendment, modification or termination. However, nothing in this section will restrict the Committee’s right to amend the Plan and any Award Notice without any additional consideration to affected Participants to the extent necessary to avoid penalties arising under Code §409A, even if those amendments reduce, restrict or eliminate rights granted under the Plan or Award Notice (or both) before those amendments.

### **8.00 MISCELLANEOUS**

**8.01 Assignability.** Except as described in this section, an Award may not be transferred except by will or the laws of descent and distribution.

**8.02 Beneficiary Designation.** Each Participant may name a beneficiary or beneficiaries (who may be named contingently or successively) to receive any Award that becomes payable on account of or after the Participant’s death. Each designation made will revoke all prior designations made by the same Participant, must be made on a form prescribed by the Committee and will be effective only when filed in writing with the Committee. If a Participant has not made an effective beneficiary designation,

the deceased Participant's beneficiary will be his or her surviving spouse or, if none, the deceased Participant's estate. The identity of a Participant's designated beneficiary will be based only on the information included in the latest beneficiary designation form completed by the Participant and will not be inferred from any other evidence.

**8.03 No Guarantee of Continuing Services.** Nothing in the Plan may be construed as:

1. Interfering with or limiting the right of the Company or any Subsidiary to Terminate any Employee's employment at any time;
2. Conferring on any Participant any right to continue as an Employee of the Company or any Subsidiary;
3. Guaranteeing that any Employee will be selected to be a Participant; or
4. Guaranteeing that any Participant will receive any future Awards.

**8.04 Tax Withholding.** The Company will withhold from the Award or from other amounts owed to the Participant an amount sufficient to satisfy federal, state and local withholding tax requirements on any Award.

**8.05 Indemnification.** Each individual who is or was a member of the Committee or a Director will be indemnified and held harmless by the Company against and from any loss, cost, liability or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit or proceeding to which he or she may be made a party or in which he or she may be involved by reason of any action taken or not taken under the Plan as a Committee or Director and against and from any and all amounts paid, with the Company's approval, by him or her in settlement of any matter related to or arising from the Plan as a Committee or Director or paid by him or her in satisfaction of any judgment in any action, suit or proceeding relating to or arising from the Plan against him or her as a Committee or Director, but only if he or she gives the Company an opportunity, at its own expense, to handle and defend the matter before he or she undertakes to handle and defend it in his or her own behalf. The right of indemnification described in this section is not exclusive and is independent of any other rights of indemnification to which the individual may be entitled under the Company's organizational documents, by contract, as a matter of law or otherwise. The foregoing right of indemnification is not exclusive and is independent of any other rights of indemnification to which the person may be entitled under the Company's organizational documents, by contract, as a matter of law or otherwise.

**8.06 No Limitation on Compensation.** Nothing in the Plan is to be construed to limit the right of the Company to establish other plans or to pay compensation to its employees or Directors, in cash or property, in a manner not expressly authorized under the Plan.

**8.07 Unfunded Arrangement.** The Plan is an unfunded incentive compensation arrangement. Nothing contained in the Plan, and no action taken pursuant to the Plan, shall create or be construed to create a trust of any kind. Each Participant's right to receive an Award shall be no greater than the right of an unsecured general creditor of the Company or any Subsidiary. All Awards shall be paid from the general funds of the Employer, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of Awards.

**8.08 Requirements of Law.** The grant of Awards will be subject to all applicable laws, rules and regulations and to all required approvals of any governmental agencies or national securities exchange, market or other quotation system.

**8.09 Governing Law.** The Plan, and all agreements hereunder, will be construed in accordance with and governed by the laws (other than laws governing conflicts of laws) of the State of Ohio.

**8.10 No Impact on Benefits.** Plan Awards are incentives designed to promote the objectives described in Section 1.00. Also, Awards are not compensation for purposes of calculating a Participant's rights under any employee benefit plan that does not specifically require the inclusion of Awards in calculating benefits.

**8.11 Successors.** The Plan shall be binding upon and inure to the benefit of the Company, Subsidiaries, its successors and assigns, and each Participant and his or her heirs, executors, administrators and legal representatives.

**8.12 Section 409A.** The Plan is intended to comply with the short-term deferral rule set forth in the regulations under Code §409A. If and to the extent that any payment under this Plan is deemed to be nonqualified deferred compensation subject to the requirements of Code §409A, this Plan shall be administered so that such payments are made in accordance with the requirements of Code §409A.

**8.13 Clawback Policy.** Awards granted under the Plan are subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time. By accepting Awards under the Plan, Participants agree and acknowledge that they are obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover

or recoup any Awards under the Plan that are subject to clawback. Such cooperation and assistance shall include, but is not limited to, executing, completing, and submitting any documentation necessary to recover or recoup any Award from a Participant's account, or from future compensation or Awards.

## STANDARD EXECUTIVE SEVERANCE AGREEMENT

BETWEEN

DESIGNER BRANDS INC.

AND

JIM WEINBERG

This Standard Executive Severance Agreement (“Agreement”) by and between Designer Brands Inc. (the “Company”) and Jim Weinberg (the “Executive”), collectively, the “Parties,” is effective as of the date signed (the “Effective Date”) and supersedes and replaces any other oral or written employment-related agreement between the Executive and the Company.

## RECITALS

WHEREAS, the severance offer to the Executive is provided by the Company in exchange for the Executive’s performance of the obligations described in this Agreement. The Executive agrees that the severance offered is adequate consideration for the performance of the duties and the covenants and releases made and entered into by and between the Executive and the Company in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and intending to be legally bound hereby, the Company and the Executive agree to the following:

## AGREEMENT

## 1.00 EXECUTIVE’S OBLIGATIONS

**1.01 Scope of Duties.** The Executive will:

- [1] Devote all available business time, best efforts and undivided attention to the Company’s business and affairs; and
- [2] Not engage in any other business activity, whether or not for gain, profit or other pecuniary benefit.
- [3] However, the restriction described in Section 1.02[1] and [2] will not preclude the Executive from:

[a] Making or holding passive investments in outstanding shares in the securities of publicly-owned companies or other businesses [other than ownership of 2% or more of the voting stock of any organizations described in Section 1.05], regardless of when and how that investment was made; or

[b] Serving on corporate, civic, religious, educational and/or charitable boards or committees but only if this activity [i] does not interfere with the performance of duties under this Agreement and [ii] is approved by the Executive’s manager.

**1.02 Confidential Information.**

[1] **Obligation to Protect Confidential Information.** The Executive acknowledges that the Company and its subsidiaries, parent corporation and affiliated entities (collectively, “Group” and separately, “Group Member”) have a legitimate and continuing proprietary interest in the protection of Confidential Information (as defined in Section 1.02[2]) and have invested, and will continue to invest, substantial sums of money to develop, maintain and protect Confidential Information. The Executive agrees [a] during and after employment with all Group Members whether or not such termination was voluntary [i] that any Confidential Information will be held in confidence and treated as proprietary to the Group, [ii] not to use or disclose any Confidential Information except to promote and advance the Group’s business interests and [b] immediately upon termination from employment with all Group Members, whether or not such termination was voluntary, to return to the Company any Confidential Information.

[2] **Definition of Confidential Information.** For purposes of this Agreement, Confidential Information includes any confidential data, figures, projections, estimates, pricing data, customer lists, buying manuals or procedures, distribution manuals or procedures, other policy and procedure manuals or handbooks, supplier information, tax records, personnel histories and records, information regarding sales, information regarding properties and any other Confidential Information regarding the business, operations, properties or personnel of the Group (or any Group Member) which are disclosed to or learned by the Executive as a result of employment with any Group Member, but will not include [a] the Executive’s personal personnel

records or [b] any information that [i] the Executive possessed before the date of initial employment (including periods before the Effective Date) with any Group Member that was a matter of public knowledge, [ii] became or becomes a matter of public knowledge through sources independent of the Executive, [iii] has been or is disclosed by any Group Member expressly providing for no restrictions on its use, [iv] has been or is required to be disclosed by law or governmental order or regulation, or [v] the Executive discloses to the appropriate governmental or regulatory agency solely for the purpose of reporting, participating in an investigation of, or participating in a proceeding involving a suspected violation of law. The Executive also agrees that, if there is any reasonable doubt whether an item is public knowledge, to not regard the item as public knowledge until and unless the General Counsel of the Company confirms to the Executive that the information is public knowledge or an arbitrator, acting under Section 6.00, finally decides that the information is public knowledge.

**[3] Intellectual Property.** The Executive expressly acknowledges that all right, title and interest to all inventions, designs, discoveries, works of authorship, and ideas conceived, produced, created, discovered, authored, or reduced to practice during the Executive's performance of services under this Agreement, whether individually or jointly with any Group Member (the "Intellectual Property") shall be owned solely by the Group, and shall be subject to the restrictions set forth in Section 1.02[1] above. All Intellectual Property which constitutes copyrightable subject matter under the copyright laws of the United States shall, from the inception of creation, be deemed to be a "work made for hire" under the United States copyright laws and all right, title and interest in and to such copyrightable works shall vest in the Group. All right, title and interest in and to all Intellectual Property developed or produced under this Agreement by the Executive, whether constituting patentable subject matter or copyrightable subject matter (to the extent deemed not to be a "work made for hire") or otherwise, shall be assigned and is hereby irrevocably assigned to the Group by the Executive. The Executive shall, without any additional consideration, execute all documents and take all other actions needed to convey the Executive's complete ownership interest in any Intellectual Property to the Group so that the Group may own and protect such Intellectual Property and obtain patent, copyright and trademark registrations for it. The Executive agrees that any Group Member may alter or modify the Intellectual Property at the Group Member's sole discretion, and the Executive waives all right to claim or disclaim authorship.

**1.03 Solicitation of Employees.** The Executive agrees that during employment, and for the longer of any period of salary continuation or for two years after terminating employment with all Group Members, whether or not such termination was voluntary, the Executive will [1] not, directly or indirectly, solicit any employee of any Group Member to leave employment with the Group, [2] not, directly or indirectly, employ or seek to employ any employee of any Group Member and [3] not cause or induce any of the Group's (or Group Member's) competitors to solicit for employment or employ any employee of any Group Member.

**1.04 Solicitation of Third Parties.** The Executive agrees that during employment, and for the longer of any period of salary continuation or for two years after terminating employment with all Group Members, whether or not such termination was voluntary, not, directly or indirectly, to recruit, solicit or otherwise induce or influence any customer, supplier, sales representative, lender, lessor, lessee or any other person having a business relationship with the Group (or any Group Member) to discontinue or reduce the extent of that relationship except in the course of discharging the duties described in this Agreement and with the good faith objective of advancing the Group's (or any Group Member's) business interests.

**1.05 Non-Competition.** The Executive agrees that for the longer of any period of salary continuation or for one year after terminating employment with all Group Members, not, directly or indirectly, to accept employment with, act as a consultant to, or otherwise perform services that are substantially the same or similar to those for which the Executive was compensated by any Group Member (this comparison will be based on job-related functions and responsibilities and not on job title) for any business that directly competes with the Group's (or any Group Member's) business, which is understood by the Parties to be the sale of significant branded footwear regardless of whether it is offered at full-price, at discount or off-price, and regardless of the channel of distribution (such as department stores, specialty retail stores, for sale at "first-cost" or wholesale rates and/or for sale online), and the manufacture and design of footwear. Illustrations of businesses that compete with the Group's business include, but are not limited to, Amazon (footwear and accessories); Caleres Inc.; Champs Sports; Deckers Outdoor; Dick's Sporting Goods; Famous Footwear; Finish Line; Foot Locker; Genesco; Kohl's (footwear); Macy's; Marc Fisher Footwear; Nordstrom and Nordstrom Rack (Non-apparel); Off Broadway Shoes; Shoe Carnival; Skechers USA; Steve Madden; Stuart Weitzman; The TJX Companies, Inc. (T.J. Maxx; Marshall's; The Maxx; Marmaxx); Walmart; Wolverine World Wide; and Zappos. This restriction applies to any parent, division, affiliate, newly formed or purchased business(es) and/or successor of a business that competes with the Group's (or any Group Member's) business.

**1.06 Post-Termination Cooperation.** As is required of the Executive during employment, the Executive agrees that during and after employment with any Group Members and without additional compensation (other than reimbursement for reasonable associated expenses), to cooperate with the Group (and with each Group Member) in the following areas:

**[1] Cooperation With the Company.** The Executive agrees [a] to be reasonably available to answer questions for the Group's (and any Group Member's) officers regarding any matter, project, initiative or effort for which the Executive was responsible while employed by any Group Member and [b] to cooperate with the Group (and with each Group Member) during the course of all third-party proceedings arising out of the Group's (and any Group Member's) business about which the Executive has knowledge or information. For purposes of this Agreement, [c] "proceedings" includes internal investigations,

administrative investigations or proceedings, arbitrations, and lawsuits (including pre-trial discovery and trial testimony) and **[d]** “cooperation” includes **[i]** the Executive being reasonably available for interviews, meetings, depositions, hearings and/or trials without the need for subpoena or assurances by the Group (or any Group Member), **[ii]** preserving and providing any and all documents in the Executive’s possession that relate to the proceeding, and **[iii]** providing assistance in locating any and all relevant notes and/or documents.

**[2] Cooperation With Third Parties.** Unless compelled to do so by lawfully-served subpoena or court order, the Executive agrees not to communicate with, or give statements or testimony to, any opposing attorney, opposing attorney’s representative (including private investigator) or current or former employee relating to any matter (including pending or threatened lawsuits or administrative investigations) about which the Executive has knowledge or information (other than knowledge or information that is not Confidential Information as defined in Section 1.02[2]) as a result of employment with the Group (or any Group Member) except in cooperation with the Company. The Executive also agrees to notify the General Counsel of the Company immediately after being contacted by a third party or receiving a subpoena or court order to appear and testify with respect to any matter affected by this Section.

**[3] Cooperation With Media.** The Executive agrees not to communicate with, or give statements to, any member of the media (including print, television or radio media) relating to any matter (including pending or threatened lawsuits or administrative investigations) about which the Executive has knowledge or information (other than knowledge or information that is not Confidential Information as defined in Section 1.02[2]) as a result of employment with the Group (or any Group Member). The Executive also agrees to notify the General Counsel of the Company immediately after being contacted by any member of the media with respect to any matter affected by this Section.

**1.07 Non-Disparagement.** The Executive and the Company (on its behalf and on behalf of the Group and each Group Member) agree that neither will make any disparaging remarks about the other and the Executive will not make any disparaging remarks about the Company’s Chairman, Chief Executive Officer or any of the Group’s senior executives. However, this Section will not preclude **[1]** any remarks that may be made by the Executive under the terms of Section 1.06[2] or that are required to discharge the duties described in this Agreement or **[2]** the Company from making (or eliciting from any person) disparaging remarks about the Executive concerning any conduct that may lead to a termination for Cause, as defined in Section 2.03 (including initiating an inquiry or investigation that may result in a termination for Cause), but only to the extent reasonably necessary to investigate the Executive’s conduct and to protect the Group’s (or any Group Member’s) interests.

**1.08 Notice of Subsequent Employment.** The Executive agrees to immediately notify the Company of any subsequent employment during the period of salary continuation after employment terminates.

**1.09 Nondisclosure.** The Executive agrees not to disclose the terms of this Agreement in any manner to any person other than the Executive’s manager, one of the Company’s Vice Presidents of Human Resources (or any Company representative they expressly approve for such disclosure), the Executive’s personal attorney, accountant and financial advisor, and the Executive’s immediate family or as otherwise required by law.

**1.10 Remedies.** The Executive acknowledges that money will not adequately compensate the Group for the substantial damages that will arise upon the breach of any provision of Section 1.00. For this reason, any disputes arising under Section 1.00 will not be subject to arbitration under Section 6.00. If the Executive breaches or threatens to breach any provision of Section 1.00, the Company will be entitled, in addition to other rights and remedies, to specific performance, injunctive relief and other equitable relief to prevent or restrain any breach or threatened breach of Section 1.00.

**1.11 Return of Company Property.** Upon termination of employment, the Executive agrees to promptly return to the Company all property belonging to the Group or any Group Member.

## **2.00 TERMINATION AND RELATED BENEFITS**

**2.01 Rules of General Application.** The following rules apply generally to the implementation of Section 2.00:

**[1] Method of Payment.** If the amount of any installment payments is or becomes less than or equal to the applicable dollar amount under Section 402(g)(1)(B) of the Internal Revenue Code of 1986, the Company may elect to pay such remaining installments as a lump sum.

**[2] Application of Pro Rata.** Any pro rata share required to be paid under Section 2.00 will be based on the number of days between the first day of the fiscal year during which the Executive terminates employment and the date that the Executive terminates employment divided by the number of days in the fiscal year during which the Executive terminates employment.

**2.02 Involuntary Termination Without Cause.** The Company may terminate the Executive’s employment at any time Without Cause (as defined below) by delivering to the Executive a written notice specifying the date termination is to be

effective. If all requirements of this Agreement are met, the Company will make the following payments to the Executive as of the effective date of Involuntary Termination Without Cause:

**[1] Base Salary.** For twelve (12) months beginning on the date of Involuntary Termination Without Cause, the Company will continue to pay the Executive's base salary at the rate in effect on the effective date of Involuntary Termination Without Cause. If such amount exceeds two times the annual compensation limit prescribed by Section 401(a)(17) of the Internal Revenue Code of 1986 (the "Involuntary Termination Limit"), then the Company will pay the severance obligation described in this Section 2.02[1] in two payment streams. The first payment stream will be equal to the Involuntary Termination Limit, and the Company will pay this amount in 12 monthly installments, beginning on the date of Involuntary Termination Without Cause. The amount of the second payment stream will equal the amount in excess of the Involuntary Termination Limit. The Company will pay this amount in six monthly installments beginning on the date that is six months after the date of the Executive's Involuntary Termination Without Cause. As a condition of this salary continuation, the Executive is expected to promptly and reasonably pursue new employment. If during the salary continuation period the Executive becomes employed either as an employee or a consultant, the Executive's base salary paid by the Company will be reduced by fifty percent (50%) of the base salary amount for the remainder of the salary continuation period. The Executive agrees to immediately notify the Company of any subsequent employment or consulting work during the period of salary continuation.

**[2] Health Care.** The Company will reimburse the Executive for the cost of maintaining continuing health coverage under COBRA for a period of no more than twelve (12) months following the effective date of Involuntary Termination Without Cause, less the amount the Executive is expected to pay as a regular employee premium for such coverage. Such reimbursements will cease if the Executive becomes eligible for similar coverage under another benefit plan. The Executive agrees to immediately notify the Company if the Executive becomes eligible for coverage under another benefit plan.

**[3] Pro-Rata Cash Incentive Bonus.** The Company will pay to the Executive the pro-rata share of any cash incentive bonus earned for the amount of time they were employed; provided, however, that this pro-rata share will be paid only when **[a]** the Executive was an eligible participant in the applicable bonus plan(s) as of the date of Executive's involuntary termination Without Cause; and **[b]** the cash incentive bonus performance requirements have been achieved for all eligible participants in the plan(s), as determined by the Company. The pro-rata calculation will be based on the number of calendar days the Executive was employed from the start of the applicable cash incentive bonus plan performance period until the Executive's termination date, as a percent of the total number of calendar days in the bonus plan performance period. The cash incentive bonus will be paid at the same time and using the same methods as all other eligible participants.

**[4] Equity Incentives.** Subject to the terms of the Designer Brands Inc. 2005 Equity Incentive Plan, the Designer Brands Inc. 2014 Equity Incentive Plan, any future shareholder approved Company equity plan, and any applicable agreement, the Executive shall have the following rights:

**[a]** For these purposes, "Award" means any award granted under the Designer Brands Inc. 2005 Equity Incentive Plan, the Designer Brands Inc. 2014 Equity Incentive Plan, any future shareholder approved Company equity plan, and any other agreement, as such term is defined in the applicable plan.

**[b]** With respect to nonqualified stock options, Executive will have ninety (90) days from the effective date of Involuntary Termination Without Cause, or the grant expiration date set forth in the applicable stock option agreement between the Executive and the Company, whichever period is shorter, to exercise any portion of any outstanding nonqualified stock options that are vested and exercisable on the effective date of Involuntary Termination Without Cause, subject to the trading rules set forth in the Company's policies and procedures, including the Designer Brands Inc. Insider Trading policy.

**[c]** With respect to Awards that would vest solely upon the passage of time and such vesting date would occur within the twelve (12) month period following the effective date of Involuntary Termination Without Cause, such Award shall vest and, if applicable, be awarded to the Executive as of the date of termination Without Cause.

**[d]** With respect to Awards that would vest upon the satisfaction of a specified requirement, or upon satisfaction of the passage of time and satisfaction of a specified requirement; in the event that all such requirements are satisfied prior to the expiration of the twelve (12) month period following the date of termination Without Cause, such Award shall vest and be awarded to the Executive upon the satisfaction of all applicable requirements.

**[5] Other.** Any rights accruing to the Executive under any employee benefit plan, fund or program maintained by any Group Member will be distributed or made available as required by the terms of the plan fund or program or as required by law.

**2.03 Definition of Cause.** For these purposes, Cause means the Executive's **[a]** breach of Section 1.00 of this Agreement, including Scope of Duties, Confidential Information, Solicitation of Employees, Solicitation of Third Parties, Non-Competition, Post-Termination Cooperation, Non-Disparagement, Nondisclosure, and Return of Company Property; **[b]** willful, illegal or

grossly negligent conduct that is materially injurious to the Company or any Group Member monetarily or otherwise; [c] violation of laws or regulations governing the Company or to any Group Member; [d] breach of any fiduciary duty owed to the Company or any Group Member, expressly including the duties of good faith, ordinary care, and to act in a manner that is not opposed to the best interests of the Company; [e] material misrepresentation or dishonesty in violation of the Company's policies and procedures; [f] involvement in any act of moral turpitude that has or could reasonably have an injurious effect on the Company (or any Group Member) or its reputation; or [g] breach of the terms of any non-solicitation or confidentiality clauses contained in any agreement(s) with a former employer. By way of non-limiting example, conduct constituting Cause under part [f] of this Section 2.03 includes the Executive's engagement in or facilitation of, as determined by the Company, any form of harassment, sexual or otherwise, or any other sexual misconduct. The Company's dissatisfaction with the Executive's performance, or the business results achieved, shall not, in and of itself, constitute Cause under this Section.

**2.04 Subsequent Information.** The terms of Section 2.03 will apply if, after the Executive terminates, the Company learns of an event that, had it been known before the Executive terminated employment, would have justified a termination for Cause. In this case, the Company will be entitled to recover (and the Executive agrees to repay) any amounts (other than legally protected benefits) that the Executive received. For purposes of this Agreement, "Involuntary Termination Without Cause" and "Without Cause" mean termination of the Executive's employment by the Company for any reason other than those set forth in Section 2.03 or 2.04.

### 3.00 NOTICE

**3.01 How Given.** Any notice permitted or required to be given under this Agreement must be given in writing and delivered in person or by registered, U.S. mail, return receipt requested, postage prepaid, or through Federal Express, UPS, DHL or any other reputable professional delivery service that maintains a confirmation of delivery system. Any delivery must be addressed to the Company's General Counsel at the Company's then-current corporate offices or to the Executive at the Executive's address as contained in the Executive's personnel file.

**3.02 Effective Date.** Any notice permitted or required to be given under this Agreement will be effective on the date it is delivered, in the event of personal delivery, or on the date its receipt is acknowledged, in the event of delivery by registered mail or through a professional delivery service described in Section 3.01.

### 4.00 RELEASE

In exchange for the payments and benefits described in Section 2.02 of this Agreement, upon termination the Executive and the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, legatees and assigns (together, the "Executive Representatives") agree to execute a release forever discharging the Company, the Group and each Group Member and their executives, officers, directors, agents, attorneys, successors and assigns, from any and all claims, suits and/or causes of action that grow out of or are in any way related to the Executive's recruitment to or employment with the Company and all Group Members, other than: (i) any claim that the Company has breached this Agreement, and (ii) any charge filed with an administrative agency (although the Executive and the Executive Representatives waives any right to recover any money or other benefits arising from such charge(s)). This release includes, but is not limited to, any claims that the Company, the Group or any Group Member violated the Employee Retirement and Income Security Act of 1974; the Age Discrimination in Employment Act; the Older Worker's Benefit Protection Act; the Americans with Disabilities Act; Title VII of the Civil Rights Act of 1964 (as amended); the Family and Medical Leave Act; any law prohibiting discrimination, harassment or retaliation in employment; any claim of promissory estoppel or detrimental reliance, defamation, intentional infliction of emotional distress; or the public policy of any state, or any federal, state or local law. If the Executive or the Executive Representatives fails to execute this release, the Executive or the Executive Representatives agrees to forego any payment from the Company as if the Executive had terminated employment voluntarily. Specifically, the Executive and the Executive Representatives agree that a necessary condition for the payment of any of the amounts described in Section 2.00 in the event of termination is the Executive's or the Executive Representatives' execution of this release upon termination of employment. The Executive acknowledges that the Executive is an experienced senior executive knowledgeable about the claims that might arise in the course of employment with the Company and knowingly agrees that the payments upon termination provided for in this Agreement are satisfactory consideration for the release of all possible claims. The Executive is advised to consult with an attorney prior to executing this Agreement. Upon termination, the Executive or the Executive Representatives will receive twenty-one (21) days to consider this release. The Executive or the Executive Representatives may revoke consent to the release by delivering a written notice of such revocation to the Company within seven (7) days of signing the release. If the Executive or the Executive Representatives revokes consent to the release, the release will become null and void and the Executive or the Executive Representatives must return any compensation received under Section 2.02 of this Agreement, except salary the Executive earned for actual work.

### 5.00 INSURANCE

To the extent permitted by law and its organizational documents, the Company will include the Executive under any liability insurance policy the Company maintains for employees of comparable status. The level of coverage will be at least as

favorable to the Executive (in amount and each other material respect) as the coverage of other employees of comparable status. This obligation to provide insurance for the Executive will survive termination of this Agreement with respect to proceedings or threatened proceedings based on acts or omissions occurring during the Executive's employment with the Company or with any Group Member.

## 6.00 ARBITRATION

**6.01 Acknowledgement of Arbitration.** Unless stated otherwise in this Agreement, the Parties agree that arbitration is the sole and exclusive remedy for each of them to resolve and redress any dispute, claim or controversy involving the interpretation of this Agreement or the terms, conditions or termination of this Agreement or the terms, conditions or termination of the Executive's employment with the Group and with each Group Member, including any claims for any tort, breach of contract, violation of public policy or discrimination, whether such claim arises under federal or state law.

**6.02 Scope of Arbitration.** The Executive expressly understands and agrees that claims subject to arbitration under this Section include asserted violations of the Employee Retirement and Income Security Act of 1974; the Age Discrimination in Employment Act; the Older Worker's Benefit Protection Act; the Americans with Disabilities Act; Title VII of the Civil Rights Act of 1964 (as amended); the Family and Medical Leave Act; any law prohibiting discrimination, harassment or retaliation in employment; any claim of promissory estoppel or detrimental reliance, defamation, intentional infliction of emotional distress; or the public policy of any state, or any federal, state or local law.

**6.03 Effect of Arbitration.** The Parties intend that any arbitration award relating to any matter described in Section 6.00 will be final and binding on them and that a judgment on the award may be entered in any court of competent jurisdiction, and enforcement may be had according to the terms of that award. This Section will survive the termination or expiration of this Agreement.

**6.04 Location of Arbitration.** Arbitration will be held in Columbus, Ohio, and will be conducted by a retired federal judge or other qualified arbitrator. The arbitrator will be mutually agreed upon by the Parties and the arbitration will be conducted in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association. The Parties will have the right to conduct discovery pursuant to the Federal Rules of Civil Procedure; provided, however, that the arbitrator will have the authority to establish an expedited discovery schedule and cutoff and to resolve any discovery disputes. The arbitrator will have no jurisdiction or authority to change any provision of this Agreement by alterations of, additions to or subtractions from the terms of this Agreement. The arbitrator's sole authority will be to interpret or apply any provision(s) of this Agreement or any public law alleged to have been violated. The arbitrator will be limited to awarding compensatory damages, including unpaid wages or benefits, but, to the extent allowed by law, will have no authority to award punitive, exemplary or similar-type damages.

**6.05 Time for Initiating Arbitration.** Any claim or controversy not sought to be submitted to arbitration, in writing, within one-hundred-twenty (120) days of the date the Party asserting the claim knew, or through reasonable diligence should have known, of the facts giving rise to that Party's claim, will be deemed waived and the Party asserting the claim will have no further right to seek arbitration or recovery with respect to that claim or controversy. Both Parties agree to strictly comply with the time limitation specified in Section 6.00. For purposes of this Section, a claim or controversy is sought to be submitted to arbitration on the date the complaining Party gives written notice to the other that [1] an issue has arisen or is likely to arise that, unless resolved otherwise, may be resolved through arbitration under Section 6.00 and [2] unless the issue is resolved otherwise, the complaining Party intends to submit the matter to arbitration under the terms of Section 6.00.

**6.06 Costs of Arbitration.** The Company will bear the arbitrator's fee and other costs associated with any arbitration, unless the arbitrator, acting under Federal Rule of Civil Procedure 54(b), elects to award these fees to the Company.

**6.07 Arbitration Exclusive Remedy.** The Parties acknowledge that, because arbitration is the exclusive remedy for resolving issues arising under this Agreement, neither Party may resort to any federal, state or local court or administrative agency concerning breaches of this Agreement or any other matter subject to arbitration under Section 6.00, except as otherwise provided in this Agreement, and that the decision of the arbitrator will be a complete defense to any suit, action or proceeding instituted in any federal, state or local court before any administrative agency with respect to any arbitrable claim or controversy.

**6.08 Waiver of Jury.** The Executive and the Company each waive the right to have a claim or dispute with one another decided in a judicial forum or by a jury, except as otherwise provided in this Agreement.

## 7.00 GENERAL PROVISIONS

**7.01 Representation of Executive.** The Executive represents and warrants that the Executive is not under any contractual or legal restraint that prevents or prohibits the Executive from entering into this Agreement or performing the duties and obligations described in this Agreement.

**7.02 Modification or Waiver; Entire Agreement.** No provision of this Agreement may be modified or waived except in a document signed by the Executive and the Company's Chief Executive Officer, Chief Financial Officer, Chief Administrative Officer or other person designated by the Company's Board of Directors. This Agreement (including the recitals to this Agreement which are incorporated and shall constitute a part of this Agreement), and any attachments referenced in the Agreement, constitute the entire agreement between the Parties regarding the employment relationship described in this Agreement, and any other agreements are superseded, replaced, terminated and of no further force or legal effect. No agreements or representations, oral or otherwise, with respect to the Executive's employment relationship with the Company have been made or relied upon by either Party which are not set forth expressly in this Agreement.

**7.03 Governing Law; Severability.** This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Agreement, or the application of any provision of this Agreement to any person or circumstance, is, for any reason and to any extent, held invalid or unenforceable, such invalidity and unenforceability will not affect the remaining provisions of this Agreement of its application to other persons or circumstances, all of which will be enforced to the greatest extent permitted by law and the Executive and the Company agree that the arbitrator (or judge) is authorized to reform the invalid or enforceable provision [1] to the extent needed to avoid the invalidity or unenforceability and [2] in a manner that is as similar as possible to the intent (as described in this Agreement). The validity, construction and interpretation of this Agreement and the rights and duties of the Parties will be governed by the laws of the State of Ohio, without reference to the Ohio choice of law rules.

**7.04 No Waiver.** Except as otherwise provided in Section 6.05, failure to insist upon strict compliance with any term of this Agreement will not be considered a waiver of any such term.

**7.05 Withholding.** All payments made to the Executive under this Agreement will be reduced by any amount:

[1] That the Company is required to withhold in advance payment of the Executive's federal, state and local income, wage and employment tax liability; and

[2] To the extent allowed by law, that the Executive owes (or, after employment is deemed to owe) to the Company. However, application of Section 7.05[2] will not extinguish the Company's right to seek additional amounts from the Executive (or to pursue other appropriate remedies) to the extent that the amount that may be recovered by application of Section 7.05[2] does not fully discharge the amount the Executive owes to the Company and does not preclude the Company from proceeding directly against the Executive without first exhausting its right of recovery under Section 7.05[2].

**7.06 Survival.** Subject to the terms of the Executive's Beneficiary designation form, the Parties agree that the covenants and promises set forth in this Agreement will survive the termination of this Agreement and continue in full force and effect.

**7.07 Miscellaneous.**

[1] The Executive may not assign any right or interest to, or in, any payments payable under this Agreement; provided, however, that this prohibition does not preclude the Executive from designating in writing one or more beneficiaries to receive any amount that may be payable after the Executive's death and does not preclude the legal representative of the Executive's estate from assigning any right under this Agreement to the person or persons entitled to it.

[2] This Agreement will be binding upon and will inure to the benefit of the Executive, the Executive's heirs and legal representatives and the Company and its successors.

[3] The headings in this Agreement are inserted for convenience of reference only and will not be a part of or control or affect the meaning of any provision of the Agreement.

**7.08 Successors to Company.** This Agreement may and will be assigned or transferred to, and will be binding upon and will inure to the benefit of, any successor of the Company, and any successor will be substituted for the Company under the terms of this Agreement. As used in this Agreement, the term "successor" means any person, firm, corporation or business entity which at any time, whether by merger, purchase or otherwise, acquires all or essentially all of the assets of the business of the Company. Notwithstanding any assignment, the Company will remain, with any successor, jointly and severally liable for all its obligations under this Agreement.

**7.09 IRC Section 409A Compliance.** The parties will administer this Agreement in a good faith attempt to avoid imposition on the Executive of penalties under Section 409A of the Internal Revenue Code of 1986 and the guidance promulgated thereunder. If the Executive is a "specified employee" as defined under Section 409A, and to the extent any payments under this Agreement are otherwise payable in the period beginning with the termination date and ending six months after the termination date and would subject the Executive to penalties under Section 409A, such payments will be delayed, aggregated, and paid as soon as practicable after the date that is six months after the date of termination. For purposes of this Agreement,

“termination of employment” or any similar term shall be interpreted consistent with the definition of “separation from service” under Section 409A.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have duly executed and delivered this Agreement, which includes an arbitration provision, and consists of 14 pages. The Parties acknowledge and agree that this Agreement may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature.

**EXECUTIVE**

/s/ Jim Weinberg  
Jim Weinberg

Dated: 1/22/2022

**DESIGNER BRANDS INC.**

/s/ Roger Rawlins  
Roger Rawlins  
Chief Executive Officer

Dated: 1/21/2022

## DESIGNER BRANDS INC. FORM OF PERFORMANCE SHARE AGREEMENT

This Agreement is entered into in Franklin County, Ohio. On the Grant Date, Designer Brands Inc., an Ohio corporation (the “Company”), has awarded to the Participant a Performance Award (the “Performance Shares” or “Award”), representing an unfunded unsecured promise of the Company to deliver Class A Common Shares, without par value, of the Company (the “Shares”) to the Participant as set forth herein. The Performance Shares have been granted pursuant to the Designer Brands Inc. 2014 Long-Term Incentive Plan, as amended (the “Plan”), and shall be subject to all provisions of the Plan, which are incorporated herein by reference, and shall be subject to the provisions of this Performance Share Agreement (this “Agreement”). Capitalized terms used in this Agreement which are not specifically defined shall have the meanings ascribed to such terms in the Plan. To the extent the terms and conditions set forth in this Agreement differ in any way from the terms and conditions set forth in the Plan, the terms of the Plan shall govern.

1. **Vesting.**

a. **General.** The right to receive the Shares underlying the Performance Shares shall be subject to the Company’s achievement of the Performance Goal described in 1(b) below. In addition to the requirement of achieving the Performance Goal, the right to receive the Shares underlying the Performance Shares shall be subject to the Participant’s satisfaction of the employment requirements described in Sections 1(d) and 3 of this Agreement.

b. **Performance Goal.** The Performance Goal, and the Threshold, Target and Maximum performance levels, will be determined by the Committee later in 2021 and performance will be based on achievement of such Performance Goal during the Company’s 2021 fiscal year (the period beginning January 31, 2021 and ending on January 29, 2022) (the “Performance Period”). The Company will provide a supplement to this Agreement detailing the Performance Goal, as well as Threshold, Target and Maximum performance levels. If the specific financial performance is above Threshold and between performance levels, the Committee will interpolate between Threshold, Target, and Maximum to calculate the number of Shares that may vest. The Award will be cancelled if the Threshold level of the Performance Goal is not achieved. Achievement of the Performance Goal and whether the Participant has satisfied performance-based criteria sufficiently to be entitled to an Award subject the terms and conditions of this Agreement are satisfied shall be determined by the Committee.

c. **Change in Control during the Performance Period.** Notwithstanding Section 1(b), in the event of a Change in Control prior to the last day of the Performance Period and subject to the Participant’s continued employment through the date of the Change in Control, the Performance Goal shall be deemed earned in full “at target” level as of the date of the Change in Control.

d. **Timing of Vesting.** The Performance Shares shall vest on the third anniversary of the Grant Date (the “Vesting Date”), subject to the Company’s achievement of the Performance Goal and the Participant’s continued employment through the Vesting Date. Vesting is further subject to the provisions of this Agreement.

2. **Transferability.** The Award generally shall not be transferrable except as otherwise provided under this Agreement and the Plan.

3. **Termination of Employment.**

a. **General.** Except as set forth below or as otherwise provided for in an Employment Arrangement (as defined in Section 14), if the Participant’s employment terminates prior to the Vesting Date, then the Participant’s Award will be cancelled and the Award shall be forfeited by the Participant. The Participant will thereupon cease to have any right or entitlement to receive any Shares with respect to the cancelled Award. For the avoidance of doubt, a change in the capacity in which the Participant renders services to the Company and its Subsidiaries from an Employee to a Consultant, Director or other service provider shall not be considered continuous employment for purposes of this Agreement and such change in capacity shall result in cancellation and forfeiture of the Award.

b. **Death and Disability.** If the Participant’s employment terminates by reason of Participant’s death or Disability prior to the vesting in full of the Award, then any unvested portion of the Award shall, except as otherwise provided in this Agreement, immediately vest in full and shall not be forfeited so long as the Performance Goal is achieved or the Participant’s termination of employment on account of death or Disability occurs during the Performance Period. If the Participant’s death or Disability occurs during the Performance Period, the Performance Shares shall vest in full “at target” level as of the date of the Participant’s death or Disability. If the Participant’s death or Disability occurs after the Performance Period, the Performance Shares, if any, will vest as of the later to occur of (i) the date that the Committee certifies performance in accordance with Section 1(b) above or (ii) the date of the Participant’s termination of employment on account of death or Disability, in either case, based on actual performance during the Performance Period, as determined by the Committee in accordance with Section 1(b) above.

c. **Termination in Connection with a Change in Control.** In the event of a Change in Control, if the Award is assumed or replaced by a successor corporation (or an affiliate thereto) or other successor or person or otherwise continues following the Change in Control, and the Participant's employment is terminated upon or within two years following the Change Control on account of a termination of employment by the Company other than for Cause, or by the Participant for Good Reason, the Performance Shares will vest on the date of such termination of employment; provided however, that if the termination of employment occurs following the end of the Performance Period and Section 1(c) does not apply, the Performance Shares shall vest as of the later to occur of (i) the date that the Committee certifies performance in accordance with Section 1(b) above or (ii) the date of the Participant's termination of employment by the Company other than for Cause, or by the Participant for Good Reason. If the Change in Control occurs prior to the end of the Performance Period, the number of Shares that will vest upon such termination of employment will be the number of Performance Shares earned "at target" level in accordance with Section 1(c) above and, if the Change in Control occurs after the end of the end of the Performance Period, the number of Shares that will vest upon such termination of employment will be the number of Performance Shares determined by the Committee based on actual performance during the Performance Period, as determined by the Committee in accordance with Section 1(b) above.

4. **Payment.** The Participant shall be entitled to receive from the Company (without any payment on behalf of the Participant other than as described in Paragraph 8) the whole Shares represented by the Award (and cash for any fractional Share interest); provided, however, that in the event that such Award vests prior to the Vesting Date as a result of the death or Disability of the Participant or as a result of a termination by the Company without Cause or by the Participant for Good Reason upon or within two years following a Change in Control, the Participant shall be entitled to receive the corresponding Shares from the Company on the date of such vesting; provided further that once the Performance Shares have vested under this Agreement, the Committee will determine the number of Shares represented by the Performance Shares and deliver the total number of Shares (and cash for any fractional Share interest) due to the Participant as soon as administratively possible after the date of vesting (but in no event later than the 15<sup>th</sup> day of the third month after such date). In the event of the Participant's death, payment shall be made to the Participant's designated beneficiary, or absent such designation, in accordance with the laws of descent and distribution.

5. **Dividend Equivalents.** To the extent that cash dividends are paid on Shares after the Grant Date and before the date the Participant receives the Shares subject to Performance Shares subject to this Agreement, the Performance Shares hereunder will be credited with an additional number of Performance Shares to reflect reinvested dividend equivalents with respect to the period of time between the Grant Date and the delivery of Shares under this Agreement. Such dividend equivalent credits will be equal in value (based on the reported dividend rate on the date dividends were paid) to the amount of dividends paid on the Shares represented by the Performance Shares under this Agreement. The Performance Shares will be credited with whole Performance Shares equal to the dollar amount of the reinvested dividend equivalents based on the Fair Market Value on the dividend payment dates. The Participant shall vest in the additional Performance Shares in accordance with Sections 1 and 3 of this Agreement in the same manner that the Participant vests in the original grant of Performance Shares. These additional Performance Shares will be distributed in whole Shares in accordance with Section 4 of this Agreement. If and to the extent that the underlying Performance Shares are forfeited, all related Performance Shares added to reflect reinvested dividend equivalents in accordance with this Section 5 shall also be forfeited.

6. **Right of Set-Off.** By accepting these Performance Shares, the Participant consents to a deduction from, and set-off against, any amounts owed to the Participant by the Company or a Subsidiary from time to time (including, but not limited to, amounts owed to the Participant as wages, severance payments or other fringe benefits) to the extent of the amounts owed to the Company or a Subsidiary by the Participant under this Agreement.

7. **No Shareholder Rights.** The Participant shall have no rights of a shareholder with respect to the Performance Shares, including, without limitation, voting rights and actual dividend rights with respect to the Shares represented by the Performance Shares.

8. **Withholding Tax.**

a. **Generally.** The Participant is liable and responsible for all taxes owed in connection with the Award regardless of any action the Company takes with respect to any tax withholding obligations that arise in connection with the Award. The Company does not make any representation or undertaking regarding the tax treatment or the treatment of any tax withholding in connection with the grant or vesting of the Award or the subsequent sale of Shares issuable pursuant to the Award. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate the Participant's tax liability.

b. **Payment of Withholding Taxes.** Prior to any event in connection with the Award (e.g., vesting or settlement) that the Company determines may result in any domestic or foreign tax withholding obligation, whether national, federal, state or local, including any employment tax obligation (the "**Tax Withholding Obligation**"), the Participant is required to arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company. Unless

the Participant elects to satisfy the Tax Withholding Obligation by an alternative means that is then permitted by the Company, the Participant's acceptance of this Agreement constitutes the Participant's instruction and authorization to the Company to withhold on the Participant's behalf the number of shares from those Shares issuable to the Participant at the time when the Award becomes vested and payable as the Company determines to be sufficient to satisfy the Tax Withholding Obligation. In the case of any amounts withheld for taxes pursuant to this provision in the form of Shares, the amount withheld shall not exceed the minimum required by applicable law and regulations.

9. **Governing Law/Venue for Dispute Resolution.** This Agreement shall be governed by the laws of the State of Ohio, without regard to principles of conflicts of law, except to the extent superseded by the laws of the United States of America. **The parties agree and acknowledge that the laws of the State of Ohio bear a substantial relationship to the parties and/or this Agreement and that the Award and benefits granted herein would not be granted without the governance of this Agreement by the laws of the State of Ohio. In addition, all legal actions or proceedings relating to this Agreement must be brought exclusively in state or federal courts located in Franklin County, Ohio and the parties executing this Agreement hereby consent to the personal jurisdiction of such courts.** Any provision of this Agreement which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by such provision, without invalidating or rendering unenforceable the remaining provisions of this Agreement.

10. **Action by the Committee.** The parties agree that the interpretation of this Agreement shall rest exclusively and completely within the sole discretion of the Committee. The parties agree to be bound by the decisions of the Committee with regard to the interpretation of this Agreement and with regard to any and all matters set forth in this Agreement. The Committee may delegate its functions under this Agreement to an officer of the Company designated by the Committee (hereinafter the "Designee") to the extent permitted by applicable law. In fulfilling its responsibilities hereunder, the Committee or its Designee may rely upon documents, written statements of the parties or such other material as the Committee or its Designee deems appropriate. The parties agree that there is no right to be heard or to appear before the Committee or its Designee and that any decision of the Committee or its Designee relating to this Agreement shall be final and binding.

11. **Prompt Acceptance of Agreement.** The Award evidenced by this Agreement shall, at the discretion of the Committee, be forfeited if this Agreement is not manually executed and returned to the Company, or electronically executed by the Participant by indicating the Participant's acceptance of this Agreement in accordance with the acceptance procedures set forth on the Company's third-party equity plan administrator's web site, within 90 days of the Grant Date.

12. **Electronic Delivery and Consent to Electronic Participation.** The Company may, in its sole discretion, decide to deliver any documents related to the Award under and participation in the Plan or future Awards that may be granted under the Plan by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company, including the acceptance of the Award and the execution of the Agreement through electronic signature.

13. **Notices.** All notices, requests, consents and other communications required or provided under this Agreement to be delivered by the Participant to the Company will be in writing and will be deemed sufficient if delivered by hand, facsimile, nationally recognized overnight courier, or certified or registered mail, return receipt requested, postage prepaid, and will be effective upon delivery to the Company at the address set forth below:

Designer Brands Inc.  
810 DSW Drive  
Columbus, Ohio 43219  
Attention: SVP Human Resources  
Facsimile: (614) 872-1475

With a copy to:

Designer Brands Inc.  
810 DSW Drive  
Columbus, Ohio 43219  
Attention: General Counsel  
Facsimile: (614) 872-1475

All notices, requests, consents and other communications required or provided under this Agreement to be delivered by the Company to the Participant may be delivered by e-mail or in writing and will be deemed sufficient if delivered by e-mail, hand, facsimile, nationally recognized overnight courier, or certified or registered mail, return receipt requested, postage prepaid, and will be effective upon delivery to the Participant.

14. **Employment Agreement, Offer Letter or Other Arrangement.** To the extent a written employment agreement, offer letter or other arrangement ("Employment Arrangement") that was approved by the Committee or the Board of Directors or that was approved in writing by an officer of the Company pursuant to delegated authority of the Committee provides for greater benefits to the Participant with respect to vesting of the Award on termination of employment, than provided in this Agreement or in the Plan, then the terms of such Employment Arrangement with respect to vesting of the Award upon the termination of the Participant's employment by reason of such specified events shall supersede the terms hereof to the extent permitted by the terms of the Plan.

15. **Code Section 409A.** This Agreement shall be interpreted in accordance with Code Section 409A so as to comply with an exception to Code Section 409A, or to the extent that this Agreement provides deferred compensation, to be in compliance with Code Section 409A. This Agreement is intended to be exempt from Code Section 409A under the "short term deferral" exception. References to termination of employment, and similar terms shall be interpreted in a manner consistent with the definition of "separation from service" under Code Section 409A, to the extent required by Code Section 409A. Notwithstanding anything to the contrary in this Agreement, if the Participant is a "specified employee" for purposes of Code Section 409A, then if necessary to avoid the imposition of additional taxes or interest under Code Section 409A, the Company shall not deliver the corresponding Shares otherwise payable upon the Participant's termination of employment until the first business day after the date that is six months after the Participant's "separation from service" under Code Section 409A. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with Code Section 409A's rules. If the Participant is unexpectedly required to include in the Participant's current year's income any amount of compensation relating to this Award because of a failure to meet the requirements of Code Section 409A, then to the extent permitted by Code Section 409A, the Participant may receive a distribution of cash or Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A. In no event may the Participant directly or indirectly designate the calendar year of a payment, except as expressly permitted by Code Section 409A. Notwithstanding the foregoing, the Participant recognizes and acknowledges that Code Section 409A may impose certain taxes or interest charges upon the Participant for which the Participant is and shall remain solely responsible.

16. **Entire Agreement.** Except as otherwise provided in this Agreement, this Agreement and the Plan are: (a) intended to be the final, complete, and exclusive statement of the terms of the agreement between the Participant and the Company with regard to the subject matter of this Agreement; (b) supersede all other prior agreements, communications and statements, whether written or oral, express or implied, pertaining to that subject matter; and (c) may not be contradicted by evidence of any prior or contemporaneous statements or agreements, oral or written, and not be explained or supplemented by evidence of consistent additional terms.

17. **No Employment Rights.** Nothing in this Agreement will provide the Participant with any right to continue in the Company's and its affiliates' employ for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company and its affiliates to terminate the Participant's service at any time for any reason, with or without cause.

18. **Nature of Award.** The Participant acknowledges that (a) the future value of the underlying Shares is unknown and cannot be predicted with certainty and (b) in consideration of the grant of the Performance Shares, no claim or entitlement to compensation or damages shall arise from termination of the Performance Shares or diminution in value of the Shares received upon settlement including (without limitation) any claim or entitlement resulting from termination of the Participant's active employment by the Company or a Subsidiary (for any reason whatsoever and whether or not in breach of local labor laws) and the Participant hereby releases the Company and its Subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting the Performance Shares and this Agreement, the Participant shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

19. **Clawback.** Notwithstanding any provisions in this Agreement to the contrary, any compensation, benefits or payments provided hereunder (or profits realized from the sale of Shares delivered hereunder), shall be subject to recoupment and recapture to the extent necessary to comply with the requirements of Section 7.01 of the Plan, any Company-adopted policy and/or laws or regulations, including, but not limited to, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Exchange Act, Section 304 of the Sarbanes-Oxley Act of 2002, any stock exchange listed company manual or any rules or regulations promulgated thereunder with respect to such laws, regulations and/or securities exchange listing requirements, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to this grant and recovery of amounts relating thereto. By accepting this Award, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any, and all assistance necessary to, the Company to recover, recoup or recapture this Award or amounts paid under this Award pursuant to such law, government regulation, stock exchange listing requirement or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover, recoup or recapture this Award or amounts paid under this Award from the Participant's accounts, or pending or future compensation or other grants.

**DESIGNER BRANDS INC.**

By: /s/ David Giesman  
Name: David Giesman  
Its: Vice President, Global Total Rewards

ACCEPTANCE OF AGREEMENT

The Participant hereby: (a) acknowledges that he or she has received a copy of the Plan, and a copy of the Plan description (Prospectus) pertaining to the Plan; (b) accepts this Agreement and the Performance Shares granted to him or her under this Agreement subject to all provisions of the Plan and this Agreement; (c) represents that he or she understands that the acceptance of this Agreement through an on-line or electronic system, if applicable, carries the same legal significance as if he or she manually signed the Agreement; and (d) agrees that no transfer of the Shares delivered in respect of the Performance Shares shall be made unless the Shares have been duly registered under all applicable Federal and state securities laws pursuant to a then-effective registration which contemplates the proposed transfer or unless the Company has received a written opinion of, or satisfactory to, its legal counsel that the proposed transfer is exempt from such registration.

Participant Name

Date:

**Designer Brands Inc.**  
**2014 LONG-TERM INCENTIVE PLAN (AS AMENDED AND RESTATED)**

**FORM OF STOCK UNITS**  
**GRANTED TO [BOARD MEMBER NAME] ON [\_\_\_\_]**

Designer Brands Inc. (“Company”) and its shareholders believe that their business interests are best served by extending to you an opportunity to earn additional compensation based on the growth of the Company’s business. To this end, the Company and its shareholders adopted the Designer Brands Inc. 2014 Long-Term Incentive Plan, as amended and restated (“Plan”) as a means through which you may share in the Company’s success. Accordingly, the Company hereby grants you an Award of Restricted Stock Units (“Stock Units”), which will be converted to Class A Common Shares of the Company if the conditions described in this Award Agreement are met.

The terms and conditions of this award are set forth in this Award Agreement, the Plan and the Plan Prospectus. To the extent the terms and conditions set forth in this letter or the attachment differ in any way from the terms set forth in the Plan, the terms of the Plan shall govern. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

This Award Agreement describes many features of your Award and the conditions you must meet before you may receive the value associated with your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and the Plan’s Prospectus carefully to ensure you understand how the Plan works;
- Read this Award Agreement carefully to ensure you understand the nature of your Award and what must happen if you are to earn it; and

**Action for you to take:**

Please sign and submit the Award Agreement below no later than [\_\_\_\_\_]. If you do not do this, your Award may be revoked automatically as of the Grant Date and you will not be entitled to receive anything on account of the retroactively revoked Award.

Section 409A of the Internal Revenue Code (“Section 409A”) imposes substantial penalties on persons who receive some forms of deferred compensation (see the Plan’s Prospectus for more information about these penalties). Your Award has been designed to avoid these penalties. However, because the Internal Revenue Service periodically issues new rules that further define the effect of Section 409A, it may be necessary to revise your Award Agreement if you are to avoid these penalties. As a condition of accepting this Award, you must agree to accept those revisions, without any further consideration, even if those revisions change the terms of your Award and reduce its value or potential value.

**Nature of Your Award**

**Grant and Vesting Date:** Your Stock Units were granted on [\_\_\_\_\_] and vested immediately upon grant.

**Number of Stock Units:** You have been granted \_\_\_\_\_ Stock Units in payment of a portion of your annual retainer. Although these Stock Units are not actual shares of Company Stock, they will be credited with “dividend equivalents” at the same rate and at the same time cash dividends are paid on actual shares of Company Stock. These dividend equivalents will be converted to additional Stock Units based on the amount of cash dividends paid and the Fair Market Value (as defined in the Plan) of a share of Company Stock. These additional Stock Units will be distributed at the same time and subject to the same terms and conditions that apply to other Stock Units granted with this Award Agreement. If and to the extent the underlying Stock Units are forfeited, all additional Stock Units that were converted from dividend equivalents in accordance with this paragraph will be forfeited.

The conditions that must be met before the Award is converted into shares of Company Stock are discussed below in the Section titled “When Your Award Will Be Settled.”

**When Your Award Will Be Settled**

**Normal Settlement:** Your Stock Units normally will be settled and converted to an equal number of shares of Company Stock in accordance with the election you previously made for Stock Units granted to you in calendar year 2021. Such settlement date is the “Normal Settlement Date.”

**How Your Stock Units Might Be Settled Before the Normal Settlement Date:** If there is a Change in Control (as defined in the Plan) before the Normal Settlement Date, your Stock Units will be settled as of the date of the Change in Control.

**How Your Stock Units May Be Forfeited:** Your Stock Units will be cancelled and you will forfeit any Stock Units if, before they are settled and before a Change in Control, your board service ends because:

- You materially fail to substantially perform your position or duties;
- You engage in illegal or grossly negligent conduct that is materially injurious to the Company or any Subsidiary (as defined in the Plan);
- You materially violate any law or regulation governing the Company or any Subsidiary;
- You commit a material act of fraud or dishonesty which has had or is likely to have a material adverse effect upon the Company's (or any Subsidiary's) operations or financial conditions;
- You materially breach the terms of any other agreement with the Company or any Subsidiary; or
- You breach any term of the Plan or this Award Agreement.

Upon your Stock Units being cancelled, you will cease to have any right or entitlement to receive any shares with respect to those cancelled Stock Units.

Also, if you terminate your board service for any reason other than those just listed and the Company subsequently discovers that you actively concealed an act, event or failure that is within those just listed and the Company could not have discovered that act, event or failure through reasonable diligence before your termination, you will be required to repay to the Company the full value you received under this Award.

#### **Settling Your Award**

Your Stock Units will be settled automatically in accordance with the election you previously made for stock units granted to you in calendar year 2021. At that time, you will receive one share of Company Stock for each Stock Unit.

#### **Other Rules Affecting Your Award**

**Rights Before Your Stock Units Are Settled:** Until your Stock Units are settled, you may not exercise any voting rights, nor will you have any actual dividend rights, associated with the shares underlying your Stock Units. See Section titled "Nature of Your Award – Number of Stock Units for a description of how dividend equivalents will be credited and paid on your Stock Units.

**Beneficiary Designation:** You may name a "Beneficiary" or Beneficiaries to receive any Stock Units to be settled after you die. This may be done only on the Beneficiary Designation Form on file and by following the rules described in that form and in the Plan. If you die without making an effective Beneficiary designation, the Stock Units subject to this Award will be converted to shares and distributed to your surviving spouse or, if you do not have a surviving spouse, to your estate.

**Tax Withholding:** You (and not the Company) are solely responsible for any income and other taxes (including payment of estimated taxes) associated with this Award or its conversion to shares of Company Stock.

**Transferring Your Stock Units:** Normally, your Stock Units may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person to receive any Stock Units settled after you die. Also, the Committee may allow you to place your Stock Units into a trust established for your benefit or the benefit of your family.

**Governing Law:** This Award Agreement will be construed in accordance with and governed by the laws of the United States and the laws of the State of Ohio (other than laws governing conflicts of laws).

**Other Agreements:** Your Stock Units will be subject to the terms of any other written agreements between you and the Company.

**Adjustments to Your Stock Units:** Your Stock Units will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your Stock Units will be adjusted to reflect a stock split).

**Nature of Award:** The grant of Stock Units under this Award Agreement shall not confer upon you any right to continued service with the Company.

**Other Rules:** Your Stock Units also are subject to more rules described in the Plan and in the Plan's Prospectus. You should read both these documents carefully to ensure you fully understand all the conditions of this Award.

**Entire Agreement:** Except as otherwise provided in this Award Agreement, this Award Agreement and the Plan are: (a) intended to be the final, complete, and exclusive statement of the terms of the agreement between you and the Company with regard to the subject matter of this Award Agreement; (b) supersede all other prior agreements, communications and statements, whether written or oral, express or implied, pertaining to that subject matter; and (c) may not be contradicted by evidence of any prior or contemporaneous statements or agreements, oral or written, and not be explained or supplemented by evidence of consistent additional terms. To the extent the terms and conditions set forth in this Award Agreement differ in any way from the terms and conditions set forth in the Plan, the terms of the Plan shall govern.

### **Tax Treatment of Your Award**

This Award is intended to comply with Section 409A of the Code (or an exception thereto) and the regulations promulgated thereunder and shall be construed accordingly. Notwithstanding, you recognize and acknowledge that Section 409A of the Code may impose upon you certain taxes or interest charges for which you are and shall remain solely responsible. A more complete description of the federal income tax treatment of your Stock Units is discussed in the Plan's Prospectus.

### **Your Acknowledgment of Award Conditions**

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus;
- I understand and accept the conditions placed on my Award and understand what I must do to earn my Award; and
- I will consent (in my own behalf and in behalf of my beneficiaries and without any further consideration) to any change to my Award or this Award Agreement to avoid paying penalties under Section 409A of the Internal Revenue Code, even if those changes affect the terms of my Award and reduce its value or potential value.

**[BOARD MEMBER NAME]**

\_\_\_\_\_  
(signature)

Date signed: \_\_\_\_\_

### **Committee's Acknowledgment of Receipt**

A signed copy of this Award Agreement was received on \_\_\_\_\_.

By: \_\_\_\_\_  
Compensation Committee

Date: \_\_\_\_\_

**DESIGNER BRANDS INC.  
LIST OF SUBSIDIARIES**

Ref. No.	Name	Jurisdiction of Incorporation	Parent Company No.
1	Designer Brands Inc.	Ohio	N/A
2	DSW Shoe Warehouse, Inc.	Missouri	1
3	Brand Card Services LLC	Ohio	1
4	DSW Information Technology LLC	Ohio	1
5	eTailDirect LLC	Delaware	2
6	Ebuys, Inc.	California	2
7	DSW MS LLC	Ohio	1
8	DSW Leased Business Division LLC aka Affiliated Business Group	Ohio	2
9	810 AC LLC	Ohio	1
10	DSW PR LLC	Puerto Rico	2
11	Retail Ventures Services, Inc.	Ohio	7
12	DSW Shoe Warehouse Lux S.a.r.l.	Luxembourg	2
13	Designer Brands Canada Inc.	Canada	12
14	Camuto LLC	Ohio	2
15	Designer Brand Licensing LLC	Ohio	2
16	Camuto Overseas Holding Subsidiary LLC	Ohio	14
17	Victory Assessoria EM Compras EIRELLA	Brazil	16
18	CGA Design Ltd	Hong Kong	16
19	CGA Dongguan Ltd	China	18
20	VCJS LLC	Connecticut	14
21	VCS Group LLC	Delaware	14
22	Article II JV, LLC	Delaware	21
23	BC/VC Ventures LLC	Delaware	21
24	Vincent Camuto LLC	Connecticut	14
25	CCI Operations LLC	Ohio	14
26	VC Footwear LLC	Connecticut	25
27	VC Line Building Services LLC	Connecticut	25
28	Hot on Time LLC	Connecticut	25
29	Sole Society Group Inc.	Delaware	25
30	ABG-Camuto, LLC	Delaware	15
31	BRX DBI Joint Venture LLC	Delaware	21

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-126244, 333-159849, 333-203015, and 333-239853 on Form S-8, Registration Statement No. 333-238121 on Form S-3, Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement No. 333-172631, Post-Effective Amendment No. 2 on Form S-4 to the Registration Statement No. 333-172631, Registration Statement No. 333-174464 on Form S-4, and Post-Effective Amendment No. 4 on Form S-3 to the Registration Statement No. 333-134227 on Form S-1 of our report dated March 21, 2022, relating to the consolidated financial statements of Designer Brands Inc. and subsidiaries, and the effectiveness of Designer Brands Inc. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of Designer Brands Inc. for the year ended January 29, 2022.

/s/ DELOITTE & TOUCHE LLP  
Columbus, Ohio  
March 21, 2022

## POWER OF ATTORNEY

Each director and/or officer of Designer Brands Inc. (the "Corporation") whose signature appears below hereby appoints each of Jared Poff, Executive Vice President and Chief Financial Officer, Michelle Krall, Senior Vice President, General Counsel and Corporate Secretary, and Mark Haley, Senior Vice President and Controller, as the undersigned's attorney or any of them individually as the undersigned's attorney, to sign, in the undersigned's name and behalf and in any and all capacities stated below, and to cause to be filed with the Securities and Exchange Commission (the "Commission"), the Corporation's Annual Report on Form 10-K (the "Form 10-K") for the fiscal year ended January 29, 2022, and likewise to sign and file with the Commission any and all amendments to the Form 10-K, and the Corporation hereby appoints such persons as its attorneys-in-fact and each of them as its attorney-in-fact with like authority to sign and file the Form 10-K and any amendments thereto granting to each attorney-in-fact full power of substitution and revocation, and hereby ratifying all that any such attorney-in-fact or the undersigned's substitute may do by virtue hereof.

IN WITNESS WHEREOF, we have hereunto set our hands effective as of the 21st day of March 2022.

Signature	Title
<u>/s/ Jay L. Schottenstein</u> Jay L. Schottenstein	Executive Chairman of the Board and Director
<u>/s/ Roger Rawlins</u> Roger Rawlins	Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Jared Poff</u> Jared Poff	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ Mark Haley</u> Mark Haley	Senior Vice President and Controller (Principal Accounting Officer)
<u>/s/ Peter Cobb</u> Peter Cobb	Director
<u>/s/ Elaine J. Eisenman</u> Elaine J. Eisenman	Director
<u>/s/ Joanna T. Lau</u> Joanna T. Lau	Director
<u>/s/ Joseph A. Schottenstein</u> Joseph A. Schottenstein	Director
<u>/s/ Ekta Singh-Bushell</u> Ekta Singh-Bushell	Director
<u>/s/ Harvey L. Sonnenberg</u> Harvey L. Sonnenberg	Director
<u>/s/ Allan J. Tanenbaum</u> Allan J. Tanenbaum	Director
<u>/s/ Joanne Zaiac</u> Joanne Zaiac	Director

## CERTIFICATIONS

I, Roger Rawlins, certify that:

1. I have reviewed this Annual Report on Form 10-K of Designer Brands Inc.;
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.

Date: March 21, 2022

By: /s/ Roger Rawlins  
Roger Rawlins  
Chief Executive Officer

## CERTIFICATIONS

I, Jared Poff, certify that:

1. I have reviewed this Annual Report on Form 10-K of Designer Brands Inc.;
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.

Date: March 21, 2022

By: /s/ Jared Poff

Jared Poff, Executive Vice President and  
Chief Financial Officer

**SECTION 1350 CERTIFICATION\***

In connection with the Annual Report of Designer Brands Inc. (the "Company") on Form 10-K for the fiscal year ended January 29, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Roger Rawlins, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (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 result of operations of the Company.

Dated: March 21, 2022

By: /s/ Roger Rawlins  
Roger Rawlins,  
Chief Executive Officer

\* This Certification is being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. This Certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except as otherwise stated in such filing.

A signed original of this written statement required by 18 U.S.C. § 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**SECTION 1350 CERTIFICATION \***

In connection with the Annual Report of Designer Brands Inc. (the "Company") on Form 10-K for the fiscal year ended January 29, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jared Poff, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (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 result of operations of the Company.

Dated: March 21, 2022

By: /s/ Jared Poff  
Jared Poff,  
Executive Vice President and Chief Financial Officer

\* This Certification is being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. This Certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except as otherwise stated in such filing.

A signed original of this written statement required by 18 U.S.C. § 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.