

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

FORM 10-Q

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

For the quarterly period ended October 2, 2021
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: 001-06024

WOLVERINE WORLD WIDE, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

38-1185150

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

9341 Courtland Drive N.E. , Rockford , Michigan

(Address of principal executive offices)

49351

(Zip Code)

(616) 866-5500

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$1 Par Value	WWW	New York Stock Exchange

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

There were 82,369,343 shares of common stock, \$1 par value, outstanding as of October 18, 2021.

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FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements,” which are statements relating to future, not past, events, including statements regarding the Company’s planned eCommerce investments and priorities. In this context, forward-looking statements also often address management’s current beliefs, assumptions, expectations, estimates and projections about future business and financial performance, national, regional or global political, economic and market conditions, and the Company itself. Such statements often contain words such as “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “intends,” “is likely,” “plans,” “predicts,” “projects,” “should,” “will,” variations of such words, and similar expressions. Forward-looking statements, by their nature, address matters that are, to varying degrees, uncertain. Uncertainties that could cause the Company’s performance to differ materially from what is expressed in forward-looking statements include, but are not limited to, the following:

- the potential effects of the COVID-19 pandemic on the Company’s business, operations, financial results and liquidity;
- changes in general economic conditions, employment rates, business conditions, interest rates, tax policies and other factors affecting consumer spending in the markets and regions in which the Company’s products are sold;
- the inability for any reason to effectively compete in global footwear, apparel and consumer-direct markets;
- the inability to maintain positive brand images and anticipate, understand and respond to changing footwear and apparel trends and consumer preferences;
- the inability to effectively manage inventory levels;
- increases or changes in duties, tariffs, quotas or applicable assessments in countries of import and export;
- foreign currency exchange rate fluctuations;
- currency restrictions;
- supply chain and capacity constraints, production disruptions, including reduction in operating hours, labor shortages, and facility closures resulting in production delays at the Company’s manufacturers due to disruption from the effects of the COVID-19 pandemic, quality issues, price increases or other risks associated with foreign sourcing;
- the cost and availability of raw materials, inventories, services and labor for contract manufacturers;
- labor disruptions;
- changes in relationships with, including the loss of, significant wholesale customers;
- risks related to the significant investment in, and performance of, the Company’s consumer-direct operations;
- risks related to expansion into new markets and complementary product categories as well as consumer-direct operations;
- the impact of seasonality and unpredictable weather conditions;
- the impact of changes in general economic conditions and/or the credit markets on the Company’s manufacturers, distributors, suppliers, joint venture partners and wholesale customers;
- changes in the Company’s effective tax rates;
- failure of licensees or distributors to meet planned annual sales goals or to make timely payments to the Company;
- the risks of doing business in developing countries and politically or economically volatile areas;
- the ability to secure and protect owned intellectual property or use licensed intellectual property;
- the impact of regulation, regulatory and legal proceedings and legal compliance risks, including compliance with federal, state and local laws and regulations relating to the protection of the environment, environmental remediation and other related costs, and litigation or other legal proceedings relating to the protection of the environment or environmental effects on human health;
- risks of breach of the Company’s databases or other systems, or those of its vendors, which contain certain personal information, payment card data or proprietary information, due to cyberattack or other similar events;
- problems affecting the Company’s supply chain and distribution system, including service interruptions at shipping and receiving ports;
- strategic actions, including new initiatives and ventures, acquisitions and dispositions, and the Company’s success in integrating acquired businesses and implementing new initiatives and ventures, including the Company’s acquisition of the *Sweaty Betty*[®] brand;
- the risk of impairment to goodwill and other intangibles;
- the success of the Company’s restructuring and realignment initiatives undertaken from time to time; and
- changes in future pension funding requirements and pension expenses.

These or other uncertainties could cause a material difference between an actual outcome and a forward-looking statement. The uncertainties included here are not exhaustive and are described in more detail in Part I, Item 1A: “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended January 2, 2021 (the “2020 Form 10-K”). Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company does not undertake an obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Operations and Comprehensive Income
(Unaudited)

(In millions, except per share data)	Quarter Ended		Year-To-Date Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Revenue	\$ 636.7	\$ 493.1	\$ 1,779.3	\$ 1,281.5
Cost of goods sold	361.9	291.1	1,011.8	750.5
Gross profit	274.8	202.0	767.5	531.0
Selling, general and administrative expenses	215.0	157.5	591.2	457.2
Environmental and other related costs, net of recoveries	17.3	1.9	11.9	6.8
Operating profit	42.5	42.6	164.4	67.0
Other expenses:				
Interest expense, net	9.6	12.8	28.9	31.1
Debt extinguishment and other costs	34.0	—	34.0	0.2
Other expense (income), net	(0.4)	(0.6)	2.5	(2.9)
Total other expenses	43.2	12.2	65.4	28.4
Earnings (loss) before income taxes	(0.7)	30.4	99.0	38.6
Income tax expense	0.1	8.7	17.0	6.0
Net earnings (loss)	\$ (0.8)	\$ 21.7	\$ 82.0	\$ 32.6
Less: net loss attributable to noncontrolling interests	(0.8)	(0.7)	(1.2)	(1.2)
Net earnings attributable to Wolverine World Wide, Inc.	\$ —	\$ 22.4	\$ 83.2	\$ 33.8
Net earnings per share (see Note 3):				
Basic	\$ 0.00	\$ 0.27	\$ 0.99	\$ 0.41
Diluted	\$ 0.00	\$ 0.27	\$ 0.98	\$ 0.41
Comprehensive income (loss)	\$ (10.2)	\$ 25.2	\$ 84.2	\$ 25.6
Less: comprehensive loss attributable to noncontrolling interests	(0.7)	(0.5)	(1.2)	(2.1)
Comprehensive income (loss) attributable to Wolverine World Wide, Inc.	\$ (9.5)	\$ 25.7	\$ 85.4	\$ 27.7
Cash dividends declared per share	\$ 0.10	\$ 0.10	\$ 0.30	\$ 0.30

See accompanying notes to consolidated condensed financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Balance Sheets
(Unaudited)

(In millions, except share data)	October 2, 2021	January 2, 2021	September 26, 2020
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 183.6	\$ 347.4	\$ 342.0
Accounts receivable, less allowances of \$27.4, \$33.5 and \$33.4	362.6	268.3	332.1
Finished products, net	400.2	237.9	318.1
Raw materials and work-in-process, net	11.8	5.2	7.6
Total inventories	412.0	243.1	325.7
Prepaid expenses and other current assets	44.4	45.4	42.2
Total current assets	1,002.6	904.2	1,042.0
Property, plant and equipment, net of accumulated depreciation of \$212.2, \$197.2 and \$200.3	127.3	124.6	126.3
Lease right-of-use assets, net	134.7	142.5	148.3
Goodwill	555.5	442.4	437.8
Indefinite-lived intangibles	718.3	382.3	604.5
Amortizable intangibles, net	76.8	73.0	74.0
Deferred income taxes	1.9	3.2	1.8
Other assets	64.3	65.2	66.4
Total assets	\$ 2,681.4	\$ 2,137.4	\$ 2,501.1
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 265.1	\$ 185.0	\$ 191.8
Accrued salaries and wages	39.1	27.0	22.4
Other accrued liabilities	193.5	150.0	148.7
Lease liabilities	34.4	34.0	34.6
Current maturities of long-term debt	10.0	10.0	162.5
Borrowings under revolving credit agreements	310.0	—	—
Total current liabilities	852.1	406.0	560.0
Long-term debt, less current maturities	704.4	712.5	714.1
Accrued pension liabilities	145.3	147.0	109.2
Deferred income taxes	121.2	35.5	85.0
Lease liabilities, noncurrent	117.9	130.3	135.0
Other liabilities	98.6	133.1	132.3
Stockholders' equity:			
Common stock – par value \$1, authorized 320,000,000 shares; 111,538,349, 110,426,769, and 110,117,417 shares issued	111.5	110.4	110.1
Additional paid-in capital	289.8	252.6	239.8
Retained earnings	1,151.2	1,093.3	1,272.4
Accumulated other comprehensive loss	(128.4)	(130.6)	(108.2)
Cost of shares in treasury; 29,170,142, 28,285,274, and 28,148,131 shares	(797.4)	(764.3)	(760.0)
Total Wolverine World Wide, Inc. stockholders' equity	626.7	561.4	754.1
Noncontrolling interest	15.2	11.6	11.4
Total stockholders' equity	641.9	573.0	765.5
Total liabilities and stockholders' equity	\$ 2,681.4	\$ 2,137.4	\$ 2,501.1

See accompanying notes to consolidated condensed financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flows
(Unaudited)

(In millions)	Year-To-Date Ended	
	October 2, 2021	September 26, 2020
OPERATING ACTIVITIES		
Net earnings	\$ 82.0	\$ 32.6
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	23.1	23.8
Deferred income taxes	(3.9)	(12.8)
Stock-based compensation expense	30.0	21.5
Pension and SERP expense	10.5	6.4
Debt extinguishment and other costs	5.6	0.2
Environmental and other related costs, net of cash payments and recoveries received	(8.5)	25.2
Other	(3.5)	(0.6)
Changes in operating assets and liabilities:		
Accounts receivable	(90.3)	(1.7)
Inventories	(124.6)	21.6
Other operating assets	7.7	9.9
Accounts payable	68.4	(9.2)
Income taxes payable	5.7	15.1
Other operating liabilities	14.8	3.5
Net cash provided by operating activities	17.0	135.5
INVESTING ACTIVITIES		
Business acquisition, net of cash acquired	(417.8)	(5.5)
Additions to property, plant and equipment	(10.0)	(6.0)
Investment in joint ventures	—	(3.5)
Proceeds from company-owned life insurance policy liquidations	—	25.6
Other	(1.9)	(1.0)
Net cash provided by (used in) investing activities	(429.7)	9.6
FINANCING ACTIVITIES		
Payments under revolving credit agreements	(40.0)	(898.0)
Borrowings under revolving credit agreements	350.0	538.0
Borrowings of long-term debt	550.0	471.0
Payments on long-term debt	(557.5)	(28.5)
Payments of debt issuance and debt extinguishment costs	(7.4)	(6.4)
Cash dividends paid	(25.2)	(25.4)
Purchases of common stock for treasury	(26.9)	(21.0)
Employee taxes paid under stock-based compensation plans	(13.7)	(20.1)
Proceeds from the exercise of stock options	15.6	4.0
Contributions from noncontrolling interests	4.8	1.8
Net cash provided by financing activities	249.7	15.4
Effect of foreign exchange rate changes	(0.8)	0.9
Increase (decrease) in cash and cash equivalents	(163.8)	161.4
Cash and cash equivalents at beginning of the year	347.4	180.6
Cash and cash equivalents at end of the quarter	\$ 183.6	\$ 342.0

See accompanying notes to consolidated condensed financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Stockholders' Equity
(Unaudited)

(In millions, except share and per share data)	Wolverine World Wide, Inc. Stockholders' Equity						
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non- controlling Interest	Total
Balance at June 27, 2020	\$ 110.0	\$ 227.1	\$ 1,258.3	\$ (111.5)	\$ (759.9)	\$ 11.9	\$ 735.9
Net earnings (loss)			22.4			(0.7)	21.7
Other comprehensive income				3.3		0.2	3.5
Shares issued, net of shares forfeited under stock incentive plans (11,519 shares)	—	(0.2)					(0.2)
Shares issued for stock options exercised, net (99,381 shares)	0.1	1.6					1.7
Stock-based compensation expense		11.3					11.3
Cash dividends declared (\$0.10 per share)			(8.3)				(8.3)
Purchases of shares under stock-based compensation plans (3,056 shares)					(0.1)		(0.1)
Balance at September 26, 2020	<u>\$ 110.1</u>	<u>\$ 239.8</u>	<u>\$ 1,272.4</u>	<u>\$ (108.2)</u>	<u>\$ (760.0)</u>	<u>\$ 11.4</u>	<u>\$ 765.5</u>
Balance at July 3, 2021	\$ 111.4	\$ 278.4	\$ 1,159.6	\$ (118.9)	\$ (797.3)	\$ 15.9	\$ 649.1
Net earnings (loss)			—			(0.8)	(0.8)
Other comprehensive income (loss)				(9.5)		0.1	(9.4)
Shares issued, net of shares forfeited under stock incentive plans (18,229 shares)	—	(0.4)					(0.4)
Shares issued for stock options exercised, net (137,527 shares)	0.1	3.4					3.5
Stock-based compensation expense		8.4					8.4
Cash dividends declared (\$0.10 per share)			(8.4)				(8.4)
Purchases of shares under stock-based compensation plans (4,743 shares)					(0.1)		(0.1)
Balance at October 2, 2021	<u>\$ 111.5</u>	<u>\$ 289.8</u>	<u>\$ 1,151.2</u>	<u>\$ (128.4)</u>	<u>\$ (797.4)</u>	<u>\$ 15.2</u>	<u>\$ 641.9</u>

See accompanying notes to consolidated condensed financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Stockholders' Equity
(Unaudited)

(In millions, except share and per share data)	Wolverine World Wide, Inc. Stockholders' Equity						Total
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non- controlling Interest	
Balance at December 28, 2019	\$ 108.3	\$ 233.4	\$ 1,263.3	\$ (102.1)	\$ (736.2)	\$ 11.7	\$ 778.4
Net earnings (loss)			33.8			(1.2)	32.6
Other comprehensive loss				(6.1)		(0.9)	(7.0)
Shares issued, net of shares forfeited under stock incentive plans (1,497,072 shares)	1.5	(18.7)					(17.2)
Shares issued for stock options exercised, net (291,095 shares)	0.3	3.6					3.9
Stock-based compensation expense		21.5					21.5
Cash dividends declared (\$0.30 per share)			(24.7)				(24.7)
Issuance of treasury shares (4,230 shares)		—			0.1		0.1
Purchase of common stock for treasury (877,624 shares)					(21.0)		(21.0)
Purchases of shares under stock-based compensation plans (93,225 shares)					(2.9)		(2.9)
Capital contribution from noncontrolling interest						1.8	1.8
Balance at September 26, 2020	<u>\$ 110.1</u>	<u>\$ 239.8</u>	<u>\$ 1,272.4</u>	<u>\$ (108.2)</u>	<u>\$ (760.0)</u>	<u>\$ 11.4</u>	<u>\$ 765.5</u>
Balance at January 2, 2021	\$ 110.4	\$ 252.6	\$ 1,093.3	\$ (130.6)	\$ (764.3)	\$ 11.6	\$ 573.0
Net earnings (loss)			83.2			(1.2)	82.0
Other comprehensive income				2.2		—	2.2
Shares issued, net of shares forfeited under stock incentive plans (414,851 shares)	0.4	(7.8)					(7.4)
Shares issued for stock options exercised, net (696,729 shares)	0.7	15.0					15.7
Stock-based compensation expense		30.0					30.0
Cash dividends declared (\$0.30 per share)			(25.3)				(25.3)
Issuance of treasury shares (2,991 shares)		—			0.1		0.1
Purchase of common stock for treasury (716,027 shares)					(26.9)		(26.9)
Purchases of shares under stock-based compensation plans (171,832 shares)					(6.3)		(6.3)
Capital contribution from noncontrolling interest						4.8	4.8
Balance at October 2, 2021	<u>\$ 111.5</u>	<u>\$ 289.8</u>	<u>\$ 1,151.2</u>	<u>\$ (128.4)</u>	<u>\$ (797.4)</u>	<u>\$ 15.2</u>	<u>\$ 641.9</u>

See accompanying notes to consolidated condensed financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements
(Unaudited)

1. BASIS OF PRESENTATION

Nature of Operations

Wolverine World Wide, Inc. (the “Company”) is a leading designer, marketer and licensor of a broad range of quality casual footwear and apparel; performance outdoor and athletic footwear and apparel; kids’ footwear; industrial work shoes, boots and apparel; and uniform shoes and boots. The Company’s portfolio of owned and licensed brands includes: *Bates*®, *Cat*®, *Chaco*®, *Harley-Davidson*®, *Hush Puppies*®, *Hytex*®, *Keds*®, *Merrell*®, *Saucony*®, *Sperry*®, *Stride Rite*®, *Sweaty Betty*® and *Wolverine*®. The Company’s products are marketed worldwide through owned operations, through licensing and distribution arrangements with third parties, and joint ventures. The Company also operates retail stores and eCommerce sites to market both its own brands and branded footwear and apparel from other manufacturers, as well as a leathers division that markets *Wolverine Performance Leathers*™.

On August 2, 2021, the Company completed the acquisition of Lady Leisure InvestCo Limited (the “Acquired Company”) for \$417.8 million, which is net of acquired cash of \$7.4 million. The Acquired Company owns the *Sweaty Betty*® brand and activewear business, a premium women’s activewear brand. See Note 17 for further discussion.

Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for a complete presentation of the financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included in the accompanying financial statements. For further information, refer to the consolidated financial statements and notes included in the Company’s 2020 Form 10-K.

The COVID-19 pandemic, the duration and severity of which is subject to uncertainty, has had and continues to have, a significant impact on the Company’s business. Management’s estimates and assumptions used in the preparation of the Company’s consolidated financial statements in accordance with U.S. GAAP contemplated both current and expected potential future impacts of COVID-19 on the Company’s business based on available information. Actual results may differ materially from management’s estimates.

Fiscal Year

The Company’s fiscal year is the 52 or 53-week period that ends on the Saturday nearest to December 31. Fiscal year 2021 has 52 weeks and fiscal year 2020 contained 53 weeks. The Company reports its quarterly results of operations on the basis of 13-week quarters for each of the first three fiscal quarters and a 13 or 14-week period for the fiscal fourth quarter. References to particular years or quarters refer to the Company’s fiscal years ended on the Saturday nearest to December 31 or the fiscal quarters within those years.

Seasonality

The Company’s business is subject to seasonal influences that could cause significant differences in revenue, earnings and cash flows from quarter to quarter. The COVID-19 pandemic resulted in changes in consumer behavior and preferences that changed this seasonal cadence. The Company expects the seasonal cadence that the Company experienced historically may continue to be affected as a result of these changes in consumer behavior and preferences resulting from the COVID-19 pandemic.

2. NEW ACCOUNTING STANDARDS

The Financial Accounting Standards Board (“FASB”) has issued the following Accounting Standards Update (“ASU”) that the Company has not yet adopted. The following is a summary of the new standard.

Standard	Description	Effect on the Financial Statements or Other Significant Matters
ASU 2020-04, Reference Rate Reform (Topic 848); Facilitation of the Effects of Reference Rate Reform on Financial Reporting (as amended by ASU 2021-01)	Provides practical expedients for contract modifications and certain hedging relationships associated with the transition from reference rates that are expected to be discontinued. This guidance is applicable for the Company’s borrowing instruments under the amended senior credit facility, which use LIBOR as a reference rate, and is available for adoption effective immediately but is only available through December 31, 2022.	The Company is evaluating the impact of the new standard on its consolidated financial statements.

3. EARNINGS PER SHARE

The Company calculates earnings per share in accordance with FASB Accounting Standards Codification (“ASC”) Topic 260, *Earnings Per Share* (“ASC 260”). ASC 260 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method. Under the guidance in ASC 260, the Company’s unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities and must be included in the computation of earnings per share pursuant to the two-class method.

The following table sets forth the computation of basic and diluted earnings per share.

(In millions, except per share data)	Quarter Ended		Year-To-Date Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Numerator:				
Net earnings attributable to Wolverine World Wide, Inc.	\$ —	\$ 22.4	\$ 83.2	\$ 33.8
Adjustment for earnings allocated to non-vested restricted common stock	(0.2)	(0.6)	(1.4)	(0.8)
Net earnings (loss) used in calculating basic and diluted earnings per share	<u>\$ (0.2)</u>	<u>\$ 21.8</u>	<u>\$ 81.8</u>	<u>\$ 33.0</u>
Denominator:				
Weighted average shares outstanding	82.3	81.9	82.5	81.7
Adjustment for non-vested restricted common stock	—	(0.9)	(0.1)	(0.7)
Shares used in calculating basic earnings per share	<u>82.3</u>	<u>81.0</u>	<u>82.4</u>	<u>81.0</u>
Effect of dilutive stock options	—	0.5	1.0	0.5
Shares used in calculating diluted earnings per share	<u>82.3</u>	<u>81.5</u>	<u>83.4</u>	<u>81.5</u>
Net earnings per share:				
Basic	\$ 0.00	\$ 0.27	\$ 0.99	\$ 0.41
Diluted	\$ 0.00	\$ 0.27	\$ 0.98	\$ 0.41

For the quarter and year-to-date ended October 2, 2021, 494,447 and 576,081 outstanding stock options, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

For the quarter and year-to-date ended September 26, 2020, 1,185,864 and 1,184,559 outstanding stock options, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

4. GOODWILL AND INDEFINITE-LIVED INTANGIBLES

The changes in the carrying amount of goodwill are as follows:

(In millions)	Year-To-Date Ended	
	October 2, 2021	September 26, 2020
Goodwill balance at beginning of the year	\$ 442.4	\$ 438.9
Acquisition of a business (see Note 17)	117.4	—
Foreign currency translation effects	(4.3)	(1.1)
Goodwill balance at end of the quarter	\$ 555.5	\$ 437.8

The Company's indefinite-lived intangible assets, which comprise trade names and trademarks, totaled \$718.3 million, \$382.3 million, and \$604.5 million as of October 2, 2021, January 2, 2021, and September 26, 2020, respectively. In the fourth quarter of 2020, the Company recognized a \$222.2 million impairment charge for the decline in the value of the *Sperry*[®] trade name. The carrying value of the Company's *Sperry*[®] and trade name was \$296.0 million as of October 2, 2021. Based on the interim impairment assessment as of October 2, 2021, it was determined there were no triggering events of impairment for goodwill and indefinite-lived intangible assets. If the operating results for *Sperry*[®] decline in future periods compared to current projections, there are changes in the assumptions and estimates the Company uses to value the *Sperry*[®] trade name that adversely affect such value, such as an increase in the discount rate or in the assumed tax rate, or macroeconomic conditions deteriorate further due to the COVID-19 pandemic and adversely affect the value of the Company's *Sperry*[®] trade name balance, the Company may need to record a non-cash impairment charge.

5. ACCOUNTS RECEIVABLE

The Company has an agreement with a financial institution to sell selected trade accounts receivable on a recurring, nonrecourse basis that expires in the fourth quarter of fiscal 2021, subject to renewal. Under the agreement, up to \$75.0 million of accounts receivable may be sold to the financial institution and remain outstanding at any point in time. After the sale, the Company does not retain any interests in the accounts receivable and removes them from its consolidated condensed balance sheet, but continues to service and collect the outstanding accounts receivable on behalf of the financial institution. The Company recognizes a servicing asset or servicing liability, initially measured at fair value, each time it undertakes an obligation to service the accounts receivable under the agreement. For receivables sold under the agreement, 90% of the stated amount is paid in cash to the Company at the time of sale, with the remainder paid to the Company at the completion of the collection process.

The following is a summary of the stated amount of accounts receivable that was sold as well as fees charged by the financial institution.

(In millions)	Quarter Ended		Year-To-Date Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Accounts receivable sold	\$ —	\$ —	\$ —	\$ 14.1
Fees charged	\$ —	\$ —	\$ —	\$ 0.1

The fees are recorded in the other expense (income), net line item on the consolidated statements of operations. Net proceeds of this program are classified in operating activities in the consolidated condensed statements of cash flows. There were no amounts outstanding under this program as of October 2, 2021 and September 26, 2020, respectively.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition and Performance Obligations

The Company has agreements to license symbolic intellectual property with minimum guarantees or fixed consideration. The Company is due \$19.9 million of remaining fixed transaction price under its license agreements as of October 2, 2021, which it expects to recognize per the terms of its contracts over the course of time through December 2025. The Company has elected to omit the remaining variable consideration under its license agreements given the Company recognizes revenue equal to what it has the right to invoice and that amount corresponds directly with the value to the customer of the Company's performance to date.

The Company provides disaggregated revenue by sales channel, including the wholesale and consumer-direct sales channels, reconciled to the Company's reportable segments. The wholesale channel includes royalty revenues due to the similarity in the Company's oversight and management, customer base, the performance obligation (footwear and apparel goods) and point in time completion of the performance obligation.

(In millions)	Quarter Ended October 2, 2021			Quarter Ended September 26, 2020		
	Wholesale	Consumer-Direct	Total	Wholesale	Consumer-Direct	Total
Wolverine Michigan Group	\$ 263.2	\$ 61.6	\$ 324.8	\$ 227.6	\$ 59.7	\$ 287.3
Wolverine Boston Group	202.7	56.1	258.8	150.7	43.1	193.8
Other	17.9	35.2	53.1	10.6	1.4	12.0
Total	\$ 483.8	\$ 152.9	\$ 636.7	\$ 388.9	\$ 104.2	\$ 493.1

(In millions)	Year-To-Date Ended October 2, 2021			Year-To-Date Ended September 26, 2020		
	Wholesale	Consumer-Direct	Total	Wholesale	Consumer-Direct	Total
Wolverine Michigan Group	\$ 779.6	\$ 197.3	\$ 976.9	\$ 590.9	\$ 161.6	\$ 752.5
Wolverine Boston Group	548.0	169.7	717.7	374.3	124.1	498.4
Other	47.3	37.4	84.7	28.1	2.5	30.6
Total	\$ 1,374.9	\$ 404.4	\$ 1,779.3	\$ 993.3	\$ 288.2	\$ 1,281.5

Reserves for Variable Consideration

Revenue is recorded at the net sales price ("transaction price"), which includes estimates of variable consideration for which reserves are established. Components of variable consideration include trade discounts and allowances, product returns, customer markdowns, customer rebates and other sales incentives relating to the sale of the Company's products. These reserves, as detailed below, are based on the amounts earned, or to be claimed on the related sales. These estimates take into consideration a range of possible outcomes, which are probability-weighted in accordance with the expected value method for relevant factors such as current contractual and statutory requirements, specific known market events and trends, industry data and forecasted customer buying and payment patterns. Overall, these reserves reflect the Company's best estimates of the amount of consideration to which it is entitled based on the terms of the respective underlying contracts. Revenue recognized during the fiscal periods presented related to the Company's contract liabilities was nominal.

The Company's contract balances are as follows:

(In millions)	October 2, 2021	January 2, 2021	September 26, 2020
Product returns reserve	\$ 14.5	\$ 15.6	\$ 9.3
Customer markdowns reserve	2.9	3.7	4.0
Other sales incentives reserve	4.5	6.0	4.3
Customer rebates liability	16.6	13.4	13.9
Customer advances liability	5.2	8.2	2.0

The amount of variable consideration included in the transaction price may be constrained and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized under the contract will not occur in a future period. Actual amounts of consideration ultimately received may differ from initial estimates. If actual results in the future vary from initial estimates, the Company subsequently adjusts these estimates, which affects net revenue and earnings in the period such variances become known.

7. DEBT

Total debt consists of the following obligations:

(In millions)	October 2, 2021	January 2, 2021	September 26, 2020
Term Loan A, due December 6, 2023	\$ 172.5	\$ 180.0	\$ 185.0
Incremental Term Loan	—	—	150.0
Senior Notes, 5.000% interest, due September 1, 2026	—	250.0	250.0
Senior Notes, 6.375% interest, due May 15, 2025	—	300.0	300.0
Senior Notes, 4.000% interest, due August 15, 2029	550.0	—	—
Borrowings under revolving credit agreements	310.0	—	—
Unamortized deferred financing costs	(8.1)	(7.5)	(8.4)
Total debt	<u>\$ 1,024.4</u>	<u>\$ 722.5</u>	<u>\$ 876.6</u>

On May 5, 2020, the Company entered into a Second Amendment (the “Amendment”) which amended its senior credit facility, which had previously been amended and restated as of December 6, 2018 (as so amended by the Amendment, the “Amended Senior Credit Facility”). In connection with the Amendment, the Company borrowed \$171.0 million in aggregate principal amount of an incremental term loan. The incremental term loan was fully repaid by the end of fiscal 2020. On October 20, 2021, the Company entered into a Replacement Amendment and Reaffirmation Agreement to the Amended Senior Credit Facility, refer to Note 18 for additional information.

The Amended Senior Credit Facility also included a \$200.0 million term loan facility (“Term Loan A”) and an \$800.0 million Revolving Credit Facility, both with maturity dates of December 6, 2023, that remained unchanged as a result of the Amendment. The Amended Senior Credit Facility’s debt capacity is limited to an aggregate debt amount (including outstanding term loan principal and revolver commitment amounts in addition to permitted incremental debt) not to exceed \$1,750.0 million, unless certain specified conditions set forth in the Amended Senior Credit Facility are met. Term Loan A requires quarterly principal payments with a balloon payment due on December 6, 2023. As of October 2, 2021, the scheduled principal payments due under Term Loan A over the next 12 months total \$10.0 million and are recorded as current maturities of long-term debt on the consolidated condensed balance sheets.

The Revolving Credit Facility allows the Company to borrow up to an aggregate amount of \$800.0 million, which includes a \$200.0 million foreign currency subfacility under which borrowings may be made, subject to certain conditions, in Canadian dollars, British pounds, euros, Hong Kong dollars, Swedish kronor, Swiss francs and such additional currencies as are determined in accordance with the Amended Senior Credit Facility. The Revolving Credit Facility also includes a \$50.0 million swingline subfacility and a \$50.0 million letter of credit subfacility. The Company had outstanding letters of credit under the Revolving Credit Facility of \$5.9 million, \$6.1 million and \$6.0 million as of October 2, 2021, January 2, 2021 and September 26, 2020, respectively. These outstanding letters of credit reduce the borrowing capacity under the Revolving Credit Facility.

The interest rates applicable to amounts outstanding under Term Loan A and to U.S. dollar denominated amounts outstanding under the Revolving Credit Facility are, at the Company’s option, either (1) the Alternate Base Rate plus an Applicable Margin as determined by the Company’s Consolidated Leverage Ratio, within a range of 0.125% to 1.000%, or (2) the Eurocurrency Rate plus an Applicable Margin as determined by the Company’s Consolidated Leverage Ratio, within a range of 1.125% to 2.000% (all capitalized terms used in this sentence are as defined in the Amended Senior Credit Facility). At October 2, 2021, Term Loan A and the Revolving Credit Facility had a weighted-average interest rate of 1.88%.

The obligations of the Company pursuant to the Amended Senior Credit Facility are guaranteed by substantially all of the Company’s material domestic subsidiaries and secured by substantially all of the personal and real property of the Company and its material domestic subsidiaries, subject to certain exceptions.

The Amended Senior Credit Facility also contains certain affirmative and negative covenants, including covenants that limit the ability of the Company and its Restricted Subsidiaries to, among other things: incur or guarantee indebtedness; incur liens; pay dividends or repurchase stock; enter into transactions with affiliates; consummate asset sales, acquisitions or mergers; prepay certain other indebtedness; or make investments, as well as covenants restricting the activities of certain foreign subsidiaries of the Company that hold intellectual property related assets. Further, the Amended Senior Credit Facility requires compliance with the following financial covenants: a maximum Consolidated Leverage Ratio and a minimum Consolidated Interest Coverage Ratio (all capitalized terms used in this paragraph are as defined in the Amended Senior Credit Facility). As of October 2, 2021, the Company was in compliance with all covenants and performance ratios under the Amended Senior Credit Facility.

On August 26, 2021, the Company issued \$550.0 million aggregate principal debt amount of 4.000% senior notes due on August 15, 2029. Related interest payments are due semi-annually beginning February 15, 2022. The senior notes are guaranteed by substantially all of the Company's domestic subsidiaries. The proceeds from the senior notes were used to extinguish the Company's \$250.0 million senior notes due on September 1, 2026 and \$300.0 million senior notes due on May 15, 2025. The Company incurred \$34.0 million of debt extinguishment and other costs in connection with the senior notes extinguished, of which \$28.4 million is related to redemption premiums and \$5.6 million is related to write-off of capitalized financing fees.

The Company has a foreign revolving credit facility with aggregate available borrowings of \$4.0 million that are uncommitted and, therefore, each borrowing against the facility is subject to approval by the lender. There were no borrowings against this facility as of October 2, 2021, January 2, 2021 and September 26, 2020.

The Company included in interest expense the amortization of deferred financing costs of \$0.6 million and \$1.9 million for the quarter and year-to-date ended October 2, 2021, respectively. The Company included in interest expense the amortization of deferred financing costs of \$0.9 million and \$2.0 million for the quarter and year-to-date ended September 26, 2020, respectively.

8. LEASES

The Company's leases consist primarily of corporate offices, retail stores, distribution centers, showrooms, vehicles and office equipment. The Company leases assets in the normal course of business to meet its current and future needs while providing flexibility to its operations. The Company enters into contracts with third parties to lease specifically identified assets. Most of the Company's leases have contractually specified renewal periods. Most retail store leases have early termination clauses that the Company can elect if stipulated sales amounts are not achieved. The Company determines the lease term for each lease based on the terms of each contract and factors in renewal and early termination options if such options are reasonably certain to be exercised.

The following is a summary of the Company's lease cost.

(In millions)	Quarter Ended		Year-To-Date Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Operating lease cost	\$ 9.0	\$ 7.9	\$ 25.1	\$ 24.2
Variable lease cost	3.3	3.0	9.4	9.1
Short-term lease cost	0.3	0.3	0.8	0.8
Sublease income	(1.5)	(1.2)	(4.8)	(3.5)
Total lease cost	\$ 11.1	\$ 10.0	\$ 30.5	\$ 30.6

The following is a summary of the Company's supplemental cash flow information related to leases.

(In millions)	Quarter Ended		Year-To-Date Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Cash paid for operating lease liabilities	\$ 9.8	\$ 7.8	\$ 27.9	\$ 19.9
Operating lease assets obtained in exchange for lease liabilities	0.4	0.6	3.8	5.8

The Company did not enter into any real estate leases with commencement dates subsequent to October 2, 2021.

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Company follows FASB ASC Topic 815, *Derivatives and Hedging* ("ASC 815"), which requires that all derivative instruments be recorded on the consolidated condensed balance sheets at fair value by establishing criteria for designation and effectiveness of hedging relationships. The Company does not hold or issue financial instruments for trading purposes.

The Company utilizes foreign currency forward exchange contracts designated as cash flow hedges to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business. These foreign currency forward exchange hedge contracts extended out to a maximum of 538 days, 538 days, and 545 days as of October 2, 2021, January 2, 2021 and September 26, 2020, respectively. If, in the future, the foreign exchange contracts are determined not to be highly effective or are terminated before their contractual termination dates, the Company

would remove the hedge designation from those contracts and reclassify into earnings the unrealized gains or losses that would otherwise be included in accumulated other comprehensive income (loss) within stockholders' equity. During the nine-months ended September 26, 2020, the Company reclassified \$1.3 million to other income for foreign currency contracts that were no longer deemed highly effective.

The Company also utilizes foreign currency forward exchange contracts that are not designated as hedging instruments to manage foreign currency transaction exposure. Foreign currency derivatives not designated as hedging instruments are offset by foreign exchange gains or losses resulting from the underlying exposures of foreign currency denominated assets and liabilities.

The Company had an interest rate swap arrangement to mitigate interest volatility with regard to variable rate borrowings under the Amended Senior Credit Facility. The interest rate swap exchanged floating rate for fixed rate interest payments without the exchange of the underlying notional amounts and had been designated as cash flow hedge of the underlying debt. The arrangement was terminated during the fourth quarter of fiscal 2020.

The Company had a cross currency swap to minimize the impact of exchange rate fluctuations which matured on September 1, 2021. Changes in fair value related to movements in the foreign currency exchange spot rate were recorded in accumulated other comprehensive income (loss), offsetting the currency translation adjustment related to the underlying net investment that was also recorded in accumulated other comprehensive income (loss). All other changes in fair value were recorded in interest expense.

The notional amounts of the Company's derivative instruments are as follows:

(Dollars in millions)	October 2, 2021	January 2, 2021	September 26, 2020
Foreign exchange hedge contracts	\$ 297.1	\$ 250.7	\$ 188.3
Foreign exchange non-hedge contracts	4.1	—	—
Interest rate swap	—	—	293.9
Cross currency swap	—	79.8	79.8

The recorded fair values of the Company's derivative instruments are as follows:

(In millions)	October 2, 2021	January 2, 2021	September 26, 2020
Financial assets:			
Foreign exchange hedge contracts	\$ 4.9	\$ —	\$ 1.3
Financial liabilities:			
Foreign exchange hedge contracts	\$ (1.0)	\$ (8.8)	\$ (0.4)
Interest rate swap	—	—	(8.6)
Cross currency swap	—	(10.8)	(6.2)

10. STOCK-BASED COMPENSATION

The Company recognized compensation expense of \$8.4 million and \$30.0 million, and related income tax benefits of \$1.7 million and \$5.9 million, for grants under its stock-based compensation plans for the quarter and year-to-date ended October 2, 2021, respectively. The Company recognized compensation expense of \$11.3 million and \$21.5 million, and related income tax benefits of \$2.2 million and \$4.2 million, for grants under its stock-based compensation plans for the quarter and year-to-date ended September 26, 2020, respectively.

The Company grants restricted stock or units ("restricted awards"), performance-based restricted stock or units ("performance awards") and stock options under its stock-based compensation plans.

The Company granted restricted awards and performance awards as follows:

(In millions)	Year-To-Date Ended October 2, 2021		Year-To-Date Ended September 26, 2020	
	Company Shares Issued	Weighted-Average Grant Date Fair Value	Company Shares Issued	Weighted-Average Grant Date Fair Value
Restricted Awards	613,716	\$ 34.77	1,340,179	\$ 22.29
Performance Awards	625,750	\$ 35.73	346,584	\$ 35.02

11. RETIREMENT PLANS

The following is a summary of net pension and Supplemental Executive Retirement Plan (“SERP”) expense recognized by the Company.

(In millions)	Quarter Ended		Year-To-Date Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Service cost pertaining to benefits earned during the period	\$ 1.7	\$ 1.6	\$ 5.2	\$ 4.8
Interest cost on projected benefit obligations	3.2	3.6	9.6	10.7
Expected return on pension assets	(4.8)	(4.7)	(14.6)	(14.0)
Net amortization loss	3.4	1.6	10.3	4.9
Net pension expense	\$ 3.5	\$ 2.1	\$ 10.5	\$ 6.4

The non-service cost components of net pension expense is recorded in the Other expense (income), net line item on the consolidated condensed statements of operations and comprehensive income.

12. INCOME TAXES

The Company maintains management and operational activities in overseas subsidiaries, and its foreign earnings are taxed at rates that are different than the U.S. federal statutory income tax rate. A significant amount of the Company’s earnings are generated by its Canadian, European and Asian subsidiaries and, to a lesser extent, in jurisdictions that are not subject to income tax.

The Company intends to permanently reinvest all non-cash undistributed earnings outside of the U.S. and has, therefore not established a deferred tax liability on that amount of foreign unremitted earnings. However, if these non-cash undistributed earnings were repatriated, the Company would be required to accrue and pay applicable U.S. taxes and withholding taxes payable to various countries. It is not practicable to estimate the amount of the deferred tax liability associated with these non-cash unremitted earnings due to the complexity of the hypothetical calculation.

The Company’s effective tax rates for the quarter and year-to-date ended October 2, 2021 were (11.6)% and 17.1%, respectively. The Company’s effective tax rates for the quarter and year-to-date ended September 26, 2020 were 28.5% and 15.5%, respectively. The lower quarter-to-date effective tax rate is a reflection of lower pretax income in the quarter as well as discrete benefits having a larger impact due to the lower pretax income. The higher year-to-date effective tax rate is due to larger discrete benefits in the prior year in addition to lower pretax income resulting in the discrete benefits having a larger impact to the prior year tax rate.

The Company is subject to periodic audits by U.S. federal, state, local and non-U.S. tax authorities. Currently, the Company is undergoing routine periodic audits in both U.S. federal, state, local and non-U.S. tax jurisdictions. It is reasonably possible that the amounts of unrecognized tax benefits could change in the next 12 months as a result of the audits; however, any payment of tax is not expected to be significant to the consolidated condensed financial statements. The Company is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2017 in the majority of tax jurisdictions.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) represents net earnings and any revenue, expenses, gains and losses that, under U.S. GAAP, are excluded from net earnings and recognized directly as a component of stockholders' equity.

The change in accumulated other comprehensive income (loss) during the quarters ended October 2, 2021 and September 26, 2020 is as follows:

(In millions)	Foreign currency translation	Derivatives	Pension	Total
Balance at June 27, 2020	\$ (55.9)	\$ (9.5)	\$ (46.1)	\$ (111.5)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	6.8	(5.5)	—	1.3
Amounts reclassified from accumulated other comprehensive income (loss)	—	0.5 ⁽²⁾	1.6 ⁽³⁾	2.1
Income tax expense (benefit)	—	0.2	(0.3)	(0.1)
Net reclassifications	—	0.7	1.3	2.0
Net current-period other comprehensive income (loss) ⁽¹⁾	6.8	(4.8)	1.3	3.3
Balance at September 26, 2020	<u>\$ (49.1)</u>	<u>\$ (14.3)</u>	<u>\$ (44.8)</u>	<u>\$ (108.2)</u>
Balance at July 3, 2021	\$ (35.9)	\$ (14.9)	\$ (68.1)	\$ (118.9)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	(16.9)	3.1	—	(13.8)
Amounts reclassified from accumulated other comprehensive income (loss)	—	2.0 ⁽²⁾	3.4 ⁽³⁾	5.4
Income tax expense (benefit)	—	(0.5)	(0.6)	(1.1)
Net reclassifications	—	1.5	2.8	4.3
Net current-period other comprehensive income (loss) ⁽¹⁾	(16.9)	4.6	2.8	(9.5)
Balance at October 2, 2021	<u>\$ (52.8)</u>	<u>\$ (10.3)</u>	<u>\$ (65.3)</u>	<u>\$ (128.4)</u>

⁽¹⁾ Other comprehensive income (loss) is reported net of taxes and noncontrolling interest.

⁽²⁾ Amounts related to foreign currency derivatives are included in cost of goods sold. Amounts related to foreign currency derivatives that are no longer deemed to be highly effective are included in other income. Amounts related to the interest rate swap and the cross-currency swap are included in interest expense.

⁽³⁾ Amounts reclassified are included in the computation of net pension expense.

The change in accumulated other comprehensive income (loss) during the year-to-dates ended October 2, 2021 and September 26, 2020 is as follows:

(In millions)	Foreign currency translation	Derivatives	Pension	Total
Balance at December 28, 2019	\$ (47.6)	\$ (5.8)	\$ (48.7)	\$ (102.1)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	(1.5)	(6.2)	—	(7.7)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(3.1) ⁽²⁾	4.9 ⁽³⁾	1.8
Income tax expense (benefit)	—	0.8	(1.0)	(0.2)
Net reclassifications	—	(2.3)	3.9	1.6
Net current-period other comprehensive income (loss) ⁽¹⁾	(1.5)	(8.5)	3.9	(6.1)
Balance at September 26, 2020	<u>\$ (49.1)</u>	<u>\$ (14.3)</u>	<u>\$ (44.8)</u>	<u>\$ (108.2)</u>
Balance at January 2, 2021	\$ (36.8)	\$ (20.3)	\$ (73.5)	\$ (130.6)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	(16.0)	6.3	—	(9.7)
Amounts reclassified from accumulated other comprehensive income (loss)	—	5.0 ⁽²⁾	10.3 ⁽³⁾	15.3
Income tax expense (benefit)	—	(1.3)	(2.1)	(3.4)
Net reclassifications	—	3.7	8.2	11.9
Net current-period other comprehensive income (loss) ⁽¹⁾	(16.0)	10.0	8.2	2.2
Balance at October 2, 2021	<u>\$ (52.8)</u>	<u>\$ (10.3)</u>	<u>\$ (65.3)</u>	<u>\$ (128.4)</u>

- (1) Other comprehensive income (loss) is reported net of taxes and noncontrolling interest.
- (2) Amounts related to foreign currency derivatives are included in cost of goods sold. Amounts related to foreign currency derivatives that are no longer deemed to be highly effective are included in other income. Amounts related to the interest rate swap and the cross-currency swap are included in interest expense.
- (3) Amounts reclassified are included in the computation of net pension expense.

14. FAIR VALUE MEASUREMENTS

The Company follows FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), which provides a consistent definition of fair value, focuses on exit price, prioritizes the use of market-based inputs over entity-specific inputs for measuring fair value and establishes a three-tier hierarchy for fair value measurements. ASC 820 requires fair value measurements to be classified and disclosed in one of the following three categories:

- Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Fair value is measured using either direct or indirect inputs, other than quoted prices included within Level 1, which are observable for similar assets or liabilities.
- Level 3: Fair value is measured using valuation techniques in which one or more significant inputs are unobservable.

Recurring Fair Value Measurements

The following table sets forth financial assets and liabilities measured at fair value in the consolidated condensed balance sheets and the respective pricing levels to which the fair value measurements are classified within the fair value hierarchy.

(In millions)	Fair Value Measurements		
	Quoted Prices With Other Observable Inputs (Level 2)		
	October 2, 2021	January 2, 2021	September 26, 2020
Financial assets:			
Derivatives	\$ 4.9	\$ —	\$ 1.3
Financial liabilities:			
Derivatives	\$ (1.0)	\$ (19.6)	\$ (15.2)

The fair value of foreign currency forward exchange contracts represents the estimated receipts or payments necessary to terminate the contracts. The interest rate swap was valued based on the current forward rates of the future cash flows. The fair value of the cross-currency swap was determined using the current forward rates and changes in the spot rate.

Fair Value Disclosures

The Company's financial instruments that are not recorded at fair value consist of cash and cash equivalents, accounts and notes receivable, accounts payable, borrowings under revolving credit agreements and other short-term and long-term debt. The carrying amount of these financial instruments is historical cost, which approximates fair value, except for the debt. The carrying value and the fair value of the Company's debt are as follows:

(In millions)	October 2, 2021	January 2, 2021	September 26, 2020
Carrying value	\$ 1,024.4	\$ 722.5	\$ 876.6
Fair value	1,042.5	765.4	921.1

The fair value of the fixed rate debt was based on third-party quotes (Level 2). The fair value of the variable rate debt was calculated by discounting the future cash flows to its present value using a discount rate based on the risk-free rate of the same maturity (Level 3).

15. LITIGATION AND CONTINGENCIES

Litigation

The Company operated a leather tannery in Rockford, Michigan from the early 1900s through 2009 (the "Tannery"). The Company also owns a parcel on House Street in Plainfield Township that the Company used for the disposal of Tannery byproducts until about 1970 (the "House Street" site). Beginning in the late 1950s, the Company used 3M Company's Scotchgard™ in its processing of certain leathers at the Tannery. Until 2002 when 3M Company changed its Scotchgard™

formula, Tannery byproducts disposed of by the Company at the House Street site and other locations may have contained PFOA and/or PFOS, two chemicals in the family of compounds known as per- and polyfluoroalkyl substances (together, “PFAS”). PFOA and PFOS help provide non-stick, stain-resistant, and water-resistant qualities, and were used for many decades in commercial products like firefighting foams and metal plating, and in common consumer items like food wrappers, microwave popcorn bags, pizza boxes, Teflon™, carpets and Scotchgard™.

In May 2016, the Environmental Protection Agency (“EPA”) announced a lifetime health advisory level of 70 parts per trillion (“ppt”) combined for PFOA and PFOS. In January 2018, the Michigan Department of Environmental Quality (“MDEQ”, now known as the Michigan Department of Environment, Great Lakes, and Energy (“EGLE”)) enacted a drinking water criterion of 70 ppt combined for PFOA and PFOS, which set an official state standard for acceptable concentrations of these contaminants in groundwater used for drinking water purposes. On August 3, 2020, Michigan changed the standards for PFOA and PFOS in drinking water to 8 and 16 ppt, respectively, and set standards for four other PFAS substances.

Civil and Regulatory Actions of EGLE and EPA

On January 10, 2018, EGLE filed a civil action against the Company in the U.S. District Court for the Western District of Michigan under the federal Resource Conservation and Recovery Act of 1976 (“RCRA”) and Parts 201 and 31 of the Michigan Natural Resources and Environmental Protection Act (“NREPA”) alleging that the Company’s past and present handling, storage, treatment, transportation and/or disposal of solid waste at the Company’s properties has resulted in releases of PFAS at levels exceeding applicable Michigan cleanup criteria for PFOA and PFOS (the “EGLE Action”). Plainfield and Algoma Townships intervened in the EGLE Action alleging claims under RCRA, NREPA, the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) and common law nuisance.

On February 3, 2020, the parties entered into a consent decree resolving the EGLE Action, which was approved by U.S. District Judge Janet T. Neff on February 19, 2020 (the “Consent Decree”). Under the Consent Decree, the Company agreed to pay for an extension of Plainfield Township’s municipal water system to more than 1,000 properties in Plainfield and Algoma Townships, subject to an aggregate cap of \$69.5 million. The Company also agreed to continue maintaining water filters for certain homeowners, resample certain residential wells for PFAS, continue remediation at the Company’s Tannery property and House Street site, and conduct further investigations and monitoring to assess the presence of PFAS in area groundwater. The Company’s activities under the Consent Decree are not materially impacted by the drinking water standards that became effective on August 3, 2020.

On December 19, 2018, the Company filed a third-party complaint against 3M Company seeking, among other things, recovery of the Company’s remediation and other costs incurred in defense of the EGLE Action (“the 3M Action”). On June 20, 2019, the 3M Company filed a counterclaim against the Company in response to the 3M Action, seeking, among other things, contractual and common law indemnity and contribution under CERCLA and Part 201 of NREPA. On February 20, 2020, the Company and 3M Company entered into a settlement agreement resolving the 3M Action, under which 3M Company paid the Company a lump sum amount of \$55.0 million during the first quarter of 2020.

On January 10, 2018, the EPA entered a Unilateral Administrative Order (the “Order”) under Section 106(a) of CERCLA, 42 U.S.C. § 9606(a) with an effective date of February 1, 2018. The Order pertained to specified removal actions at the Company’s Tannery and House Street sites, including certain time critical removal actions subsequently identified in an April 29, 2019 letter from the EPA, to abate the actual or threatened release of hazardous substances at or from the sites. On October 28, 2019, the EPA and the Company entered into an Administrative Settlement and Order on Consent (“AOC”) that supersedes the Order and addresses the agreed-upon removal actions outlined in the Order. The Company has completed almost all of the activities required by to the AOC, and anticipates completing the remaining activities in 2021 pursuant to approved work plans.

The Company discusses its reserve for remediation costs in the environmental liabilities section below.

Individual and Class Action Litigation

Beginning in late 2017, individual lawsuits and three putative class action lawsuits were filed against the Company that raise a variety of claims, including claims related to property, remediation, and human health effects. The three putative class action lawsuits were subsequently refiled in the U.S. District Court for the Western District of Michigan as a single consolidated putative class action lawsuit. 3M Company has been named as a co-defendant in the individual lawsuits and consolidated putative class action lawsuit. In addition, the current owner of a former landfill and gravel mining operation sued the Company seeking damages and cost recovery for property damage allegedly caused by the Company’s disposal of tannery waste containing PFAS (this suit collectively with the individual lawsuits and putative class action, the “Litigation Matters”).

On September 27, 2021, the Company and 3M Company entered into a non-binding term sheet outlining proposed settlement terms with the law firm representing certain of the plaintiffs in the individual lawsuits included in the Litigation Matters. If a settlement agreement is entered into, the plaintiffs’ law firm will have ninety days to attempt a resolution with each of its

individual clients. Following that ninety day period, any party to the proposed settlement may subsequently opt out of the proposed settlement if: (a) too many individual plaintiffs do not sign releases and participate in the proposed settlement; or (b) any plaintiff asserting personal injury claims fails to participate in the proposed settlement. In the event any party opts out of the proposed settlement, it will be void, and the Company intends to continue vigorously defending the individual lawsuits and other Litigation Matters.

Assessing potential liability with respect to the Litigation Matters at this time is difficult. In addition to the individual lawsuits described above, the other Litigation Matters are in various stages of discovery and related motions. In addition, there is minimal direct and relevant precedent for these types of claims related to PFAS, and the science regarding the human health effects of PFAS exposure in the environment remains inconclusive and inconsistent, thereby creating additional uncertainties. For certain of the Litigation Matters described above, including the proposed settlement, the Company has recorded an accrual in the amount of \$10.6 million during the third quarter of 2021. Given the current status of the matters and the numerous uncertainties associated with possible outcomes, the Company believes that a loss in excess of the accrued amount is reasonably possible. However, due to the factors described above, combined with the complexities and uncertainties of litigation, the Company is not able to estimate a possible loss or range of possible loss in excess of the established accruals at this time.

In addition to the Litigation Matters described above, in December 2018 the Company filed a lawsuit against certain of its historic liability insurers, seeking a defense against the Litigation Matters and coverage for remediation efforts undertaken by the Company and indemnity provided by the Company. The Company recognized certain recoveries from legacy insurance policies in 2020 and 2021, and continues pursuing additional recoveries pursuant to its lawsuit.

Other Litigation

The Company is also involved in litigation incidental to its business and is a party to legal actions and claims, including, but not limited to, those related to employment, intellectual property, and other environmental matters. Some of the legal proceedings include claims for compensatory as well as punitive damages. While the final outcome of these matters cannot be predicted with certainty, considering, among other things, the meritorious legal defenses available to the Company and reserves for liabilities that the Company has recorded, along with applicable insurance, it is management's opinion that the outcome of these items are not expected to have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Environmental Liabilities

The following is a summary of the activity with respect to the environmental remediation reserve established by the Company:

(In millions)	Year-To-Date Ended	
	October 2, 2021	September 26, 2020
Remediation liability at beginning of the year	\$ 101.8	\$ 124.4
Amounts paid	(21.1)	(27.1)
Remediation liability at the end of the quarter	<u>\$ 80.7</u>	<u>\$ 97.3</u>

The reserve balance as of October 2, 2021 includes \$28.5 million that is expected to be paid within the next twelve months and is recorded as a current obligation in other accrued liabilities, with the remaining \$52.2 million expected to be paid over the course of up to 25 years, recorded in other liabilities.

The Company's remediation activity at the Tannery property, House Street site and other relevant disposal sites is ongoing. Although the Consent Decree has made near-term costs more clear, it is difficult to estimate the long-term cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods. Future developments may occur that could materially change the Company's current cost estimates, including, but not limited to: (i) changes in the information available regarding the environmental impact of the Company's operations and products; (ii) changes in environmental regulations, changes in permissible levels of specific compounds in drinking water sources, or changes in enforcement theories and policies, including efforts to recover natural resource damages; (iii) new and evolving analytical and remediation techniques; (iv) changes to the form of remediation; (v) success in allocating liability to other potentially responsible parties; and (vi) the financial viability of other potentially responsible parties and third-party indemnitors. For locations at which remediation activity is largely ongoing, the Company cannot estimate a possible loss or range of loss in excess of the associated established reserves for the reasons described above. The Company adjusts recorded liabilities as further information develops or circumstances change.

Minimum Royalties and Advertising Commitments

The Company has future minimum royalty and advertising obligations due under the terms of certain licenses held by the Company. These minimum future obligations for the fiscal periods subsequent to October 2, 2021 are as follows:

(In millions)	2021	2022	2023	2024	2025	Thereafter
Minimum royalties	\$ —	\$ 1.8	\$ —	\$ —	\$ —	\$ —
Minimum advertising	\$ —	\$ 3.4	\$ 3.5	\$ 3.6	\$ —	\$ —

Minimum royalties are based on both fixed obligations and assumptions regarding the Consumer Price Index. Royalty obligations in excess of minimum requirements are based upon future sales levels. In accordance with these agreements, the Company incurred royalty expense of \$0.6 million and \$1.7 million for the quarter and year-to-date ended October 2, 2021, respectively. For the quarter and year-to-date ended September 26, 2020, the Company incurred royalty expense in accordance with these agreements of \$0.5 million and \$1.4 million, respectively.

The terms of certain license agreements also require the Company to make advertising expenditures based on the level of sales of the licensed products. In accordance with these agreements, the Company incurred advertising expense of \$1.4 million and \$4.1 million for the quarter and year-to-date ended October 2, 2021, respectively. For the quarter and year-to-date ended September 26, 2020, the Company incurred advertising expense in accordance with these agreements of \$0.4 million and \$1.4 million, respectively.

16. BUSINESS SEGMENTS

The Company's brands are organized into the following two operating segments, which the Company has determined to be reportable segments.

- **Wolverine Michigan Group**, consisting of *Merrell*[®] footwear and apparel, *Cat*[®] footwear, *Wolverine*[®] footwear and apparel, *Chaco*[®] footwear, *Hush Puppies*[®] footwear and apparel, *Bates*[®] uniform footwear, *Harley-Davidson*[®] footwear and *Hytest*[®] safety footwear; and
- **Wolverine Boston Group**, consisting of *Sperry*[®] footwear, *Saucony*[®] footwear and apparel, *Keds*[®] footwear, and the Kids' footwear business, which includes the *Stride Rite*[®] licensed business, as well as Kids' footwear offerings from *Saucony*[®], *Sperry*[®], *Keds*[®], *Merrell*[®], *Hush Puppies*[®] and *Cat*[®].

The Company also reports "Other" and "Corporate" categories. The Other category consists of the *Sweaty Betty*[®] activewear business, the Company's leather marketing operations, sourcing operations that include third-party commission revenues and multi-branded consumer-direct retail stores.

The reportable segments are engaged in designing, manufacturing, sourcing, marketing, licensing and distributing branded footwear, apparel and accessories. Revenue for the reportable segments includes revenue from the sale of branded footwear, apparel and accessories to third-party customers; revenue from third-party licensees and distributors; and revenue from the Company's consumer-direct businesses. The Company's reportable segments are determined based on how the Company internally reports and evaluates financial information used to make operating decisions.

The Corporate category consists of unallocated corporate expenses, such as corporate employee costs, costs related to the COVID-19 pandemic and environmental and other related costs.

Company management uses various financial measures to evaluate the performance of the reportable segments. The following is a summary of certain key financial measures for each reportable segment.

(In millions)	Quarter Ended		Year-to-Date Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Revenue:				
Wolverine Michigan Group	\$ 324.8	\$ 287.3	\$ 976.9	\$ 752.5
Wolverine Boston Group	258.8	193.8	717.7	498.4
Other	53.1	12.0	84.7	30.6
Total	\$ 636.7	\$ 493.1	\$ 1,779.3	\$ 1,281.5
Operating profit (loss):				
Wolverine Michigan Group	\$ 61.3	\$ 52.3	\$ 196.0	\$ 133.8
Wolverine Boston Group	44.1	33.0	125.2	60.4
Other	2.4	0.7	3.9	1.0
Corporate	(65.3)	(43.4)	(160.7)	(128.2)
Total	\$ 42.5	\$ 42.6	\$ 164.4	\$ 67.0

(In millions)	October 2, 2021	January 2, 2021	September 26, 2020
Total assets:			
Wolverine Michigan Group	\$ 692.5	\$ 626.9	\$ 691.8
Wolverine Boston Group	1,162.4	1,077.8	1,322.5
Other	599.6	31.4	33.6
Corporate	226.9	401.3	453.2
Total	\$ 2,681.4	\$ 2,137.4	\$ 2,501.1
Goodwill:			
Wolverine Michigan Group	\$ 145.2	\$ 145.4	\$ 143.9
Wolverine Boston Group	296.4	297.0	293.9
Other	113.9	—	—
Total	\$ 555.5	\$ 442.4	\$ 437.8

17. BUSINESS ACQUISITIONS

On July 31, 2021, the Company entered into a definitive agreement to acquire 100% of the outstanding shares of Lady of Leisure InvestCo Limited. The acquisition was completed on August 2, 2021 for \$417.8 million, which is net of acquired cash of \$7.4 million. The Acquired Company owns the *Sweaty Betty*[®] brand and activewear business. The acquisition was funded with cash on hand and borrowings under the Company's revolving credit facility.

Sweaty Betty[®] is a premium women's activewear brand that distributes a wide array of innovative on-trend tops, bottoms, swimwear, outerwear, and accessories around the world, mainly through direct-to-consumer channels. The *Sweaty Betty*[®] acquisition is part of the Company's strategic shift over the last several years from a traditional footwear wholesaler to a consumer-obsessed, digital-focused growth company. The acquisition also aligns with the Company's strategic growth plan to focus on expanding the Company's digital and international footprint, and building the brand portfolio beyond footwear.

Sweaty Betty[®] contributed net revenue of \$39.1 million, and net earnings of \$1.5 million to the Company for the period from the acquisition date to October 2, 2021. The *Sweaty Betty*[®] operating results are included in the Other category for segment reporting purposes.

The Company recognized acquisition-related transaction costs of \$6.9 million for the three and nine months ended October 2, 2021, in the selling, general and administrative expenses line item in the Condensed Consolidated Statement of Operations. These costs represent investment banking fees, legal and professional fees, transaction fees, and consulting fees associated with the acquisition.

The Company accounted for the acquisition following FASB ASC Topic 805, *Business Combinations*, and the related assets acquired and liabilities assumed were recorded at fair value on the acquisition date. The aggregate purchase price was allocated to the major categories of assets acquired and liabilities assumed based upon their respective fair values at the acquisition date.

using primarily Level 2 and Level 3 inputs. The Level 2 and Level 3 valuation inputs include an estimate of future cash flows and discount rates. The *Sweaty Betty*® trademark, which is estimated to have an indefinite life, has been valued at \$346.4 million using the multi-period excess earnings method. The multi-period excess earnings method requires the use of significant estimates and assumptions, including but not limited to, future revenues, growth rates, operating profit, tax rates and a discount rate.

The purchase price allocation is preliminary and based upon valuation information available to determine the fair value of certain assets and liabilities, including goodwill, and is subject to change, primarily for final adjustments to net working capital as additional information is obtained about the facts and circumstances that existed at the valuation date. The Company expects to finalize the fair values of the assets acquired and liabilities assumed over the one-year measurement period.

The following table summarizes the preliminary purchase price allocation to the assets acquired and liabilities assumed at the acquisition date:

(In millions)	Fair Value
Accounts receivable	\$ 6.0
Inventories	47.5
Prepaid expenses and other current assets	5.3
Property, plant and equipment	10.0
Lease right-of-use assets	7.0
Goodwill	117.4
Intangibles	355.0
Other assets	0.6
Total assets acquired	548.8
Accounts payable	13.1
Accrued salaries and wages	6.0
Other accrued liabilities	15.0
Lease liabilities	7.0
Deferred income taxes	89.9
Total liabilities assumed	131.0
Net assets acquired	\$ 417.8

Goodwill is the result of expected synergies and the Company's ability to grow the *Sweaty Betty*® brand, as well the acquired assembled workforce. All of the goodwill is presented within the Other category for segment reporting purposes and within the *Sweaty Betty*® reporting unit and will not be deductible for income tax purposes.

Intangible assets acquired in the acquisition were valued as follows:

(In millions)	Intangible Asset	Useful life
Trade name and trademark	\$ 346.4	Indefinite
Customer relationship	7.2	18 years
Backlog	1.0	5 months
Customer list	0.4	3 years
Total intangible assets acquired	\$ 355.0	

The following unaudited pro forma summary presents consolidated information of the Company as if the acquisition of *Sweaty Betty*® occurred at the beginning of fiscal 2020. The pro forma information is not necessarily indicative of the results that would have actually been obtained if the acquisition had occurred at the beginning of the periods presented or that may be attained in the future. These pro forma amounts have been calculated after including the historical *Sweaty Betty*® operating results in the Company's consolidated results, and, reflecting the following adjustments: fair value adjustments for intangible assets and inventory acquired, timing adjustment to recognize acquisition related costs incurred in fiscal 2021 and in fiscal 2020, and adjustments reflecting historical interest expense. The adjustments have been applied with related tax effects.

(In millions)	Quarter Ended		Year-to-Date Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Net revenue	\$ 659.7	\$ 526.5	\$ 1,916.7	\$ 1,378.2
Net earnings attributable to Wolverine World Wide, Inc.	7.9	19.8	91.5	19.3

18. SUBSEQUENT EVENT

On October 21, 2021, the Company entered into a 2021 Replacement Facility Amendment and Reaffirmation Agreement (the "Amendment") to the Amended Senior Credit Facility. The Amendment amended and restated the Credit Agreement to, among other things: (i) provide for a term loan A facility (the "Term Facility") in an aggregate principal amount of \$200.0 million, which will replace the existing Term Loan A; (ii) provide for an increased revolving credit facility (the "Revolving Facility" and, together with the Term Facility, the "Senior Credit Facilities") with total commitments of \$1.0 billion, an increase of \$200.0 million from the existing Revolving Credit Facility; and (iii) set the LIBOR floor to 0%. The maturity date of the loans under the Senior Credit Facilities was extended to October 21, 2026. The Amendment provides for a debt capacity limited to an aggregate debt amount (including outstanding term loan principal and revolver commitment amounts in addition to permitted incremental debt) not to exceed \$2,000.0 million unless certain specified conditions set forth in the Amended Senior Credit Facility are met.

ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion of the Company’s results of operations and liquidity and capital resources. This section should be read in conjunction with the Company’s consolidated condensed financial statements and related notes included elsewhere in this Quarterly Report.

BUSINESS OVERVIEW

The Company is a leading global designer, marketer and licensor of branded footwear, apparel and accessories. The Company’s vision statement is “**to build a family of the most admired performance and lifestyle brands on earth**” and the Company seeks to fulfill this vision by offering innovative products and compelling brand propositions; complementing its footwear brands with strong apparel and accessories offerings; expanding its global consumer-direct footprint; and delivering supply chain excellence.

The Company’s brands are marketed in approximately 170 countries and territories at October 2, 2021, including through owned operations in the U.S., Canada, the United Kingdom and certain countries in continental Europe and Asia Pacific. In other regions (Latin America, portions of Europe and Asia Pacific, the Middle East and Africa), the Company relies on a network of third-party distributors, licensees and joint ventures. At October 2, 2021, the Company operated 144 retail stores in the U.S., U.K. and Canada and 65 consumer-direct eCommerce sites.

On July 31, 2021, the Company entered into a definitive agreement to acquire 100% of the outstanding shares of Lady Leisure InvestCo Limited (the “Acquired Company”). The acquisition was completed on August 2, 2021 for \$417.8 million, which is net of acquired cash of \$7.4 million. The Acquired Company owns the *Sweaty Betty*[®] brand and activewear business, a premium women’s activewear brand. The acquisition was funded with cash on hand and borrowings under the Company’s revolving credit facility.

Known Trends Impacting Our Business

The global impact of the COVID-19 pandemic continues to impact the Company’s business. Most importantly, the Company remains focused on the health and safety of our employees, customers and partners around the world. In accordance with regulatory guidance and protocols promulgated by health authorities and government officials, the Company continues to execute a number of enhanced business practices including temporary office closures, travel restrictions, enhanced cleaning procedures and social distancing designed to protect all employees, customers and partners.

Following the onset of the pandemic, the Company further prioritized brand investments in the Company’s owned eCommerce sites. The Company’s brands’ on-line growth accelerated due to the investments in this channel and consumer preference changes in favor of digital purchases. The Company continues to prioritize eCommerce investments including digital leadership, marketing investments in digital platforms, developing richer content and storytelling, and optimizing digital user experiences to increase conversion. The Company is offering incremental exclusive products through owned eCommerce sites and the Company has enhanced the customer shopping experience.

During the third quarter of 2021, a significant portion of the Company’s contract manufacturer’s production capacity in Vietnam was subject to government mandated shutdowns due to COVID-19. Contract manufacturers in certain other Asia Pacific countries were also subject to closures, reduced capacity, and production delays due to COVID-19. Factories reopened during October 2021, although some did not reopen at full capacity. These production capacity restraints significantly impacted, and are expected to continue to, significantly impact the Company’s previously planned inventory production and in turn, deliveries to wholesale customers.

The COVID-19 pandemic has had a material adverse impact, and is expected to continue to have an impact, on the Company’s financial results. In addition to certain contract manufacturer closures during the third quarter, disruption in the global supply chain due to vessel shortages, containers damaged and lost in transit, labor and container shortages, and U.S. port congestion resulted in transportation delays that interrupted the flow of the Company’s inventory and caused delays of shipments to wholesale partners during the first three quarters of 2021. The Company expects certain aspects of the disruption in the global supply chain to continue, which may negatively impact results for the remaining portion of fiscal 2021. Expenses related to the COVID-19 pandemic incurred in the third quarter and first three quarters of 2021 included \$7.0 million and \$22.0 million, respectively, of incremental air freight cost to expedite the delivery of inventory resulting from production and shipping delays. Expenses in the third quarter and first three quarters of 2020 related to the COVID-19 pandemic included \$7.8 million and \$26.5 million, respectively, of costs related to severance expenses, credit loss expenses and other costs.

The Company continues to monitor the ongoing impacts of COVID-19, including developments that are outside the Company’s control, such as the planned pace of re-opening and return to full production of factories in Vietnam and certain other Asia Pacific countries and the planned shift of production capacity to other countries following factory closures. These developments

and other potential impacts of COVID-19, such as new or prolonged factory closures and other adverse impacts on the global supply chain effecting the planned delivery of inventory, could materially adversely impact revenue growth as well as profitability in future periods.

2021 FINANCIAL OVERVIEW

- Revenue was \$636.7 million for the third quarter of 2021, representing an increase of 29.1% compared to the third quarter of 2020. The change in revenue reflected a 13.1% increase from the Michigan Group and a 33.5% increase from the Boston Group. Changes in foreign exchange rates increased revenue by \$4.7 million during the third quarter of 2021. Owned eCommerce revenue increased during the third quarter of 2021 by 44.7% compared to the third quarter of 2020, including a 31.4% contribution from the *Sweaty Betty*[®] acquisition.
- Gross margin was 43.2% in the third quarter of 2021 compared to 41.0% in the third quarter of 2020.
- The effective tax rates in the third quarters of 2021 and 2020 were (11.6)% and 28.5%, respectively.
- Diluted earnings per share for the third quarter of 2021 was \$0.00 per share compared to diluted loss per share of \$0.27 per share for the third quarter of 2020.
- The Company declared cash dividends of \$0.10 per share in both the third quarters of 2021 and 2020.
- Cash flow provided by operating activities was \$17.0 million and \$135.5 million for the first three quarters of 2021 and 2020, respectively, and cash flow used by operating activities was \$34.7 million for the third quarter of 2021 compared to cash flow provided by operating activities of \$96.5 million for the third quarter of 2020.
- Compared to the third quarter of 2020, inventory increased \$86.3 million, or 26.5%. *Sweaty Betty* contributed 16.1% to the increase versus the prior year.

RESULTS OF OPERATIONS

(In millions, except per share data)	Quarter Ended			Year-To-Date Ended		
	October 2, 2021	September 26, 2020	Percent Change	October 2, 2021	September 26, 2020	Percent Change
Revenue	\$ 636.7	\$ 493.1	29.1 %	\$ 1,779.3	\$ 1,281.5	38.8 %
Cost of goods sold	361.9	291.1	24.3	1,011.8	750.5	34.8
Gross profit	274.8	202.0	36.0	767.5	531.0	44.5
Selling, general and administrative expenses	215.0	157.5	36.5	591.2	457.2	29.3
Environmental and other related costs, net of recoveries	17.3	1.9	810.5	11.9	6.8	75.0
Operating profit	42.5	42.6	(0.2)	164.4	67.0	145.4
Interest expense, net	9.6	12.8	(25.0)	28.9	31.1	(7.1)
Debt extinguishment and other costs	34.0	—	—	34.0	0.2	*
Other expense (income), net	(0.4)	(0.6)	33.3	2.5	(2.9)	186.2
Earnings (loss) before income taxes	(0.7)	30.4	(102.3)	99.0	38.6	156.5
Income tax expense	0.1	8.7	(98.9)	17.0	6.0	183.3
Net earnings (loss)	(0.8)	21.7	(103.7)	82.0	32.6	151.5
Less: net loss attributable to noncontrolling interests	(0.8)	(0.7)	—	(1.2)	(1.2)	—
Net earnings attributable to Wolverine World Wide, Inc.	\$ —	\$ 22.4	(100.0)%	\$ 83.2	\$ 33.8	146.2 %
Diluted earnings per share	\$ 0.00	\$ 0.27	(100.0)%	\$ 0.98	\$ 0.41	139.0 %

* Percentage change not meaningful

REVENUE

Revenue was \$636.7 million for the third quarter of 2021, representing an increase of 29.1% compared to the third quarter of 2020. The change in revenue reflected a 13.1% increase from the Michigan Group and a 33.5% increase from the Boston Group. The Michigan Group's revenue increase was driven by mid-single digit increase from *Merrell*[®], high-thirties increase from *Cat*[®], mid-teens increase from *Wolverine*[®], and high-nineties increase from *Hush Puppies*[®]. The Boston Group's revenue increase was driven by low-forties increase from *Saucony*[®], mid-forties increase from *Sperry*[®], and low-twenties increase from

Kids'. Changes in foreign exchange rates increased revenue by \$4.7 million during the third quarter of 2021. Owned eCommerce revenue increased during the third quarter of 2021 by 44.7% compared to the third quarter of 2020, including a 31.4% contribution from the *Sweaty Betty*[®] acquisition.

Revenue was \$1,779.3 million for the first three quarters of 2021, representing an increase of 38.8% compared to the first three quarters of 2020. The change in revenue reflected a 29.8% increase from the Michigan Group and a 44.0% increase from the Boston Group. The Michigan Group's revenue increase was driven by low-thirties increase from *Merrell*[®], low-forties increase from *Cat*[®], low-thirties increase from *Wolverine*[®], low-thirties increase from *Hush Puppies*[®], low-twenties increase from *Bates*[®], and low-twenties increase from *Harley-Davidson*[®]. The Boston Group's revenue increase was driven by high-sixties increase from *Saucony*[®], high-thirties increase from *Sperry*[®], and high-twenties increase from Kids'. Changes in foreign exchange rates increased revenue by \$25.0 million during the first three quarters of 2021. Owned eCommerce revenue increased during the first three quarters of 2021 by 31.3% compared to the first three quarters of 2020, including a 10.4% contribution from the *Sweaty Betty*[®] acquisition.

GROSS MARGIN

Gross margin was 43.2% in the third quarter of 2021 compared to 41.0% in the third quarter of 2020. The gross margin increase in the third quarter was driven by the contribution from the *Sweaty Betty*[®] acquisition (180 basis points), reduced closeout sales (100 basis points), and favorable product mix and average selling price through the Company's direct to consumer channel (50 basis points), partially offset by incremental air freight costs resulting from production and shipping delays caused by the COVID-19 pandemic (140 basis points).

Gross margin was 43.1% in the first three quarters of 2021 compared to 41.4% during the first three quarters of 2020. The gross margin increase in the first three quarters was driven by favorable product mix and average selling price across the Company's brands mainly attributable to *Merrell*[®], *Saucony*[®], and *Wolverine*[®] (110 basis points), favorable product mix and average selling price through the Company's direct to consumer channel (110 basis points), the contribution from the *Sweaty Betty*[®] acquisition (70 basis points), and reduced closeout sales (70 basis points), partially offset by incremental air freight costs resulting from production and shipping delays caused by the COVID-19 pandemic (170 basis points).

OPERATING EXPENSES

Operating expenses increased \$72.9 million, from \$159.4 million in the third quarter of 2020 to \$232.3 million in the third quarter of 2021. The increase was primarily driven by higher general and administrative costs (\$22.9 million), higher advertising costs (\$15.7 million), higher environmental and other related costs, net of insurance recoveries (\$15.4 million), higher selling costs (\$11.0 million), higher distribution costs (\$7.3 million), acquisition costs (\$6.9 million), and higher product development costs (\$3.5 million), partially offset by lower non-operating costs incurred due to the COVID-19 pandemic (\$6.0 million) and lower incentive compensation costs (\$3.9 million). Environmental and other related costs were \$17.8 million and \$3.1 million in the third quarter of 2021 and 2020, respectively.

Operating expenses increased \$139.1 million, from \$464.0 million in the first three quarters of 2020 to \$603.1 million in the first three quarters of 2021. The increase was primarily driven by higher general and administrative costs (\$46.0 million), higher advertising costs (\$39.7 million), higher incentive compensation costs (\$25.9 million), higher selling costs (\$24.0 million), higher distribution costs (\$11.6 million), acquisition costs (\$6.9 million), higher environmental and other related costs, net of insurance recoveries (\$5.1 million), and higher product development costs (\$4.4 million), partially offset by lower non-operating costs incurred due to the COVID-19 pandemic (\$24.6 million). Environmental and other related costs were \$28.1 million and \$13.8 million in the first three quarters of 2021 and 2020, respectively.

INTEREST, OTHER AND INCOME TAXES

Net interest expense was \$9.6 million in the third quarter of 2021 compared to \$12.8 million in the third quarter of 2020. Net interest expense was \$28.9 million in the first three quarters of 2021 compared to \$31.1 million in the first three quarters of 2020. Reduction in interest expense is due to the redemption and replacement of the 6.375% senior notes due in 2025 and 5.000% senior notes due in 2026 with the 4.000% senior notes in August 2021.

The Company incurred \$34.0 million of debt extinguishment and other costs in connection with the extinguishment of the \$250.0 million senior notes due on September 1, 2026 and \$300.0 million senior notes due on May 15, 2025.

Other income was \$0.4 million in the third quarter of 2021, compared to \$0.6 million in the third quarter of 2020. Other expense was \$2.5 million in the first three quarters of 2021, compared to other income of \$2.9 million in the first three quarters of 2020.

The effective tax rates in the third quarter of 2021 and 2020 were (11.6)% and 28.5%, respectively. The effective tax rates in the first three quarters of 2021 and 2020 were 17.1% and 15.5%, respectively. The lower quarter-to-date effective tax rate is a

reflection of lower pretax income in the quarter as well as discrete benefits having a larger impact due to the lower pretax income. The higher year-to-date effective tax rate is due to larger discrete benefits in the prior year in addition to lower pretax income resulting in the discrete benefits having a larger impact to the prior year tax rate.

REPORTABLE SEGMENTS

The Company's brands are organized into the following two operating segments, which the Company has determined to be reportable segments.

- **Wolverine Michigan Group**, consisting of *Merrell*[®] footwear and apparel, *Cat*[®] footwear, *Wolverine*[®] footwear and apparel, *Chaco*[®] footwear, *Hush Puppies*[®] footwear and apparel, *Bates*[®] uniform footwear, *Harley-Davidson*[®] footwear and *Hytex*[®] safety footwear; and
- **Wolverine Boston Group**, consisting of *Sperry*[®] footwear, *Saucony*[®] footwear and apparel, *Keds*[®] footwear, and the Kids' footwear business, which includes the *Stride Rite*[®] licensed business, as well as Kids' footwear offerings from *Saucony*[®], *Sperry*[®], *Keds*[®], *Merrell*[®], *Hush Puppies*[®] and *Cat*[®].

The Company also reports "Other" and "Corporate" categories. The Other category consists of the *Sweaty Betty*[®] activewear business, the Company's leather marketing operations, sourcing operations that include third-party commission revenues and multi-branded consumer-direct retail stores. The Corporate category consists of unallocated corporate expenses, such as corporate employee costs, COVID-19 related costs and environmental and other related costs.

The reportable segment results are as follows:

(In millions)	Quarter Ended				Year-To-Date Ended			
	October 2, 2021	September 26, 2020	Change	Percent Change	October 2, 2021	September 26, 2020	Change	Percent Change
REVENUE								
Wolverine Michigan Group	\$ 324.8	\$ 287.3	\$ 37.5	13.1 %	\$ 976.9	\$ 752.5	\$ 224.4	29.8 %
Wolverine Boston Group	258.8	193.8	65.0	33.5 %	717.7	498.4	219.3	44.0 %
Other	53.1	12.0	41.1	342.5 %	84.7	30.6	54.1	176.8 %
Total	\$ 636.7	\$ 493.1	\$ 143.6	29.1 %	\$ 1,779.3	\$ 1,281.5	\$ 497.8	38.8 %
OPERATING PROFIT (LOSS)								
Wolverine Michigan Group	\$ 61.3	\$ 52.3	\$ 9.0	17.2 %	\$ 196.0	\$ 133.8	\$ 62.2	46.5 %
Wolverine Boston Group	44.1	33.0	11.1	33.6 %	125.2	60.4	64.8	107.3 %
Other	2.4	0.7	1.7	242.9 %	3.9	1.0	2.9	290.0 %
Corporate	(65.3)	(43.4)	(21.9)	(50.5)%	(160.7)	(128.2)	(32.5)	25.4 %
Total	\$ 42.5	\$ 42.6	\$ (0.1)	(0.2)%	\$ 164.4	\$ 67.0	\$ 97.4	145.4 %

Further information regarding the reportable segments can be found in Note 16 to the consolidated condensed financial statements.

Wolverine Michigan Group

The Michigan Group's revenue increased \$37.5 million, or 13.1%, in the third quarter of 2021 compared to the third quarter of 2020. The revenue increase was driven by mid-single digit increase from *Merrell*[®], high-thirties increase from *Cat*[®], mid-teens increase from *Wolverine*[®], and high-nineties increase from *Hush Puppies*[®]. The Michigan Group's revenue increased \$224.4 million, or 29.8% in the first three quarters of 2021 compared to the first three quarters of 2020. The revenue increase was driven by low-thirties increase from *Merrell*[®], low-forties increase from *Cat*[®], low-thirties increase from *Wolverine*[®], low-thirties increase from *Hush Puppies*[®], low-twenties increase from *Bates*[®], and low-twenties increase from *Harley-Davidson*[®]. The increase across all brands in the third quarter and the first three quarters is due to economic recovery from the effects of the COVID-19 pandemic experienced in the prior period including as a result of the closure of brick-and-mortar stores and due to accelerated growth from *Merrell*[®], *Cat*[®] and *Wolverine*[®] resulting from strength in the outdoor and work categories.

The Michigan Group's operating profit increased \$9.0 million in the third quarter of 2021 compared to the third quarter of 2020. The operating profit increase was due to the revenue increases and a 210 basis point increase in gross margin, partially offset by a \$13.0 million increase in selling, general and administrative costs. The increase in gross margin in the current year period was due to improved product mix and average selling price, partially offset by higher air freight costs resulting from production and shipping delays caused by the COVID-19 pandemic. The increase in selling, general and administrative expenses in the current year period was primarily due to higher advertising costs and higher employee costs.

The Michigan Group’s operating profit increased \$62.2 million in the first three quarters of 2021 compared to the first three quarters of 2020. The operating profit increase was due to the revenue increases and by a 70 basis point increase in gross margin, partially offset by a \$39.8 million increase in selling, general and administrative costs. The increase in gross margin in the current year period was due to improved product mix and average selling price including higher margin eCommerce sales and lower closeout sales, partially offset by higher air freight costs resulting from production and shipping delays caused by the COVID-19 pandemic. The increase in selling, general and administrative expenses in the current year period was primarily due to higher advertising costs and higher employee costs.

Wolverine Boston Group

The Boston Group’s revenue increased \$65.0 million, or 33.5%, during the third quarter of 2021 compared to the third quarter of 2020. The revenue increase was driven by low-forties increase from *Saucony*®, mid-forties increase from *Sperry*®, and low-twenties increase from Kids’. The Boston Group’s revenue increased by \$219.3 million, or 44.0%, during the first three quarters of 2021 compared to the first three quarters of 2020. The revenue increase included high-sixties increase from *Saucony*®, high-thirties increase from *Sperry*®, and high-twenties increase from Kids’. The increase across all brands in the third quarter and the first three quarters is due to economic recovery from the effects of the COVID-19 pandemic experienced in the prior period, including as a result of closure of brick-and-mortar stores and due to accelerated growth from *Saucony*® resulting from strength in the running category and innovative product launches.

The Boston Group’s operating profit increased \$11.1 million in the third quarter of 2021 compared to the third quarter of 2020. The operating profit increase was due to the revenue increases, partially offset by a 130 basis point decrease in gross margin and by a \$14.1 million increase in selling, general and administrative costs. The decrease in gross margin in the current year period was due to increased closeout sales and higher air freight costs resulting from production and shipping delays caused by the COVID-19 pandemic, partially offset by favorable product mix and average selling price including higher margin eCommerce sales. The increase in selling, general and administrative expenses in the current year period was primarily due to higher advertising costs and higher employee costs.

The Boston Group’s operating profit increased \$64.8 million in the first three quarters of 2021 compared to the first three quarters of 2020. The operating profit increase was due to the revenue increases and a 120 basis point increase in gross margin, partially offset by a \$37.4 million increase in selling, general and administrative costs. The increase in gross margin in the current year period was due to improved product mix and average selling price including higher margin eCommerce sales, partially offset by higher air freight costs resulting from production and shipping delays caused by the COVID-19 pandemic. The increase in selling, general and administrative expenses in the current year period was primarily due to higher advertising costs and higher employee costs.

Other

The Other category’s revenue increased \$41.1 million, or 342.5%, in the third quarter of 2021 compared to the third quarter of 2020. The revenue increase was driven by low-twenties increase in the performance leathers business and \$39.1 million contribution from the *Sweaty Betty*® acquisition. The Other category’s revenue increased \$54.1 million, or 176.8%, during the first three quarters of 2021 compared to the first three quarters of 2020. The revenue increase was driven by low-fifties increase in the performance leathers business and a \$39.1 million contribution from the *Sweaty Betty*® acquisition.

Corporate

Corporate expenses increased \$21.9 million in the third quarter of 2021 compared to the third quarter of 2020 primarily due to higher environmental and other related costs, net of insurance recoveries (\$15.4 million), acquisition costs (\$6.9 million), and higher employee costs (\$3.9 million), partially offset by lower non-operating costs incurred due to the COVID-19 pandemic (\$6.0 million).

Corporate expenses increased \$32.5 million in the first three quarters of 2021 compared to the first three quarters of 2020 primarily due to higher incentive compensation costs (\$29.6 million), higher employee costs (\$21.0 million), acquisition costs (\$6.9 million), and higher environmental and other related costs, net of insurance recoveries (\$5.1 million), partially offset by lower non-operating costs incurred due to the COVID-19 pandemic (\$24.5 million) and lower bad debt expense (\$0.9 million).

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	October 2, 2021	January 2, 2021	September 26, 2020
Cash and cash equivalents	\$ 183.6	\$ 347.4	\$ 342.0
Debt	1,024.4	722.5	876.6
Available revolving credit facility ⁽¹⁾	484.1	793.9	794.0

⁽¹⁾ Amounts are net of both borrowings, if any, and outstanding standby letters of credit in accordance with the terms of the Revolving Credit Facility.

Liquidity

Cash and cash equivalents of \$183.6 million as of October 2, 2021 were \$158.4 million lower compared to September 26, 2020. The decrease is due primarily to business acquisitions of \$417.8 million, cash dividends paid of \$33.4 million, share repurchases of \$26.9 million, and additions to property, plant and equipment of \$14.3 million, partially offset by cash provided by operating activities during the previous four quarters of \$190.6 million and net debt borrowings of \$147.5 million. The Company had \$484.1 million of borrowing capacity available under the Revolving Credit Facility as of October 2, 2021. On October 21, 2021, the Company entered into a Replacement Amendment and Reaffirmation to the Amended Senior Credit Facility, which, among other things, increased the borrowing capacity under the Revolving Senior Credit Facility by an additional \$200.0 million, as discussed in Note 18. Cash and cash equivalents located in foreign jurisdictions totaled \$170.9 million as of October 2, 2021.

In connection with the Company's acquisition of the *Sweaty Betty*[®] brand, on August 2, 2021, the Company funded the purchase price through a combination of cash on hand and borrowings on the revolving credit facility.

Cash flow from operating activities is expected to be sufficient to meet the Company's working capital needs for the foreseeable future. Any excess cash flow from operating activities is expected to be used to fund organic growth initiatives, reduce debt, pay dividends, pursue acquisitions and for general corporate purposes.

The Company may purchase up to an additional \$460.6 million of shares under its existing common stock repurchase program which expires in 2023. The common stock repurchase program does not obligate the Company to acquire particular amount of shares and may be suspended at any time. The Company repurchased \$26.9 million and \$21.0 million of shares in the first three quarters of 2021 and 2020, respectively.

A detailed discussion of environmental remediation costs is found in Note 15 to the consolidated condensed financial statements. The Company has established a reserve for estimated environmental remediation costs based upon an evaluation of currently available facts with respect to each individual site. As of October 2, 2021, the Company had a reserve of \$80.7 million, of which \$28.5 million is expected to be paid in the next 12 months and is recorded as a current obligation in other accrued liabilities with the remaining \$52.2 million recorded in other liabilities expected to be paid over the course of up to 25 years. The Company's remediation activity at its former Tannery site and sites where the Company disposed of Tannery byproducts is ongoing. It is difficult to estimate the cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods.

Note 15 to the consolidated condensed financial statements also includes a detailed discussion of environmental litigation matters. The Company has established a reserve of \$10.6 million with respect to certain of these matters, as discussed in Note 15.

Developments may occur that could materially change the Company's current cost estimates. The Company adjusts recorded liabilities as further information develops or circumstances change.

The future impact of the COVID-19 pandemic on the Company's statement of operations and cash flows remains uncertain. The actions the Company has taken and continues to take to improve the Company's liquidity are discussed above in this Item 2 and below under "Financing Arrangements."

Financing Arrangements

On May 5, 2020, the Company entered into a Second Amendment (the "Amendment") which amended its senior credit facility, which had previously been amended and restated as of December 6, 2018 (as so amended by the Amendment, the "Amended Senior Credit Facility"). In connection with the Amendment, the Company borrowed \$171.0 million in aggregate principal amount of an incremental term loan. The incremental term loan was fully repaid by the end of 2020. On October 21, 2021, the Company entered into a Replacement Amendment and Reaffirmation Agreement to the Amended Senior Credit Facility, refer to Note 18 for additional information.

The Amended Senior Credit Facility also includes a \$200.0 million term loan facility and an \$800.0 million Revolving Credit Facility, both with maturity dates of December 6, 2023, that remained unchanged as a result of the Amendment. The Amended Senior Credit Facility's debt capacity is limited to an aggregate debt amount (including outstanding term loan principal and revolver commitment amounts in addition to permitted incremental debt) not to exceed \$1,750.0 million, unless certain

specified conditions set forth in the Amended Senior Credit Facility are met. Term Loan A requires quarterly principal payments with a balloon payment due on December 6, 2023.

On August 26, 2021, the Company issued \$550.0 million aggregate principal debt amount of 4.000% senior notes due on August 15, 2029. Related interest payments are due semi-annually beginning February 15, 2022. The senior notes are guaranteed by substantially all of the Company's domestic subsidiaries. The proceeds from the senior notes were used to extinguish the Company's \$250.0 million senior notes due on September 1, 2026 and \$300.0 million senior notes due on May 15, 2025.

As of October 2, 2021, the Company was in compliance with all covenants and performance ratios under the Amended Senior Credit Facility.

The Company's debt at October 2, 2021 totaled \$1,024.4 million compared to \$722.5 million at January 2, 2021. The Company expects to use the current borrowings to fund organic growth initiatives, reduce debt, pay dividends, pursue acquisitions and for general corporate purposes. The increased debt position resulted from borrowings under the Revolving Credit Facility to fund the *Sweaty Betty*[®] acquisition partially offset by the required payments on Term Loan A made during the first three quarters of 2021 and increased unamortized debt issuance costs.

Cash Flows

The following table summarizes cash flow activities:

(In millions)	Year-To-Date Ended	
	October 2, 2021	September 26, 2020
Net cash provided by operating activities	\$ 17.0	\$ 135.5
Net cash provided by (used in) investing activities	(429.7)	9.6
Net cash provided by financing activities	249.7	15.4
Additions to property, plant and equipment	10.0	6.0
Depreciation and amortization	23.1	23.8

Operating Activities

The principal source of the Company's operating cash flow is net earnings, including cash receipts from the sale of the Company's products, net of costs of goods sold.

For the first three quarters of 2021, an increase in net working capital represented a use of cash of \$118.3 million. Working capital balances were unfavorably impacted by an increase in inventories of \$124.6 million and an increase in accounts receivable of \$90.3 million, partially offset by an increase in accounts payable of \$68.4 million, an increase in other operating liabilities of \$14.8 million, a decrease in other operating assets of \$7.7 million, and an increase in income taxes payable of \$5.7 million. Operating cash flows were favorably impacted by stock-based compensation expense of \$30.0 million, depreciation and amortization expense of \$23.1 million and pension expense of \$10.5 million, partially offset by environmental and other related costs of \$8.5 million.

Investing Activities

The Company acquired the *Sweaty Betty*[®] brand and activewear business during Q3 2021, resulting in a net cash payment of \$417.8 million. The Company also made capital expenditures of \$10.0 million and \$6.0 million in the first three quarters of 2021 and 2020, respectively, for building improvements, new retail stores, distribution operations improvements and information system enhancements. The Company also received \$25.6 million of proceeds during the second quarter of 2020 related to a company-owned life insurance policy. During the first quarter of 2020, the Company made a contingent consideration payment of \$5.5 million related to the *Saucony*[®] Italy distributor acquisition.

Financing Activities

The current year debt activity includes net borrowings under the Revolving Credit Facility of \$310.0 million, partially offset by payments of debt issuance costs of \$7.4 million. The current year revolver borrowings were used to fund a portion of the *Sweaty Betty*[®] brand acquisition. On August 26, 2021, the Company issued \$550.0 million aggregate principal amount of senior notes and the proceeds from these senior notes were used to extinguish the Company's \$250.0 million senior notes due on September 1, 2026 and \$300.0 million senior notes due on May 15, 2025. The prior year activity included long term debt borrowings under the Amended Senior Credit Facility and issuance of senior notes of \$471.0 million partially offset by net revolving credit payments of \$360.0 million and payments of debt issuance costs of \$6.4 million. The Company paid \$7.5 million in principal payments associated with Term Loan A during each of the first three quarters of 2021 and 2020,

respectively. The Company also paid \$13.7 million and \$20.1 million in the first three quarters of 2021 and 2020, respectively, in connection with shares or units withheld to pay employee taxes related to awards under stock incentive plans and received \$15.6 million and \$4.0 million in proceeds from the exercise of stock options in the first three quarters of 2021 and 2020, respectively. The Company also repurchased \$26.9 million and \$21.0 million of its common stock during the first three quarters of 2021 and 2020, respectively. The Company received \$4.8 million and \$1.8 million in the first three quarters of 2021 and 2020 from noncontrolling owners of the Company's China joint venture to support the growth of the joint venture.

The Company declared cash dividends of \$0.30 per share in the first three quarters of 2021 and 2020. Dividends paid in the first three quarters totaled \$25.2 million and \$25.4 million for 2021 and 2020, respectively. A quarterly dividend of \$0.10 per share was declared on November 3, 2021 to shareholders of record on January 3, 2022.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's consolidated condensed financial statements, which have been prepared in accordance with U.S. GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, management evaluates these estimates. Estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, 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. Historically, actual results have not been materially different from the Company's estimates. However, actual results may differ materially from these estimates under different assumptions or conditions.

The Company has identified the critical accounting policies used in determining estimates and assumptions in the amounts reported and for information regarding our critical accounting policies refer to Management Discussion and Analysis of Financial Conditions and Results of Operations in the 2020 Form 10-K. Management believes there have been no material changes in those critical accounting policies.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

The Company faces market risk to the extent that changes in foreign currency exchange rates affect the Company's foreign assets, liabilities and inventory purchase commitments. The Company manages these risks by attempting to denominate contractual and other foreign arrangements in U.S. dollars. The Company does not believe that there has been a material change in the nature of the Company's primary market risk exposures, including the categories of market risk to which the Company is exposed and the particular markets that present the primary risk of loss to the Company. As of the date of this Quarterly Report on Form 10-Q, the Company does not know of any material change in the near-term in the general nature of its primary market risk exposure.

Under the provisions of FASB ASC 815, the Company is required to recognize all derivatives on the balance sheet at fair value. Derivatives that are not qualifying hedges must be adjusted to fair value through earnings. If a derivative is a qualifying hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in accumulated other comprehensive income (loss) until the hedged item is recognized in earnings.

The Company conducts wholesale operations outside of the U.S. in Canada, continental Europe, United Kingdom, Colombia, Hong Kong, China and Mexico where the functional currencies are primarily the Canadian dollar, euro, British pound, Colombian peso, Hong Kong dollar, Chinese renminbi and Mexican peso, respectively. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business as well as to manage foreign currency translation exposure. As of October 2, 2021 and September 26, 2020, the Company had outstanding forward currency exchange contracts to purchase primarily U.S. dollars in the amounts of \$297.1 million and \$188.3 million, respectively, with maturities ranging up to 538 and 545 days, respectively.

The Company also has sourcing locations in Asia, where financial statements reflect the U.S. dollar as the functional currency. However, operating costs are paid in the local currency. Revenue generated by the Company from third-party foreign licensees is calculated in the local currencies but paid in U.S. dollars. Accordingly, the Company's reported results are subject to foreign currency exposure for this stream of revenue and expenses. Any associated foreign currency gains or losses on the settlement of local currency amounts are reflected within the Company's consolidated condensed statement of operations and comprehensive income.

Assets and liabilities outside the U.S. are primarily located in the United Kingdom, Canada and the Netherlands. The Company's investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. As of October 2, 2021, a stronger U.S. dollar compared to certain foreign currencies decreased the value of these investments in net assets by \$16.0 million from their value as of January 2, 2021. As of September 26, 2020, a stronger U.S. dollar compared to certain foreign currencies decreased the value of these investments in net assets by \$1.5 million from their value at December 28, 2019.

The Company is exposed to interest rate changes primarily as a result of interest expense on its variable-rate debt. As of October 2, 2021 and September 26, 2020, the Company's total variable-rate debt was \$482.5 million and \$335.0 million, respectively.

The Company does not enter into contracts for speculative or trading purposes, nor is it a party to any leveraged derivative instruments.

ITEM 4. Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on, and as of the time of such evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures, as defined in Securities Exchange Act Rule 13a-15(e), were effective as of the end of the period covered by this report. On August 2, 2021, the Company completed the acquisition of the *Sweaty Betty*[®] brand and activewear business as described in Note 17, and the Company is in the process of integrating the acquired company's business processes, information technology systems, and other components into internal controls over financial reporting. There have been no changes during the quarter ended October 2, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. Risk Factors

There have been no material changes in the assessment of the Company’s risk factors from those set forth in the Company’s Annual Report on Form 10-K for the year ended January 2, 2021.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information regarding the Company’s purchases of its own common stock during the third quarter of 2021.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Amount that May Yet Be Purchased Under the Plans or Programs
Period 7 (July 4, 2021 to August 7 2021)				
Common Stock Repurchase Program ⁽¹⁾	—	\$ —	—	\$ 460,584,931
Employee Transactions ⁽²⁾	6,104	\$ 33.18	—	
Period 8 (August 8, 2021 to September 4, 2021)				
Common Stock Repurchase Program ⁽¹⁾	—	\$ —	—	\$ 460,584,931
Employee Transactions ⁽²⁾	—	\$ —	—	
Period 9 (September 5, 2021 to October 2, 2021)				
Common Stock Repurchase Program ⁽¹⁾	—	\$ —	—	\$ 460,584,931
Employee Transactions ⁽²⁾	144	\$ 33.30	—	
Total for the third Quarter Ended October 2, 2021				
Common Stock Repurchase Program ⁽¹⁾	—	\$ —	—	\$ 460,584,931
Employee Transactions ⁽²⁾	6,248	\$ 33.18	—	

⁽¹⁾ On September 11, 2019, the Company’s Board of Directors approved a common stock repurchase program that authorizes the repurchase of \$400.0 million of common stock over a four-year period, incremental to the \$113.4 million remaining under the previous program. Since that date, the Company repurchased \$52.8 million of common stock. The annual amount of any stock repurchases is restricted under the terms of the Company’s Amended Senior Credit Facility and senior notes indenture.

⁽²⁾ Employee transactions include: (1) shares delivered or attested to in satisfaction of the exercise price and/or tax withholding obligations by holders of employee stock options who exercised options, and (2) restricted shares and units withheld to offset statutory minimum tax withholding that occurs upon vesting of restricted shares and units. The Company’s employee stock compensation plans provide that the shares delivered or attested to, or withheld, shall be valued at the closing price of the Company’s common stock on the date the relevant transaction occurs.

ITEM 6. Exhibits

Exhibits filed as a part of this Form 10-Q are incorporated by reference herein.

Exhibit Number	Document
2.1	<u>Share Purchase Agreement, dated as of July 31, 2021, by and among the Institutional Sellers, the Management Sellers, and Wolverine World Wide, Inc.</u>
2.2	<u>Management Warranty Deed, dated as of July 31, 2021, by and among the Warrantors and Wolverine World Wide, Inc.</u>
3.1	<u>Amended and Restated Certificate of Incorporation. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 24, 2014.</u>
3.2	<u>Amended and Restated By-laws. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 7, 2021.</u>
4.1	<u>Senior Notes Indenture, dated August 26, 2021, among Wolverine World Wide, Inc. the guarantors named therein, and The Huntington National Bank. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 26, 2021.</u>
4.2	<u>Form of 4.000% Senior Notes due 2029. Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on August 26, 2021.</u>
10.1	<u>2021 Replacement Facility Amendment and Reaffirmation Agreement, dated as of October 21, 2021 among the Company, the Additional Borrowers party thereto, the Guarantors party thereto, JP Morgan Chase, N.A. as administrative agent and as a lender, and the other lenders party thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 25, 2021.</u>
31.1	<u>Certification of Chairman, Chief Executive Officer and President under Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Senior Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32	<u>Certification pursuant to 18 U.S.C. §1350.</u>
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended October 2, 2021, formatted in Inline XBRL: (i) Consolidated Condensed Statements of Operations and Comprehensive Income; (ii) Consolidated Condensed Balance Sheets; (iii) Consolidated Condensed Statements of Cash Flows; (iv) Consolidated Condensed Statements of Stockholders' Equity; and (v) Notes to Consolidated Condensed Financial Statements.
104	The cover page of the Company's Quarterly Report on Form 10-Q for the quarter ended October 2, 2021, formatted in Inline XBRL (included in Exhibit 101).

SIGNATURES

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

WOLVERINE WORLD WIDE, INC.

November 10, 2021

Date

/s/ Blake W. Krueger

Blake W. Krueger
Chairman and Chief Executive Officer
(Principal Executive Officer and Duly Authorized Signatory for Registrant)

November 10, 2021

Date

/s/ Michael D. Stornant

Michael D. Stornant
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer and Duly Authorized Signatory for Registrant)

31 July 2021

THE INSTITUTIONAL SELLERS

– and –

THE MANAGEMENT SELLERS

– and –

WOLVERINE OUTDOORS, INC.

– and –

WOLVERINE WORLD WIDE, INC.

SHARE PURCHASE AGREEMENT

for the sale and purchase of the entire issued share capital of
LADY OF LEISURE INVESTCO LIMITED

GIBSON, DUNN & CRUTCHER UK LLP

Telephone House
2-4 Temple Avenue, London EC4Y 0HB
Tel: 020 7071 4000 Fax: 020 7071 4244

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THIS AGREEMENT is made on 31 July 2021

BETWEEN:

- (1) **EACH OF THE PERSONS LISTED IN PART 1 OF SCHEDULE 1** (each, an “**Institutional Seller**” and, collectively, the “**Institutional Sellers**”);
- (2) **EACH OF THE PERSONS LISTED IN PART 2 OF SCHEDULE 1** (each a “**Management Seller**” and, collectively, the “**Management Sellers**”);
- (3) **WOLVERINE OUTDOORS, INC.**, a company incorporated in the state of Delaware, United States of America, whose registered address is at 601 Abbot Road, East Lansing, Michigan 48823, United States of America (the “**Purchaser**”); and
- (4) **WOLVERINE WORLD WIDE, INC.**, a company incorporated in the state of Delaware, United States of America, publicly listed on the New York Stock Exchange with commission file number 001-06024, whose address of principal executive offices is at 9341 Courtland Drive NE, Rockford, Michigan 49351, United States of America (the “**Guarantor**”).

RECITALS:

- (A) The Institutional Sellers are shareholders of Lady of Leisure InvestCo Limited, a private limited company incorporated in England and Wales with registered number 09325233, whose registered office is at Fulham Green, 69-79 Fulham High Street, London SW6 3JW, United Kingdom (the “**Company**”), and they hold the legal and beneficial title to the Institutional Shares in the amounts and proportions set out in Part 1 of Schedule 1.
- (B) Each Institutional Seller intends to sell the Institutional Shares held by it and the Purchaser intends to purchase the Institutional Shares on and subject to the terms of this Agreement.
- (C) The Management Sellers are shareholders of the Company and they hold the legal and beneficial title to the Management Shares in the amounts and proportions set out in Part 2 of Schedule 1.
- (D) Each Management Seller intends to sell the Management Shares held by such Management Seller and the Purchaser intends to purchase such Management Shares on and subject to the terms of this Agreement.
- (E) The Guarantor wishes to guarantee by way of an independent promise of guarantee the due and punctual performance and fulfilment of all of the Purchaser's obligations and liabilities under this Agreement and the agreements entered into by the Purchaser under and/or in connection with this Agreement (including the other Transaction Documents).

THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

In this Agreement the following words and expressions and abbreviations have the following meanings, unless the context otherwise requires:

“**Acquisition Engagement**” has the meaning given in Clause 29;

“**A1 Shares**” means the 960,053 A1 ordinary shares of £0.10 each in the capital of the Company;

“**A2 Shares**” means the 216,702 A2 ordinary shares of £0.10 each in the capital of the Company;

“**Affiliate**” means any person Controlling, Controlled by or under common Control with such person;

“**Affirming Management Seller**” means each of: Tamara Hill-Norton; Simon Hill-Norton; Emma Thornton; Jemma Cassidy; Mark Smith; Erika Serow; Julia Straus; Annabel Thorburn; Susan Pickering; Emma Crepeau; Daniel Nicholson; Christina Acklam; Casey Byrne; Victoria Munro; Rachel Payne; Deborah Bingham; and Laura Gardener;

“**Allocation Side Letters**” means the allocation side letters to be entered into on the date of this Agreement between the Purchaser and each Management Seller setting out the allocation of Share Consideration payable to such Management Seller (as may be varied in a Deferred Completion Schedule), and “**Allocation Side Letter**” means any one of them;

“**Annual Performance Bonuses**” means the bonuses payable by the Group after the Locked Box-Date in respect its 2020 financial year end performance targets achieved before the Locked-Box Date in the aggregate amount stated in the EV to Equity Bridge and/or specifically provided for in the Locked Box Accounts (without double counting);

“**Announcement**” means the announcement to the extent agreed by the Lead Institutional Seller and the Purchaser relating to the transaction contemplated by this Agreement;

“**B1 Shares**” means the 57,194 B1 ordinary shares of £0.001 each in the capital of the Company;

“**B2 Shares**” means the 265 B2 ordinary shares of £0.001 each in the capital of the Company;

“**Business Day**” means a day (other than a Saturday or a Sunday) on which banks are open for business in London, UK and New York, New York, USA;

“**C1 Shares**” means the 101,306 C1 ordinary shares of £0.001 each in the capital of the Company;

“**C2 Shares**” means the 21,821 C2 ordinary shares of £0.001 each in the capital of the Company;

“**C3 Shares**” means the 88,176 C3 ordinary shares of £0.001 each in the capital of the Company;

“**Companies Act**” means the Companies Act 2006 and any regulations or subordinate legislation enacted thereunder;

“**Chief Executive Bonus**” means the bonus payable by the Group after the Locked Box-Date to the Group’s chief executive officer up to the amount included in the EV to Equity Bridge;

“**CJRS Amount**” means the amount of £2,375,712 for the Coronavirus Job Retention Grant (CRJS);

“**Competing Business**” means the design, marketing and sale of:

(a) women’s activewear;

- (b) women's sports clothing;
- (c) athletic footwear; and
- (d) accessories that compete with the Group's own-brand sports accessories as available for sale on the Group's website as at the date of this Agreement;

“**Completion**” means the completion of the sale and purchase of the Shares in accordance with Clause 5;

“**Completion Date**” has the meaning given in Clause 5.1;

“**Completion Schedule**” means the Excel spreadsheet in the agreed form stating the details described in Clause 3.3, or, if delivered, the Deferred Completion Schedule;

“**Confidential Information**” has the meaning given in Clause 11.1;

“**Confidentiality Agreement**” means the confidentiality agreement dated 29 March 2021 and made between the Company and Wolverine World Wide, Inc. for and on behalf of the Purchaser;

“**Constitutional Documents**” means, with respect to an entity, its memorandum and articles of association, by-laws or equivalent constitutional documents;

“**Control**” means (i) the legal or beneficial ownership, directly or indirectly, of more than fifty per cent. (50%) or more of the share capital or other ownership interests of any person, (ii) the ability, directly or indirectly, to appoint more than half of the board or other controlling or management body of any person, or (iii) the ability, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise to direct or cause the direction of the management and policies of any person. A person shall be deemed to direct or cause the direction of the management and policies of a person if the consent or approval of such person is required with respect to all or substantially all major decisions (and “**Controlled**” and “**Controlling**” shall be construed accordingly);

“**Covenantors**” means Julia Straus (CEO), Mark Smith (COO) and Jemma Cassidy (CPO);

“**Cumulative Daily Amount**” has the meaning given in Clause 5.5;

“**D1 Shares**” means the 75,126 D1 ordinary shares of £0.001 each in the capital of the Company;

“**D2 Shares**” means the 77,788 D2 ordinary shares of £0.001 each in the capital of the Company;

“**Data Room**” means the virtual data room hosted by Datasite under the name "Frisbee" in connection with the Proposed Transaction comprising the documents and other information relating to the Group;

“**Deductible Leakage Amount**” has the meaning given in Clause 5.6;

“**Default Interest**” means interest at the base rate for Sterling set by the Bank of England from time to time plus 5 per cent. per annum;

“**Defaulting Party**” has the meaning given in Clause 5.4;

“Deferred Completion Schedule” means an updated Completion Schedule served under Clause 5.4(a) or Clause 5.5 to adjust the amounts payable to the Sellers as a result of:

- (a) the aggregate amounts of the Cumulative Daily Amount payable upon the Completion Date as so deferred under Clause 5.1 or Clause 5.4(a);
- (b) an additional amount of Seller Transaction Costs being incurred in excess of the Disclosed Seller Transaction Costs that constitutes a Deductible Leakage Amount (specifying which amount(s) have been (or will be) paid or will remain unpaid immediately prior to Completion and including all appropriate details including currency, identity of payee and payee account details for any such unpaid Seller Transaction Costs); and
- (c) any other Deductible Leakage Amount with respect to the particular Seller agreeing the same,

which shall include specific details of (i) the adjusted Share Consideration; and (ii) the adjusted payments to be made to each Seller as a result of the foregoing;

“Deferred Payment” means the amount equal to the difference between (i) the Hospitality Grant (Rent) Reserved Sum (expressed as a positive number) and (ii) the Net Hospitality Grant (Rent) Repayment (and if such resulting amount is less than zero, such amount shall be deemed to be zero);

“Deferred Payment Date” means the date falling five (5) Business Days after (i) the date on which the Group Companies pays the Council Rates Rebates Repayment or, if earlier, (ii) 30 September 2021;

“Disclosed Seller Transaction Costs” means the Seller Transaction Costs plus any amount of applicable VAT or other Taxes payable by any Group Company in respect of such fees, expenses or costs which is not recoverable as input tax by a Group Company, in the total amount of £ 6,712,113.51;

“Disclosure Letter” means the disclosure letter dated on the date of the Management Warranty Deed together with all attachments thereto addressed by the Warrantors to the Purchaser which discloses certain exceptions to the warranties set out in the Management Warranty Deed;

“Due Diligence Investigation” has the meaning given in Clause 8.3(a);

“Due Diligence Reports” means:

- (a) the legal vendor due diligence report dated 14 May 2021 prepared by the Institutional Sellers’ Solicitors;
- (b) the lease review report dated 14 May 2021 prepared by the Institutional Sellers’ Solicitors relating to the Group’s real estate portfolio located in England and Wales;
- (c) the legal vendor due diligence report dated 20 May 2021 prepared by the Institutional Sellers’ IP Solicitors;
- (d) the tax vendor due diligence report dated 29 July 2021, prepared by PricewaterhouseCoopers LLP;
- (e) the financial vendor due diligence report dated 29 July 2021, prepared by PricewaterhouseCoopers LLP; and

(f) the commercial due diligence report dated May 2021, prepared by McKinsey & Company.

“Employee Retention Credit” means \$131,000 being the amount (expressed in US dollars) of the “employee retention tax credit” claimed by a Group Company pursuant to the U.S. Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116–136 (116th Cong.) (Mar. 27, 2020) and deducted in the EV to Equity Bridge as a debt-like item in the amount of £94,927.54 in the line item entitled “US Employment Retention Grants”;

“Encumbrance” means a mortgage, lien, charge, claim, option, equity, power of sale, pledge, hypothecation, retention of title, right of first refusal, right of pre-emption or other encumbrance or right exercisable by a third party having similar effect;

“EV to Equity Bridge” means the Excel spreadsheet in the agreed form stating the agreed-upon adjustments to the enterprise value of the Group which is used to calculate the Share Consideration;

“Existing D&O Policy” has the meaning given in Clause 8.4;

“Existing Facilities” means each of the following facilities:

- (a) a multicurrency revolving facility agreement between the Company, Sweaty Betty Limited as “Borrower” and HSBC UK as “Lender” dated 7 November 2019 as amended on 22 July 2020 (the **“HSBC RCF Facility”**);
- (b) an uncommitted forward exchange contract and currency option facility between Sweaty Betty Limited as “Borrower” and HSBC UK as “Lender” dated 21 September 2020; and
- (c) an uncommitted international trade finance facility between Sweaty Betty Limited as “Borrower” and HSBC UK as “Lender” dated 21 September 2020;

“Founders” means each of Tamara Hill-Norton and Simon Hill-Norton;

“Gibson Dunn” has the meaning given in Clause 29;

“Group” means the Company and its Subsidiaries;

“Group Company” means any member of the Group, and **“Group Companies”** means all or any of them;

“Hospitality Grant (Rent) Reserved Sum” means the sum of £1,494,000 being the amount deducted in the EV to Equity Bridge as a debt-like item in the line item entitled “Hospitality Grant (Rent)”;

“Hospitality Grant (Rent) Repayment” means the aggregate amount paid or repaid as at 29 September 2021 to the relevant councils by a Group Company to discharge in full the liability for repayment of the Hospitality Grant (Rent) received by any Group Company to the extent attributable to any period up to Completion and which grant remains outstanding as at Completion;

“HSBC RCF Facility” has the meaning given in the definition of Existing Facilities;

“Information Memorandum” means the confidential information memorandum in relation to the Group dated April 2021, prepared by the Company on behalf of the Group and provided by Goldman Sachs to potential purchasers including the Purchaser;

“**Initiating Party**” has the meaning given in Clause 27.2;

“**Institutional Seller’s Group**” means, in respect of an Institutional Seller, that Institutional Seller and its Affiliates from time to time but excludes the Group;

“**Institutional Sellers’ IP Solicitors**” means Pinsent Masons LLP, 30 Crown Place, Earl Street, London EC2 4ES;

“**Institutional Sellers’ Solicitors**” means Gibson, Dunn & Crutcher UK LLP, Telephone House, 2-4 Temple Avenue, London EC4Y 0HB and Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, NY 10166-0193, United States of America;

“**Institutional Shares**” means the Shares held by the Institutional Sellers at the date of this Agreement, as detailed in column (4) of Part 1 of Schedule 1;

“**IRS**” has the meaning given in Clause 8.10;

“**LCIA**” has the meaning given in Clause 27.2;

“**Lead Institutional Seller**” means CGP2 SB Investment, L.P., a limited partnership established in Scotland, acting through its general partner CGP2 Caledonia AIV GP, LLP, with limited partnership number SL18721, whose registered office is at 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ, Scotland, United Kingdom;

“**Leakage**” means in relation to any Seller (without double-counting):

- (a) any dividend, bonus issue or other distribution of capital or income declared, paid or made (whether in cash or in specie) or any repurchase, redemption, repayment (in part or whole and including any interest, fee, charge or other payment in connection with), return, of share or loan capital or loan (or any other relevant securities) by any member of the Group to or for the benefit of such Seller or any Related Person of such Seller;
- (b) any payments made (including management, monitoring, consultancy, service, directors’ fees, or royalty payments), by any member of the Group to (or assets, rights or other benefits transferred to or liabilities assumed, indemnified, or incurred by any member of the Group for the benefit of) such Seller or any Related Person of such Seller (including with respect to any share capital or other securities of any member of the Group);
- (c) the waiver, deferral (to the extent of the value of the deferral but not the underlying amount so deferred), discount or release by any Group Company of any claim, amount or obligation owed to it by such Seller or any Related Person of such Seller;
- (d) any assumption or discharge of any debt, liability (actual or contingent) or obligation of such Seller or any Related Person of such Seller by any Group Company;
- (e) the payment, incurrence, and assumption of liability by any Group Company of, or agreement to pay, any Seller Transaction Costs (reduced by the amount that such Group Company has been reimbursed in respect of such Seller Transaction Costs by any Seller or any of their Related Persons) (which for the purposes of Clause 6 (*Leakage*) shall, to the extent not received by such Seller or any Related Person of such Seller, be deemed to be received by all Sellers in the proportions in which they receive the Share Consideration under this Agreement) which are in addition to or in excess of the Disclosed Seller Transaction Costs;

- (f) the payment by a Group Company of: (i) the Transaction Bonuses; (ii) any bonuses payable by the Group after the Locked Box-Date in respect its 2020 financial year end performance targets achieved before the Locked-Box Date in excess of the Annual Performance Bonuses; and (iii) any bonus payable by the Group after the Locked Box-Date to the Group's chief executive officer in excess of the Chief Executive Bonus, which, in the case of the amounts of any excess Annual Performance Bonus that is not received by such Seller or any of its Related Persons, for the purposes of Clause 6 (*Leakage*) shall be deemed to be received by all Sellers in the proportions in which they receive the Share Consideration under this Agreement;
- (g) premiums and all other costs and expenses payable in relation to the Run-Off Policy in excess of the amount equal to 250% of the amount per annum paid by the Group Companies with respect to the Existing D&O Policy in respect of the financial year ended 31 December 2020 (which for the purposes of Clause 6 (*Leakage*) shall be deemed to be received by all Sellers in the proportions in which they receive the Share Consideration under this Agreement);
- (h) any guarantee, indemnity or Encumbrance created over any asset, rights or other interest of any Group Company provided by any Group Company in respect of the obligations of such Seller or any of its Related Persons or for the benefit of such Seller or any of its Related Persons;
- (i) any agreement or arrangement (whether conditional or otherwise) made or entered into by any Group Company to do or give effect to any matter referred to in (a) to (h) above which results in the payment of or benefit from a Leakage Amount in relation to a Seller or any Related Person of such Seller for any of the matters referred to in (a) to (h) above whether before or after Completion; and
- (j) any Tax paid or incurred by or on behalf of any Group Company solely as a result of any of the matters set out in limbs (a) to (i) (inclusive) above to the extent that the same is not included in limbs (a) to (i) (inclusive) above and is not collected by a Group Company by way of deduction or withholding,

other than in each case any Permitted Leakage and net of: (i) any amount in respect of VAT which is recoverable as input tax by a Group Company and (ii) any Relief that arises in connection with (a) to (j) (inclusive) above and which can reasonably be expected to actually reduce the Tax paid or payable by (or give rise to a repayment in respect of Tax to) a Group Company in respect of an accounting period of such Group Company: current at Completion; or immediately subsequent to such accounting period;

“**Leakage Amount**” means any Leakage that is notified by the Purchaser under Clause 6.2 (i) to which the relevant Seller agrees that such Leakage has occurred in respect of itself and the amount of such Leakage; or (ii) which is otherwise determined by the Lead Institutional Seller to be Leakage that is deemed to be received by all Sellers in accordance with this Agreement;

“**Locked-Box Accounts**” means the consolidated balance sheet of the Group as at the Locked-Box Date;

“**Locked-Box Date**” means 28 March 2021;

“**Management Representative**” has the meaning given to it in Clause 24.1;

“Management Shares” means the Shares held by the Management Sellers at the date of this Agreement, as detailed in the Allocation Side Letters for such Management Sellers;

“Management Warranty Deed” means the deed of warranties dated on the date of this Agreement and duly executed by the Warrantors and the Purchaser;

“Net Hospitality Grant (Rent) Repayment” means 81% of the Hospitality Grant (Rent) Repayment;

“Non-defaulting Party” has the meaning given in Clause 5.4;

“Payments Administration Letter” means the payments administration letter to be entered into on the date of this Agreement between the Company and the Management Representative setting out the terms on which the Company will administer the transfers for the payment of the Share Consideration and Deferred Payment to certain of the Management Sellers and the payment of the Disclosed Seller Transaction Costs (and other Seller Transaction Costs) pursuant to this Agreement;

“Permitted Actions” means the permitted actions set forth in Part 2 of Schedule 2;

“Permitted Leakage” means any of the following or an agreement to do any of the following:

- (a) any item otherwise constituting Leakage if and to the extent that provision, reserve or allowance has been made for it as a debt item or as a debt-like item in the EV to Equity Bridge;
- (b) payment of the Disclosed Seller Transaction Costs;
- (c) payment of any amount specifically accrued, reserved or provided for in the Accounts up to the amount so accrued, reserved or provided for;
- (d) any payment or accrual in the ordinary course of a salary, bonus, pension contributions, life assurance payments, medical insurance, car allowances, other emoluments or benefits, expenses (or reimbursement of expenses) and holiday pay accrued and due to (i) any directors or officers of any Group Company appointed by an Institutional Seller or its Related Persons up to an aggregate amount of £50,000 (prior to any deduction or withholding on account of Tax), or (ii) any Management Seller in his or her capacity as a director, officer or employee of any Group Company by virtue of their employment, consultancy or directorship and in accordance with the terms of the employment, consultancy or services agreement of such Management Seller as such terms are disclosed to the Purchaser in the Data Room and not arising in connection with the sale of Shares and, in each case:
 - (i) excluding any Transaction Bonuses; and
 - (ii) provided that the Annual Performance Bonuses and the Chief Executive Bonus do not exceed the amounts set out in respect thereof in the EV to Equity Bridge or are otherwise specifically provided for in the Locked Box Accounts;
- (e) premiums payable in relation to:
 - (i) directors’ and officers’ liability insurance up to an aggregate amount of £30,000 plus insurance premium taxes; and

- (ii) the Run-Off Policy up to an amount equal to 250% of the premium per annum paid by the Group Companies with respect to the Existing D&O Policy in respect of the financial year ended 31 December 2020;
- (f) any payment reasonably identifiable and provided for, disclosed, accrued or required pursuant to the Transaction Documents (other than the Disclosure Letter) (including any Permitted Actions);
- (g) any matter undertaken (i) at the written request or (ii) to the extent specifically categorised as “Permitted Leakage” with the written consent of the Purchaser or any member of the Purchaser Group, provided that any payment under or in connection with any agreement entered into by any Group Company prior to Completion (including any payment due as a result of a termination of such agreement) that constitutes Leakage and is not otherwise Permitted Leakage under (a) to (f) above shall not constitute "Permitted Leakage" notwithstanding this paragraph (g);
- (h) the agreement or commitment (whether conditional or not) by any member of the Group to do any of the things set out in (a) to (g) above; and
- (i) the payment of any Tax incurred or paid by a member of the Group as a result of the occurrence of any of those matters set out in (a) to (h) above;

“**Pinsent Masons**” has the meaning given in Clause 29.1;

“**Proposed Transaction**” means the acquisition by the Purchaser of the Shares pursuant to this Agreement and the other Transaction Documents;

“**Purchaser Group**” means the Purchaser and each of its Related Persons from time to time (including, for these purposes with effect from Completion, each Group Company);

“**Related Persons**” means:

- (a) in the case of a person that is an undertaking, any Affiliate thereof, in each case from time to time;
- (b) in the case of a person who is an individual, (i) any spouse, domestic partner and/or lineal descendants by blood or adoption or any person or persons acting in its or their capacity as trustee or trustees of a trust of which such individual is the settlor, and (ii) any undertaking Controlled by such individual or one or more persons described in (i) above;
- (c) in the case of a limited partnership, any nominee or trustee of the limited partnership, the partners in that limited partnership or their nominees, any investment manager or investment adviser to the limited partnership, any parent undertaking or subsidiary undertaking of that investment manager or investment adviser and any other investment fund managed or advised by any such person and/or any investor in any fund that directly or indirectly holds interests in the limited partnership; and
- (d) in the case of the Purchaser, its Affiliates and subsidiary and associated undertakings from time to time;

“**Relevant Affiliates**” means:

- (a) in the case of the Lead Institutional Seller, Catterton Management Company, L.L.C. and CGP2 International AIV, L.P.; and

(b) in the case of Wittington Investments Limited, Wittington Investments Limited;

“**Relief**” includes, unless the context otherwise requires, any loss, allowance, credit, deduction, exemption or set off in respect of any Tax or relevant to the computation of any income, profits or gains for the purposes of any Tax, or any right to or actual repayment of or saving of Tax (including any refund, repayment, supplement, fee or interest in respect of Tax) and any reference to the use or set off of Relief shall be construed accordingly and shall include use or set off in part;

“**Representatives**” means, with respect to any person, the officers, directors, principals, employees, agents, auditors, legal and accounting advisers, bankers and other representatives of such person;

“**Respondent Party**” has the meaning given in Clause 27.2;

“**Response Period**” has the meaning given in Clause 4.2;

“**Restricted Area**” means any country in which any Group Company carried on its business in the year preceding Completion (which shall, for the avoidance of doubt include the United Kingdom, the United States of America, the Republic of Ireland and Hong Kong), or the following jurisdictions in which the Group planned to enter into prior to Completion: Singapore, the People's Republic of China and Macau;

“**Restricted Period**” means: (a) in respect of the Covenantors, 24 months from the date of Completion, save that if a Covenantor is dismissed (or constructively dismissed) other than in circumstances justifying a summary dismissal pursuant to the relevant service agreement from his or her position as a Senior Employee of any member of the Group, the relevant period in respect of such Covenantor shall be 18 months from the date of Completion; and (b) in respect of the Founders, 36 months from the date of Completion;

“**Restricted Person**” has the meaning given in Clause 15.3;

“**Run Off Policy**” has the meaning given in Clause 8.4;

“**Seller Claim**” means any claim, proceeding, suit or action against a Seller or any of its Related Persons in respect of any breach, indemnity, covenant, agreement, undertaking or other matter whatsoever under or pursuant to this Agreement;

“**Seller Transaction Costs**” means any professional fees, expenses or other costs paid, incurred or owing directly in connection with the Proposed Transaction by any Group Company, in each case;

“**Sellers**” means the Institutional Sellers and the Management Sellers;

“**Senior Employee**” means any person who is employed or engaged by any Group Company, with a gross basic annual salary of more than £100,000 or equivalent on the Completion Date;

“**SHA Termination Deed**” means the deed of termination in the agreed form relating to the Shareholders' Agreement;

“**Share Consideration**” has the meaning given in Clause 3.1;

“**Shareholders' Agreement**” means the investment and shareholders' agreement relating to the Company dated 10 December 2014 between the Company, Institutional Investors and the Management Sellers that are party thereto;

“**Shares**” means the A1 Shares, the A2 Shares, the B1 Shares, the B2 Shares, the C1 Shares, the C2 Shares, the C3 Shares, the D1 Shares and the D2 Shares, which together comprise the entire issued share capital of the Company;

“**Subsidiary**” means a direct or indirect subsidiary undertaking of the Company as at the date hereof and “**Subsidiaries**” means all such subsidiary undertakings;

“**Surviving Provisions**” means this Clause 1 (*Definitions and Interpretation*) and Clauses 18 (*Entire Agreement*) to 28 (*Legal Representation*) (inclusive);

“**Tax**” or “**Taxation**” means all forms of taxation, whether direct or indirect and whether levied by reference to actual, deemed, gross or net income, profits, gains, net wealth, asset values, turnover, added value, receipt, payment, sale, use, occupation, franchise or values or other reference and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions, rates and levies (including without limitation social security contributions and any other payroll taxes), whenever and wherever imposed (whether imposed by way of a withholding or deduction for or on account of tax or otherwise) and in respect of any person and all related penalties, charges, surcharges, fines, costs and interest relating thereto;

“**Tax Authority**” means any taxing or other authority competent to impose any liability in respect of Taxation or responsible for the administration and/or collection of Taxation or enforcement of any law in relation to Taxation;

“**Tax Leakage**” has the meaning given in Clause 6.7;

“**Tax Warranty Claim**” has the meaning given to such term in the Management Warranty Deed;

“**Third Party**” has the meaning given in Clause 28.1;

“**Transaction Bonuses**” means any bonuses, fees, or other sums, or grant of any benefits, to or for the benefit of any of the Sellers, a Related Party of a Seller, or any employee, director or officer of a Group Company, or any person whose services are made available (as a consultant or otherwise) to, a Group Company, paid or payable by a Group Company in connection with the transactions contemplated by the Transaction Documents;

“**Transaction Documents**” means this Agreement, the Management Warranty Deed, the Disclosure Letter, the Allocation Side Letters, the Payments Administration Letter and any other document to be executed pursuant to or otherwise in connection with any of the foregoing;

“**VAT**” means value added tax charged in accordance with the provisions of the VATA and any Tax of a similar nature, whether imposed in the United Kingdom, the United States of America or elsewhere;

“**VATA**” means the Value Added Tax Act 1994;

“**W&I Insurers**” means Travelers 2021 M&A Consortium (Registered Consortium No. 9841 led by Travelers Syndicate 5000 at Lloyd’s as the “Underwriters” as defined in and under the W&I Policy;

“**W&I Policy**” means the buy-side warranty and indemnity insurance policy dated on or around the date of this Agreement and entered into with the W&I Insurers in favour of the Purchaser, relating to the Sellers’ warranties in Clause 7 and the warranties given by the Warrantors under the Management Warranty Deed;

“**Warrantors**” means certain of the Management Sellers that are identified as “Warrantors” in the Management Warranty Deed; and

“**Working Hours**” means 9.00 a.m. to 6.00 p.m. on a Business Day.

1.2 In this Agreement unless otherwise specified, reference to:

- (a) a document in the “**agreed form**” is a reference to that document in the form agreed between the Purchaser, the Lead Institutional Seller and the Management Representative (acting on behalf of the Management Sellers) and identified as such by them or on their behalf by their respective legal counsel by email prior to signing (together with any such amendments or modifications as may subsequently be agreed by the Purchaser, the Lead Institutional Seller and the Management Representative (where a Management Seller is a party) and any other third party thereto);
- (b) “**includes**” and “**including**” shall mean including, without limitation;
- (c) general words shall not be given a restrictive meaning by reason of the fact that they are preceded or followed by words indicating a particular class of acts, matters or things;
- (d) a “**party**” means a party to this Agreement and includes its permitted assignees (if any) and, in the case of an individual, his estate and personal representatives;
- (e) a “**person**” includes any individual, firm, company, corporation, body corporate, trust, partnership, joint venture, unincorporated association or governmental, quasi-governmental, judicial or regulatory entity (or any department, agency or political subdivision of any such entity) or any undertaking, in each case whether or not having a separate legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated, registered or exists;
- (f) a “**statute**” or “**statutory instrument**” or “**accounting standard**” or any of their provisions is to be construed as a reference to that statute or statutory instrument or accounting standard or such provision as the same may have been amended, modified or re-enacted before the date of this Agreement;
- (g) “**Clauses**”, “**Paragraphs**” or “**Schedules**” are to Clauses and Paragraphs of and Schedules to this Agreement;
- (h) something being “**in writing**” or “**written**” includes any mode of representing or reproducing words in visible form that is capable of reproduction in hard-copy form, including words transmitted by email but excluding any other form of electronic or digital communication;
- (i) a “**company**” includes any corporation or other body corporate, wherever and however incorporated or established;
- (j) a “**body corporate**” shall have the meaning given in section 1173 of the Companies Act 2006;
- (k) a “**subsidiary**” shall have the meaning given in section 1159 of the Companies Act 2006, save that a company shall be treated for the purposes of the membership requirement contained in sections 1159(1)(b) and (c) as a member of another company even if its shares in that other company are registered in the name of (i) its nominee or (ii) another person (or its nominee) by way of security or in connection with the taking of security;

- (l) an “**undertaking**” shall have the meaning given in section 1161 of the Companies Act 2006 and any reference to a “**parent company**” or a “**subsidiary undertaking**” means respectively a “**parent company**” or “**subsidiary undertaking**” as defined in section 1162 of the Companies Act 2006, save that an undertaking shall be treated for the purposes of the membership requirement in sections 1162(2)(b) and (d) and section 1162(3)(a) as a member of another undertaking even if its shares in that other undertaking are registered in the name of (i) its nominee or (ii) another person (or its nominee) by way of security or in connection with the taking of security;
 - (m) “**£**” or “**sterling**” are references to the lawful currency from time to time of the United Kingdom;
 - (n) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England and Wales, be deemed to include what most nearly approximates in that jurisdiction to the English legal term;
 - (o) words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders; and
 - (p) the time of day is reference to London time.
- 1.3 The Schedules form part of the operative provisions of this Agreement and references to this Agreement shall, unless the context otherwise requires, include references to the Schedules.
- 1.4 The index to and the headings in this Agreement are for information only and are to be ignored in construing it.
- 1.5 The obligations of each Seller under this Agreement are entered into individually by that Seller on its own behalf and are made severally and separate from any obligation entered into by any other Seller. No claim may be made against any Seller in respect of any breach of this Agreement by any other Seller.

2. SALE AND PURCHASE

2.1 On and subject to the terms of this Agreement, on Completion:

- (a) each Institutional Seller shall sell (or procure the sale of) and the Purchaser shall purchase the full legal and beneficial interest in that number and class of the Institutional Shares set out opposite its name in column (4) of Part 1 of Schedule 1 in respect of such Institutional Seller; and
- (b) each Management Seller shall sell (or procure the sale of) and the Purchaser shall purchase the full legal and beneficial interest in that number and class of Management Shares held by such Management Seller as set forth in the Allocation Side Letter in respect of such Management Seller,

in each case including all accrued rights attached to such Shares and free from all Encumbrances.

2.2 Each Seller waives or agrees to procure the waiver of any rights or restrictions conferred upon such Seller or any other person which may exist in relation to its Shares under the Constitutional Documents of the Company or otherwise.

2.3 Neither the Purchaser nor the Sellers shall be obliged to complete the sale, purchase and transfer of the Shares, unless the sale, purchase and transfer of all of the Shares is completed simultaneously in accordance with the terms and conditions of this Agreement.

3. SHARE CONSIDERATION AND DEFERRED PAYMENT

3.1 Subject to Clauses 3.4, 5.5 and 5.6, the aggregate consideration payable by the Purchaser for the Shares shall be equal to an amount of £294,201,749.49 (the “**Share Consideration**”) plus the Deferred Payment. The amounts payable with respect to the Share Consideration to (i) each Institutional Seller for its Institutional Shares shall be as individually set out in the Completion Schedule and (ii) each Management Seller for its Management Shares shall be as set out in his or her Allocation Side Letter.

3.2 The Share Consideration and Deferred Payment shall be satisfied by the Purchaser as follows:

- (a) by the payment of the Share Consideration to the Sellers in cash upon Completion in accordance with Clause 5.2; and
- (b) subject always to Clause 8.8, by the payment of the Deferred Payment to the Sellers in cash on the Deferred Payment Date.

The Share Consideration shall be fixed and not subject to any adjustments (other than in respect of (i) the Cumulative Daily Amount pursuant to Clause 5.5 and (ii) as provided in Clause 5.6 or in accordance with Clause 6).

3.3 It is acknowledged that the Completion Schedule sets out:

- (a) the Share Consideration payable on Completion (including the details of the allocations between each Seller for each class of share held);
- (b) details of the bank account(s) to which the Share Consideration in respect of the Institutional Shares shall be paid on Completion and if more than one payment, the amount of each;
- (c) details of the bank account(s) to which the Share Consideration in respect of the Management Shares shall be paid on Completion and if more than one payment, the amount of each; and
- (d) details of the Disclosed Seller Transaction Costs (specifying which amount(s) have been paid (or will be) paid or and which amounts will remain unpaid immediately prior to Completion and including all appropriate details including currency, identity of payee and payee account details for unpaid Disclosed Seller Transaction Costs).

3.4 Any payment made by one or more of the Sellers to the Purchaser under this Agreement or the Management Warranty Deed shall so far as legally possible adjust the Share Consideration and Deferred Payment (if any), and the portion thereof payable to any such Sellers.

3.5 For the avoidance of doubt, nothing in this Agreement shall prevent the Purchaser from making any election under Section 338(g) of the United States Internal Revenue Code of 1986, as amended, with respect to the Company and any non-U.S. Subsidiaries in connection with the transactions contemplated under this Agreement. The Purchaser shall not make any election pursuant to Section 338 of the United States Internal Revenue Code of 1986, as amended, with respect to any Subsidiary that is formed in the United States or a subdivision thereof.

4. PERIOD TO COMPLETION

- 4.1 Except as otherwise agreed with the Purchaser (such agreement to not be unreasonably withheld, conditioned or delayed) in writing, between the date of this Agreement and Completion, each Seller shall exercise its voting rights as are vested in it from time to time as a shareholder of the Company and other powers of control available to it in relation to the Group (insofar as it is lawfully able and does not require a director to be in breach of fiduciary duty to any member of the Group and which, in the case of each Institutional Seller, shall mean exercising the voting rights as are vested in it from time to time as a shareholder of the Company) to procure that the business of each Group Company is carried on in all material respects only in the ordinary course in a manner consistent with the operation of its business immediately prior to the date of this Agreement, and shall comply with the obligations set out in Part 1 of Schedule 2, except, in each case: (i) for any Permitted Actions, or (ii) is necessary to give effect to the transactions contemplated by the Transaction Documents, or (iii) where the Purchaser has consented (or is deemed to have consented) to the relevant action and measure in accordance with Clause 4.2 (such consent to not be unreasonably withheld, conditioned or delayed).
- 4.2 If the Purchaser's consent is required pursuant to Clause 4.1, the Lead Institutional Seller shall cause the Company to request the Purchaser's consent by sending an email to Kyle.Hanson@wwwinc.com, in which the Company sets out full details of the matter requiring consent and a specific date as a deadline for receipt of a response, which shall be no earlier than 72 hours following the date of the email from the Company (provided that the sender does not receive an automated notice of non-delivery) (the "**Response Period**"). If the Company does not receive a response within the Response Period, the Purchaser shall be deemed to have refused its consent to the relevant matter.

5. COMPLETION

- 5.1 Completion shall take place electronically on 2 August 2021, or on such other date as may be agreed between the Lead Institutional Seller and the Purchaser in writing (such date being, the "**Completion Date**").
- 5.2 At Completion, each of the Sellers and the Purchaser shall deliver or perform (or ensure that there is delivered or performed) all those documents, items and actions respectively listed in relation to that party or any of its Affiliates (as the case may be) in Schedule 3. To the extent not paid at or before Completion, the Purchaser shall procure that all Disclosed Seller Transaction Costs and any other Seller Transaction Costs notified in a Deferred Completion Schedule served under Clause 5.4(a) or Clause 5.5 (together with any VAT thereon to the extent not already taken into account in the calculation of such Disclosed Seller Transaction Costs or other Seller Transaction Costs) shall be promptly settled by the Group on or within three (3) Business Days after Completion.
- 5.3 The Sellers shall not be obliged to complete the sale and transfer of the Shares unless and until the Purchaser has complied in full with its obligations in Clause 5.2.
- 5.4 If a Seller or the Purchaser (a "**Defaulting Party**") fails to comply with any obligation specified in Schedule 3, the Purchaser (if the Defaulting Party is a Seller) or an Institutional Seller (if the Purchaser or another Seller is the Defaulting Party) shall be the "**Non-defaulting Party**" and entitled by written notice to the Defaulting Party (with a copy to the Institutional Sellers and the Management Representative):
- (a) to defer Completion for a period of up to ten (10) Business Days (in which case the provisions of this Clause 5 shall apply to Completion and the Completion Date as so deferred and the Lead Institutional Seller may deliver to the Purchaser a Deferred

Completion Schedule not less than five (5) Business Days before the deferred Completion Date);

- (b) to require all parties to effect Completion so far as practicable having regard to the defaults that have occurred; or
- (c) subject to: (i) Completion having first been deferred at least once under Clause 5.4(a), (ii) the other provisions of this Clause 5.4, and (iii) Clause 21.4, to terminate this Agreement by notice in writing to the Institutional Sellers and the Management Representative (if the Purchaser is the Non-defaulting Party) or the Purchaser, the other Institutional Seller and the Management Representative (if the Purchaser is the Defaulting Party),

in each case with the Surviving Provisions continuing to remain in force and without prejudice to the Non-defaulting Party's rights under this Agreement (including the right to claim damages) or otherwise.

- 5.5 Where the Completion Date is deferred to any later date in accordance with Clause 5.1 or Clause 5.4(a), the Share Consideration payable upon Completion shall be increased by an amount equal to £10,854 per day in the period from (and excluding) 2 August 2021 to (and including) the date of Completion (the "**Cumulative Daily Amount**") and the Lead Institutional Seller may deliver a Deferred Completion Schedule to the Purchaser not less than five (5) Business Days before the deferred Completion Date detailing the updated allocation of the updated Share Consideration between each of the Sellers.
- 5.6 Where a Deferred Completion Schedule includes a Leakage Amount (including in respect of any additional Seller Transaction Costs in excess of the Disclosed Seller Transaction Costs) the amount of the Share Consideration payable to a Seller shall be reduced (without double-counting) by the aggregate of (the "**Deductible Leakage Amount**"): (a) the Leakage Amount that relates to such Seller, if any, where such Leakage Amount is received or benefited from by such particular Seller only (as set out in the Deferred Completion Schedule) and (b) such Seller's relevant proportion of any amount that has been notified in writing to the Purchaser by the Lead Institutional Seller on behalf of all Sellers where such Leakage Amount is deemed received by all Sellers in accordance with this Agreement. The reduction of the Share Consideration payable to a Seller by the Deductible Leakage Amount shall discharge the relevant Seller's obligation to make payment of such Leakage Amount under Clause 6 (*Leakage*). Each Seller agrees that any Deductible Leakage Amount may be reflected in the Deferred Completion Schedule and any such Deductible Leakage Amount notified in a Deferred Completion Schedule in accordance with this Clause 5.6 shall be deducted from the Share Consideration that would otherwise be payable to such Seller under Clause 3.2.

6. LEAKAGE

- 6.1 Each Seller severally covenants, warrants and undertakes to the Purchaser that in relation to it or its Related Persons: (i) during the period commencing on the Locked-Box Date up to and including the date hereof there has been no Leakage and (ii) during the period commencing on the date hereof up to and including the date of Completion, no Leakage will occur, provided in each case that no Seller shall have any liability to the Purchaser under this Clause 6 if Completion does not occur.
- 6.2 Subject to Clause 5.6 and to the remainder of this Clause 6, if a Seller and/or any of its Related Persons: (i) has received or benefitted from any Leakage in the period following (but excluding) the Locked-Box Date to (and including) the date hereof; and/or (ii) receives and/or benefits from any Leakage in the period following (but excluding) the date hereof and up to (and including) the Completion Date, the relevant Seller (provided Completion occurs)

covenants to pay to the Purchaser upon written demand from the Purchaser in accordance with Clause 6.3, an amount in cash equal to the amount or value of any Leakage received (or deemed to have been received in accordance with the definition of Leakage) by it and/or by any of its Related Persons and/or in respect of which it and/or any of its Related Persons has actually benefitted.

- 6.3 No Seller shall be liable to make a payment under this Clause 6 unless the Purchaser has notified such Seller (as the case may be) in writing of the occurrence of the Leakage to which any such payment relates, stating in reasonable detail and including all reasonably available supporting material the nature of such Leakage and, if practicable, the amount claimed, on or before the date falling six (6) months after the Completion Date.
- 6.4 No liability shall attach to any Seller in relation to an amount of Leakage to the extent that such Leakage has been recovered by the Purchaser or any member of the Purchaser Group (including for these purposes, the Group) from another party to this Agreement and/or pursuant to the Management Warranty Deed, and accordingly the Purchaser may only recover once in respect of any particular item of Leakage. Nothing herein shall require the Purchaser to bring any other claim in respect of any particular item of Leakage before bringing a claim against the Sellers for Leakage under this Clause 6.
- 6.5 Notwithstanding anything to the contrary in this Agreement, no transaction undertaken on an arms' length basis and in the ordinary course of business consistent with past practice between (x) any Group Company, on the one hand, and (y) (i) any other portfolio company of any Institutional Seller or its Related Persons, or (ii) any direct or indirect investor in any fund managed or advised by any member of an Institutional Seller's Group or any of their respective Related Persons, on the other hand, shall be deemed to constitute Leakage.
- 6.6 The aggregate maximum liability of a Seller under this Clause 6 shall not in any circumstances exceed the amount of Leakage received or benefited from by such Seller and its Related Persons (without double counting).
- 6.7 For the purposes of this Clause 6, any Leakage falling within limb (j) of that definition (“**Tax Leakage**”) shall be deemed to be received by the Seller which received or benefitted from (or is deemed to have received or benefitted from) the Leakage to which such Tax Leakage relates.

7. SELLER WARRANTIES

- 7.1 Each Institutional Seller warrants to the Purchaser on the date of this Agreement and as at the Completion Date that:
- (a) it is the sole legal and beneficial owner of the Institutional Shares set forth opposite its name in column (4) of Part 1 of Schedule 1, such Institutional Shares are fully paid or credited as fully paid, and is entitled to transfer or procure the transfer of the legal and beneficial ownership of the Institutional Shares to the Purchaser on the terms set out in this Agreement;
 - (b) save for any Encumbrances that will be discharged upon Completion, there is no Encumbrance affecting any of the Institutional Shares held by it;
 - (c) it is a private limited company or limited partnership as indicated in column (1) of Part 1 of Schedule 1 incorporated (if a company) or established (if a limited partnership) and validly existing under the laws of its jurisdiction of incorporation or formation;

- (d) it has the necessary power and authority to enter into and perform its obligations under each of the Transaction Documents to which it is a party, which (when executed) constitute valid, binding and enforceable obligations of such Institutional Seller in accordance with their respective terms; and
- (e) no order has been made, petition presented or resolution passed for its winding up, and no administrator or any receiver or manager has been appointed by any person in respect of it or all or any of its assets, and no voluntary arrangement has been proposed, and it has not become subject to any analogous proceedings, appointments or arrangements under the laws of any applicable jurisdiction.

7.2 Each Management Seller severally warrants to the Purchaser in respect of itself and its Management Shares only, on the date of this Agreement and as at the Completion Date that:

- (a) such Management Seller is the sole legal and beneficial owner of the Management Shares set forth in the Allocation Side Letter in respect of such Management Seller, such Management Shares are fully paid or credited as fully paid, and such Management Seller is entitled to transfer or procure the transfer of the legal and beneficial ownership of such Management Shares to the Purchaser on the terms set out in the Transaction Documents;
- (b) save for any Encumbrances that will be discharged upon Completion, there is no Encumbrance affecting any of the Management Shares held by such Management Seller;
- (c) such Management Seller has the capacity to enter into and perform its obligations under each of the Transaction Documents to which such Management Seller is a party, which (when executed) constitute valid, binding and enforceable obligations of the Management Seller in accordance with their respective terms; and
- (d) such Management Seller is not bankrupt, or unable to pay its debts within the meaning of any laws relating to bankruptcy applying to such Management Seller, and such Management Seller has not entered into a composition or arrangement with or for the benefit of his/her creditors.

8. PURCHASER WARRANTIES AND UNDERTAKINGS

8.1 The Purchaser and the Guarantor each severally warrants to each of the Sellers in respect of itself only that as at the date of this Agreement and as at the Completion Date:

- (a) it is a company incorporated and validly existing under the laws of its jurisdiction of incorporation;
- (b) it has the necessary power and authority to enter into and perform its obligations under each of the Transaction Documents to which it is a party, which (when executed) constitute valid and legally binding obligations of it in accordance with their respective terms;
- (c) the execution and delivery of each Transaction Document and the completion of the transactions contemplated thereby have, where required, been duly and validly authorised by it and no other proceedings or actions on its part are required to authorise any Transaction Document or to complete the Proposed Transaction;
- (d) its obligations under each Transaction Document and the completion of the Proposed Transaction are enforceable in accordance with their respective terms;

- (e) the execution and delivery of, and the performance by it of its obligations under each Transaction Document and as contemplated herein will not require it to obtain any consent or approval of, or give any notice to or make any registration with, any governmental, regulatory or other authority which has not been obtained or made at the date of this Agreement both on an unconditional basis and on a basis which cannot be revoked (save pursuant to any legal or regulatory entitlement to revoke the same other than by reason of any misrepresentation or misstatement);
- (f) no order has been made, petition presented or resolution passed for its winding up, and no administrator or any receiver or manager has been appointed by any person in respect of it or all or any of its assets, and no voluntary arrangement has been proposed, and it has not become subject to any analogous proceedings, appointments or arrangements under the laws of any applicable jurisdiction; and
- (g) it has obtained or satisfied all corporate, regulatory and other approvals and any other conditions necessary to execute and perform its obligations under this Agreement and the Transaction Documents.

8.2 The Purchaser acknowledges and agrees that, in the absence of fraud of the relevant person against whom a claim could otherwise be made, the Purchaser has no rights against and may not make any claim against any director, officer, employee, agent, consultant, representative or (except to the extent such adviser has entered into a reliance letter with the Purchaser) adviser of a Seller or any of its Related Persons on whom it may have relied before agreeing to any term of, or entering into, this Agreement or any other Transaction Document, and each and every such person shall be entitled to enforce this Clause 8.2 under the Contracts (Rights of Third Parties) Act 1999.

8.3 The Purchaser acknowledges and agrees that:

- (a) it has performed, with the assistance of professional advisers, a due diligence investigation with respect to the Shares, the Group Companies and the Group's business (the "**Due Diligence Investigation**");
- (b) the Due Diligence Investigation formed the basis on which the Purchaser has decided to enter into this Agreement on the terms set out herein;
- (c) for the purposes of the Due Diligence Investigation, the Purchaser has had (and its advisers have had) the opportunity to review information made available to the Purchaser and its advisers, including:
 - (i) access to the Information Memorandum, the Due Diligence Reports and the Data Room;
 - (ii) the opportunity to submit questions and to receive answers from the Sellers and the Group; and
 - (iii) access to senior management of the Company (including management presentations and interviews).

8.4 For a period of six (6) years from the Completion Date, the Purchaser will cause the Company to maintain in effect directors' and officers' liability insurance ("**Run-Off Policy**") covering those persons who are currently covered by a Group Company's directors' and officers' liability insurance policies (the "**Existing D&O Policy**") on terms not materially less favourable than the terms of the insurance coverage for the fiscal year ended 31 December 2020.

8.5 The Purchaser acknowledges that the Sellers and their Related Persons may need access from time to time after Completion to certain accounting, tax and other records and information held by the members of the Group to the extent such records and information pertain to events occurring prior to Completion for the purpose of:

- (a) filing its tax returns or dealing with the relevant Tax Authority in respect of such returns; or
- (b) complying with applicable laws,

and, accordingly, the Purchaser agrees that it shall and shall cause the Group to following Completion:

- (i) retain and maintain such records until the earlier of the date that is seven (7) years after Completion and such time as the Lead Institutional Seller agrees that such retention and maintenance is no longer necessary; and
- (ii) allow the Institutional Sellers and the Management Representative and their respective officers, employees, agents, auditors and representatives (at the expense of the relevant Seller) at such Seller's cost to:
 - (i) inspect, review and make copies of such records and information for and only to the extent necessary for that purpose; and
 - (ii) have reasonable access to any employee, officer, or premises of any of the Group Companies (within five (5) Business Days of a request for such access) during Working Hours.

8.6 The Purchaser shall procure that with effect from Completion, the Group Companies shall not hold themselves out as being part of, or otherwise connected or associated with, any Institutional Seller Group.

8.7 As soon as is reasonably practicable following Completion, the Purchaser shall submit the stock transfer form in respect of the Shares for stamping and pay the requisite stamp duty due to HMRC, shall update the register of members of the Company to reflect the Purchaser as the legal owner of the Shares after receipt of the stamped stock transfer from HMRC, and shall notify the Lead Institutional Sellers that such registers of members has been so updated.

8.8 Hospitality Grant (Rent) Repayment

- (a) From Completion until and including 29 September 2021, the Purchaser shall procure that each relevant Group Company uses its reasonable endeavours (at the direction and control of Julia Straus and Mark Smith) to repay the Hospitality Grant (Rent) Repayment to the relevant council in the ordinary course of business but need not take or institute legal proceedings to finally resolve or determine with the council the repayment of any Hospitality Grant (Rent) Repayment (or any part of them).
- (b) If, before the Deferred Payment Date, any Group Company receives the return of any monies from a council in respect of the Hospitality Grant (Rent) Repayment or a Group Company has failed to agree with the relevant council the manner by which such Group Company may finally resolve or settle the Hospitality Grant (Rent) Repayment, the Purchaser shall pay an amount equal to the Deferred Payment to the Sellers on the Deferred Payment Date, such amounts to be paid to the Sellers in proportion to their holding of Shares immediately prior to Completion (*pari passu* in

accordance with the number of such Shares held as if the same constituted one class of share).

- (c) The Purchaser shall not (and shall procure that none of the Group Companies shall) (i) waive the whole or any part of any entitlement to retain the Hospitality Grant (Rent) Repayment unless in full satisfaction to a council of a matching liability or obligation owed to such council incurred before Completion or (ii) release any person from an obligation to pay the whole or any part of any Hospitality Grant (Rent) Repayment where such person is jointly liable with a Group Company during the period following Completion up to the Deferred Payment Date.

8.9 Coronavirus Job Retention Scheme

From Completion, the Purchaser shall procure that each relevant Group Company repays the CJRS Amount received under the UK's Coronavirus Job Retention Scheme (or equivalent schemes in the United Kingdom) to the extent such amount has not been paid or repaid prior to or on Completion.

8.10 US Employee Retention Credit

From Completion, the Purchaser shall procure that each relevant Group Company shall take all steps as may be necessary to divest the relevant Group Company of the benefit of the U.S. Employee Retention Credit received by such Group Company. Such steps shall include, but not be limited to, filing amended payroll tax returns with the U.S. Internal Revenue Service (the “IRS”) and contacting the IRS to agree on the manner in which payment shall be made; *provided* that the Purchaser need not take or institute legal proceedings to finally resolve or determine with the IRS the repayment of any such repayment (or any part of them).

- 8.11 The Purchaser shall (and shall cause each relevant Group Company to) keep the Lead Institutional Seller informed of any progress (or lack of progress) made in respect of the repayment of the Hospitality Grant (Rent) Repayment, the repayment of the CJRS Amount, and the repayment of the Employee Retention Credit, and provide copies of documents reasonably requested by the Lead Institutional Seller with respect thereto, and shall notify (or cause the relevant Group Company to notify) the Lead Institutional Seller and the Management Representative promptly after any such repayments have been made.

9. NO RESCISSION; LIMITATIONS ON RECOVERY

- 9.1 No party shall be entitled to rescind or, except under Clause 5.4(c), terminate this Agreement in any circumstances whatsoever (whether before or after Completion), whether for breach of contract or for negligent or innocent misrepresentation or otherwise.

9.2 The maximum aggregate liability of:

- (a) an Institutional Seller under or in connection with this Agreement in respect of all claims on any ground whatsoever (save in respect of any claim under Clause 6 (*Leakage*)) shall not exceed the sum of the Share Consideration paid to such Institutional Seller at Completion and the Deferred Payment paid to such Institutional Seller at the Deferred Payment Date pursuant to this Agreement; and
- (b) a Management Seller under or in connection with this Agreement in respect of all claims on any ground whatsoever (save in respect of any claim under Clause 6 (*Leakage*)) shall not exceed the sum of the Share Consideration set forth in the Allocation Side Letter in respect of such Management Seller and the Deferred Payment paid to such Management Seller at the Deferred Payment Date.

- 9.3 The Purchaser shall not be entitled to recover under any of the Transaction Documents or otherwise more than once in respect of the same liability, loss, cost, shortfall, damage, deficiency or amount for which the Purchaser would otherwise be entitled to claim and no amount (or part of any amount) shall be taken into account, set off or credited more than once under any of the Transaction Documents or otherwise, with the intent, in each case, that there will be no double counting under any of the Transaction Documents or otherwise.
- 9.4 The Purchaser agrees that the Sellers shall not have any liability in respect of the warranties under Clause 7 (*Seller Warranties*) to the extent that the Purchaser has a claim in respect of such breach under the W&I Policy and then, only up to the amount that the Purchaser is able to actually recover under the W&I Policy in respect of the breach leading to such Seller Claim, provided that this shall not prevent the Purchaser from serving a notice of such Seller Claim on the relevant Seller within the period specified in Clause 9.7.
- 9.5 For the purposes of the limit set out in Clause 9.2, the liability of a Seller shall be deemed to include the amount of all costs, expenses and other liabilities (together with any VAT thereon) which are awarded against such Seller in connection with the satisfaction, settlement or determination of any such Seller Claim (but shall not include any costs, expenses and other liabilities incurred by such Seller in defending any such Seller Claim).
- 9.6 The Purchaser covenants with each Seller that:
- (a) the W&I Policy contains an express and irrevocable waiver by the W&I Insurer of any and all rights of subrogation which the W&I Insurers may otherwise have against any Seller, any Related Person of a Seller, the Group and their respective directors, officers and employees, save in the case of losses arising as a result of fraud by such Seller; and
 - (b) it shall not agree to any amendment, variation or waiver of the W&I Policy (or do anything which has a similar effect) which has the effect of increasing the liability of the Sellers under this Agreement or the W&I Policy without the prior written consent of the Institutional Sellers and the Management Representative (in their absolute discretion).
- 9.7 No Seller shall be liable in respect of any Seller Claim unless written notice of such Seller Claim is given by the Purchaser to the Institutional Sellers and the Management Representative on or before the date falling:
- (a) in the case of a claim under Clause 6 for Leakage, within the time period provided in Clause 6.3;
 - (b) in the case of a claim under Clause 15 (*Restrictive Covenants*), three (3) months after (and excluding) the date on which the relevant undertakings expire in accordance with this Agreement; and
 - (c) in respect of all other Seller Claims, eighteen (18) months after (and excluding) the date of Completion,
- in each case, specifying, in such detail as is reasonably available to the Purchaser at the time, the legal and factual basis of the Seller Claim and, if reasonably practicable, the amount likely to be claimed.
- 9.8 Where a breach giving rise to a Seller Claim is capable of remedy, no Seller shall be liable in respect of such Seller Claim if the breach (including all reasonable and proper out-of-pocket

costs actually incurred in investigating and pursuing the Seller Claim) is remedied within sixty (60) days after notice of the Seller Claim is given under Clause 9.7.

- 9.9 If notice of a Seller Claim is served by the Purchaser under Clause 9.7, no Seller shall be liable in respect of such Seller Claim (if such Seller Claim has not been satisfied or settled) unless legal proceedings in respect of such Seller Claim are both issued and served within six (6) months after (and excluding) the date on which notice is served on all applicable Sellers (or, in the case of a Seller Claim in respect of a contingent liability or where Clause 9.4 applies, six (6) months after (and excluding) the date on which the liability became actual or the claim under W&I Policy has been finally settled or determined).
- 9.10 Without prejudice to Clause 9.7, no Seller shall be liable in respect of any liability which is contingent unless and until such contingent liability becomes an actual liability and is due and payable, provided that this Clause shall not operate to avoid a claim made in respect of a contingent liability within the applicable time limits specified in Clause 9.7 if the notice of that claim has been served before the expiry of the relevant period (even if that liability does not become an actual liability until after the expiry of that period).
- 9.11 No Seller shall be liable in respect of any Seller Claim to the extent that the Seller Claim arises, or is increased, as a result of any matter or thing done, or omitted to be done pursuant to and in compliance with this Agreement or any other Transaction Document or at the written request of the Purchaser or any of its Affiliates.
- 9.12 Notwithstanding anything to the contrary in the Transaction Documents, the Purchaser shall (and shall cause each Group Company to) take all reasonable steps to avoid or mitigate any loss or liability that may give rise to a Seller Claim.
- 9.13 No Seller shall be liable for any consequential losses, loss of profits or goodwill or damages calculated on a multiple valuation theory or any reputational, punitive or aggravated damages.
- 9.14 In assessing any damages or other amounts recoverable in respect of a Seller Claim, there shall be taken into account any corresponding savings by, or net benefit to, a Group Company or the Purchaser, including (but not limited to) any Tax benefit or any Relief which can reasonably be expected to actually reduce the Tax paid or payable by (or give rise to a repayment in respect of Tax to) a Group Company in respect of an accounting period of such Group Company: current at Completion (or, if later, current at the point in time when the Seller Claim arises); or immediately subsequent to such accounting period, and which would not have arisen but for the fact, matter or circumstance giving rise to the Seller Claim and, for those purposes, the amount of Tax which is reasonably expected to be so saved, repaid, credited, claimed or otherwise recovered by reason of such Tax benefit or Relief shall be the amount which is taken into account.
- 9.15 If any Seller has paid an amount in discharge of any Seller Claim, and the Purchaser or any Group Company recovers from a third party a sum that indemnifies or compensates the Purchaser or Group Company (in whole or in part) for the losses which are the subject matter of such Seller Claim, the Purchaser or the relevant Group Company shall pay to the applicable Seller as soon as practicable after receipt of such sum an amount equal to:
- (a) the sum recovered from the third party less any costs and expenses reasonably and properly incurred in obtaining such recovery and less any Taxation attributable to the recovery after taking account of any Relief available in respect of any matter giving rise to the Seller Claim (and if such amount relates to more than one Seller, such amount shall be split on a pro rata basis between the Sellers to the extent of the payment made to discharge such Seller Claim); or

- (b) if less, the amount previously paid by such Seller to the Purchaser less any Taxation attributable to it.
- 9.16 From and after Completion, the Purchaser shall indemnify (on an after-Tax basis) and hold harmless the Institutional Sellers and each of their Affiliates from and against any and all Tax liability to the extent resulting from a failure of any Group Company to satisfy in full any Tax liability of a Group Company arising after Completion which is then assessed on an Institutional Seller or any of its Affiliates (together with all interest, penalties and reasonable costs and expenses properly incurred by the relevant Institutional Seller or its Affiliates in connection therewith).
- 9.17 The Purchaser acknowledges that the information contained in the Information Memorandum and other information contained in the Data Room or otherwise provided or made available to the Purchaser, the Purchaser's Group or any of their respective advisers, brokers, agents, consultants and/or representatives was provided to it on the basis that neither the Sellers nor any of their respective advisers makes any representation or warranty as to the accuracy or completeness of such information or accepts any duty of care to the Purchaser in respect of the provision of such information.
- 9.18 The Purchaser acknowledges that no Seller shall be liable in respect of a Seller Claim arising out of or in connection with a breach of Clause 7 (*Seller Warranties*) if the Purchaser has knowledge of the Seller Claim prior to or on the date of this Agreement. For the purposes of this Clause, Purchaser's knowledge means the actual knowledge of Jim Zwiers, Kyle Hanson and Ileana McAlary following due and reasonable enquiry of the Purchaser's professional advisers and legal representatives in relation to the Proposed Transaction.
- 9.19 Without prejudice to the rights and obligations under the Transaction Documents, any directors' and officers' liability insurance, the Existing D&O Policy and/or the Run-Off Policy:
- (a) save in respect of the obligations or liabilities owed to a Management Seller in his or her capacity as an employee, officer and/or director of a Group Company (each of which are expressly excluded from this release and waiver), each Seller covenants with the Purchaser that with effect from Completion he, she or it shall, and the Institutional Sellers shall ensure that each of its Relevant Affiliates shall, irrevocably release and discharge each member of the Group, officer, employee or director (except for any director appointed by such Seller) from any and all liabilities owed to that Seller or its Relevant Affiliates and each Seller irrevocably waives, and the Institutional Sellers shall procure that each of its Relevant Affiliates shall irrevocably waive, any and all claims (in the absence of fraud) it has or may have against a member of the Group or any of its officers, employees or directors;
 - (b) each Affirming Management Seller confirms that as at the date of this Agreement (other than any claim in respect of accrued salary, benefits and/or bonus) he/she has no grounds to bring a claim against any Group Company; and
 - (c) each Covenantor and each Founder confirms that as at the date of this Agreement, so far as such Covenantor or Founder (as the case may be) is actually aware: (i) none of his or her Related Persons has a claim against any Group Company; and (ii) no Management Seller (who is not a Covenantor or a Founder), nor its Related Persons has any claim against any Group Company (other than, in each case, any claim in respect of accrued salary, benefits and/or bonus).
- 9.20 Without prejudice to the rights and obligations under the Transaction Documents, any directors' and officers' liability insurance, the Existing D&O Policy and the Run-Off Policy

(each of which are expressly excluded from this release and waiver), the Purchaser covenants with the Sellers that with effect from Completion (save in respect of the obligations or liabilities owed by a Management Seller in his or her capacity as an employee, officer and/or director of a Group Company) the Purchaser shall ensure that each member of the Group shall irrevocably release and discharge each Seller and the Institutional Seller's Relevant Affiliates (and any director appointed by such Seller) from any and all liabilities owed to any member of the Group and the Purchaser shall procure that each member of the Group shall irrevocably waive, any and all claims (in the absence of fraud) it has or may have against a Seller and the Institutional Seller's Relevant Affiliates (and any director appointed by a Seller).

9.21 In the event of any conflict or inconsistency between this Clause 9 and any other provisions of this Agreement, this Clause 9 shall prevail.

10. ASSIGNMENT

10.1 Except as provided in this Clause 10 or unless the Lead Institutional Seller and the Purchaser specifically agree in writing, no person shall assign, transfer, hold on trust or encumber all or any of its rights under this Agreement nor shall such person grant, declare, create or dispose of any right or interest in any of them. Any purported assignment, declaration of trust, transfer, sub-contracting, delegation, charging or dealing in contravention of this Clause 10 shall be void and ineffective. No consent or approval of the Management Sellers shall be required to any assignment or otherwise of any rights under this Agreement.

10.2 The Purchaser may assign by way of security and/or charge all or any of its rights under this Agreement to its financial lenders or banks or any member of their groups (including funds) or any facility agent or security agent or trustee acting on their behalf as security for the obligations owed by any member of the Purchaser Group to such person for any financing or refinancing in respect of any transaction contemplated by this Agreement (including any additional facilities and hedging made available in connection with such financing or refinancing), and any such beneficiary of security may assign all or any of those rights for the purpose of enforcing such security assignment or charge, provided that the Purchaser notifies the Lead Institutional Seller and the Management Representative of the identity of the relevant assignee and that notwithstanding any such assignment, the Sellers (and/or their assignee) may, unless the Lead Institutional Seller and the Management Representative receives notice of enforcement of the relevant security interest, deal with the Purchaser in connection with all matters arising under this Agreement.

10.3 If an assignment is made in accordance with this Clause 10, the liability of each of the Sellers to the Purchaser under this Agreement shall be no greater than such liability would have been if the assignment had not occurred, and all the rights, benefits and protections afforded to a party shall continue to apply to the benefit of that party as against the assignee as they would have applied as against the assigning party.

11. CONFIDENTIAL INFORMATION; ANNOUNCEMENTS

11.1 Subject to Clause 11.2, each party shall treat as strictly confidential and not disclose or use any information received or obtained as a result of entering into a Transaction Document (or any agreement entered into pursuant to a Transaction Document) that relates to the following ("**Confidential Information**"):

- (a) the provisions of any Transaction Document or any ancillary agreement thereto;
- (b) the negotiations relating to the Transaction Documents and all ancillary agreements thereto; or

(c) in relation to each Seller, the Purchaser and the Group and, in relation to the Purchaser, each Seller.

11.2 No party shall make any press release or public announcement in connection with any of the transactions contemplated by the Transaction Documents (except those matters set out in the Announcement) without the prior consent of, in the case of disclosure by the Sellers, the Purchaser or, in the case of disclosure by the Purchaser, the Institutional Sellers and (to the extent such disclosure specifically references the Management Sellers) the Management Representative. The Institutional Sellers and the Purchaser shall use good faith, reasonable endeavours to agree the form of the Announcement prior to Completion which, if agreed, will be made on the Completion Date (unless otherwise agreed in writing by such parties).

11.3 Notwithstanding Clauses 11.1 or 11.2, a party may disclose or use information if and to the extent that:

- (a) such disclosure or use is required by applicable law, rule or regulation, by any competent judicial, governmental or regulatory body or securities exchange to which the disclosing party is subject, and disclosure shall then only be made by that party:
 - (i) after it has taken all such steps as may be reasonable in the circumstances to agree to the contents of such announcement with the other party to whom obligations would otherwise be owed under Clauses 11.1 or 11.2 in relation to such information before making such announcement and provided that, to the extent legally permissible, any such announcement shall be made only after notice to such other party; and
 - (ii) to the person or persons and in the manner required by law or such regulatory body or such securities exchange or as otherwise agreed between the Lead Institutional Seller and the Purchaser;
- (b) such disclosure or use is required for the purpose of any judicial proceedings arising out of any Transaction Document or any ancillary agreement thereto;
- (c) disclosure is made to a Taxation Authority in connection with the tax affairs of the disclosing party;
- (d) disclosure is made to its Related Persons and/or its Representatives (and/or their respective advisers) which is reasonably required for purposes connected with a Transaction Document, provided that (i) the person to whom such disclosure is made is informed of the confidential nature of the information disclosed, (ii) the confidentiality obligations of this Clause 11 shall continue in relation to the person to whom such disclosure is made as if a primary obligor under Clause 11.1 and 11.2; and (iii) the disclosing party shall remain responsible for any deemed breach thereof by the person to whom such disclosure is made;
- (e) in the case of an Institutional Seller, such disclosure is required to be made to its limited partners or other indirect and or potential investors and/or shareholders and their respective advisers;
- (f) in the case of the Purchaser, such disclosure is required by any applicable securities exchange, whether or not the requirement for disclosure has the force of law; or
- (g) the information is or becomes publicly available (other than by breach of this Agreement or any confidentiality undertakings given by the Purchaser to an Institutional Seller and/or the Group).

11.4 The restrictions contained in this Clause 11 shall apply without limit of time.

11.5 The Confidentiality Agreement shall (and the Purchaser shall procure that the Confidentiality Agreement shall) terminate on Completion (without prejudice to any rights, liabilities or obligations that have accrued prior to termination). At any time prior to Completion, to the extent that any provision of this Clause 11 is inconsistent with the provisions of the Confidentiality Agreement, the provisions of the Confidentiality Agreement shall prevail.

12. PAYMENTS

12.1 Any payment to be made pursuant to this Agreement by the Purchaser (or a member of the Purchaser Group) to an Institutional Seller shall be made to such account as is set out in the Completion Schedule in respect of such Institutional Seller or such account as notified by such Institutional Seller to the Purchaser in writing at least two (2) Business Days before the date of such payment.

12.2 Any payment to be made pursuant to this Agreement by the Purchaser (or a member of the Purchaser Group) to the Management Sellers shall be made to the Company's account or to the client account of Pinsent Masons LLP as set out in the Completion Schedule or, in respect of any payment following Completion, such account as notified by the relevant Management Seller to the Purchaser in writing at least two (2) Business Days before the date of such payment.

12.3 Payments under Clauses 12.1 and 12.2 shall be in immediately available funds by electronic transfer (for same day value) on the due date for payment. Receipt of the amount due shall be an effective discharge of the relevant payment obligation. The Purchaser shall take all reasonable steps and exercise its control rights over the Company to give effect to the Payments Administration Letter and shall not take any steps to delay the payments due thereunder.

12.4 If any sum due for payment in accordance with this Agreement is not paid on the due date for payment, the person in default shall pay Default Interest on that sum from but excluding the due date to and including the date of actual payment calculated on a daily basis.

13. SET-OFF AND WITHHOLDINGS

13.1 Except as expressly contemplated in this Agreement or any Allocation Side Letter, no party will be entitled to assert any credit, set-off or counterclaim against any other party in order to justify withholding payment of any amount owed in connection with this Agreement in whole or in part.

13.2 Any amount payable by any party to another party shall be made in full and free from any deduction or withholding whatsoever, except as required by law. If any deduction or withholding is required by law from an amount payable to a party, the sum due from the relevant party shall be increased by such amount as to ensure that the recipient receives such sum as, after such deduction or withholding has been made, leaves the recipient with the same amount as it would have been entitled to receive in the absence of any such requirement to make a deduction or withholding.

13.3 If any sum payable under this Agreement other than the Share Consideration or the Deferred Payment is chargeable to Tax (other than by way of deduction or withholding), then the payor shall pay such additional amount as will ensure that, after payment of such Tax, the payee receives the same amount which it would otherwise have received under this Agreement if no such Tax had arisen.

- 13.4 To the extent that any deduction, withholding or Tax results in an additional amount being paid under Clause 13.2 or 13.3 above, the payee shall use reasonable endeavours to obtain any Relief which arises in connection with such deduction, withholding, Tax or additional amount, and, where the payee obtains such a Relief, the payee shall pay to the payer, within 10 Business Days of obtaining the benefit of the Relief, an amount equal to the lesser of the value of the Relief obtained and the additional sum paid under Clause 13.2 or 13.3 above.
- 13.5 Clause 13.2 or 13.3 above shall not apply to the extent that the deduction, withholding or Tax would not have arisen (or would have arisen at a reduced rate) but for an assignment by the payee of any of its rights under this Agreement.

14. COSTS

- 14.1 Unless expressly otherwise provided in this Agreement, each of the parties shall bear its own costs and expenses connected with the Proposed Transaction.
- 14.2 Each of the parties agrees and acknowledges that the Company (or any other member of the Group, as the case may be) shall pay the Disclosed Seller Transaction Costs and any other Seller Transaction Costs notified in a Deferred Completion Schedule served under Clause 5.4(a) or Clause 5.5 (together with any VAT thereon to the extent not already taken into account in the calculation of such Disclosed Seller Transaction Costs or other Seller Transaction Costs).
- 14.3 The Purchaser shall bear all costs, charges and expenses relating to all stamp duty, stamp duty reserve tax or other documentary, transfer or registration duties or taxes or notary and notarial transfer fees (including in each case any related interest or penalties) arising as a result of the entry into or implementation of this Agreement, which shall be paid within the requisite period provided by applicable law.

15. RESTRICTIVE COVENANTS

- 15.1 Each Covenantor and each Founder agrees (in respect of himself or herself only, and not in respect of any other Covenantors) for the benefit of the Purchaser that such Covenantor shall not, directly or indirectly, alone or jointly with any other person for the Restricted Period, carry on, be employed or otherwise be engaged, concerned or interested in any capacity (whether as shareholder, director, employee, sub-contractor, partner, consultant, proprietor, agent or otherwise and whether or not for reward) in, any Competing Business within the Restricted Area which is or would be in competition with or to the detriment of any Group Company.
- 15.2 Nothing in this Clause 15 shall prevent:
- (a) any Covenantor or Founder, after Completion, from:
- (i) owning for investment purposes securities in any company dealt in on a stock exchange provided that they do not exceed three (3) per cent. in nominal value of the securities in that company (or of any class of its securities);
 - (ii) owning securities in any company or being an officer or employee or consultant of any company provided that the annual revenue from the sales of the Competing Business of such company (together with its group) do not exceed ten (10) per cent. of the total annual revenue of such company's group); or

(iii) performing his obligations under any Transaction Document and/or under any other agreement which such Covenantor may enter into with Purchaser or any Group Company;

(b) Simon Hill-Norton from:

(i) continuing in his role as a director of Fitzroi Apparel Limited and from holding less than 5% of the share capital thereof;

(ii) continuing in his role as a director of Rhone Apparel, Inc. and from holding less than 5% of the share capital thereof,

provided that Simon Hill-Norton shall not share the Confidential Information with any such Competing Business.

(c) either Founder from providing part-time consultancy services to any Competing Business with an annual turnover of less than £2,000,000 in its financial year, provided that each Founder shall treat any Confidential Information in accordance with Clause 11 and, in particular, shall not share Confidential Information with any such Competing Business and such Competing Business shall not publicly associate itself with either Founder. If the annual turnover of such Competing Business becomes £2,000,000 or greater in its financial year, the relevant Founder shall not have any liability under this Clause 15 if the relevant Founder terminates the relevant consultancy arrangement within two weeks of becoming aware that the annual turnover of such Competing Business for the relevant financial year has reached or exceeded £2,000,000. For the purposes of this Clause 15.2(c), knowledge of a Founder means the actual knowledge of such Founder after having reviewed the final financial year results provided to such Founder in respect of the Competing Business.

15.3 No Covenantor shall (whether alone, jointly with another, directly or indirectly) during the Restricted Period offer to employ, solicit or seek to entice away from any Group Company any Senior Employee who was employed by any Group Company at the date of this Agreement (a “**Restricted Person**”), providing that the foregoing will not preclude any Covenantor from:

(a) advancing offers of employment to a Restricted Person following any bona fide public advertisements or general media solicitation for employment where the advertisement or solicitation is not specifically directed at any Restricted Person; or

(b) from soliciting or employing any person whose employment with the Purchaser Group has been terminated at least six (6) months prior to such solicitation or employment and provided that such response or termination was not solicited or induced directly or indirectly by that Covenantor.

15.4 Each undertaking contained in this Clause 15 shall be read and construed independently of the other undertakings and as an entirely separate and severable undertaking.

15.5 Each Covenantor, having obtained professional advice, acknowledges and agrees that the covenants contained in this Clause 15 are no more extensive than is reasonable to protect the legitimate interests of the Group and of the Purchaser.

15.6 Whilst the undertakings in this Clause 15 are considered by the Purchaser and the Covenantors to be reasonable in all the circumstances, if any one or more should for any reason be held to be invalid, but would have been held to be valid if part of the wording were

deleted or modified, the undertakings shall apply with the minimum modifications necessary to make them valid and effective.

15.7 Institutional Sellers' Non-solicit

- (a) Except pursuant to a general media solicitation not targeted at any individual employee, from the date of this Agreement until 15 months after Completion, each Institutional Seller shall ensure that it and its Relevant Affiliates (excluding any portfolio companies of, or a shareholder, member or limited partner in, such Relevant Affiliates) shall not (whether alone, jointly with another, directly or indirectly) take any active steps to (directly or indirectly) request any portfolio company in its Institutional Seller's Group to hire, offer to employ or seek to entice away from any Group Company any Covenantor and Emma Crepeau (provided that such person was employed by a Group Company in the six (6) months prior to the relevant breach of this Clause 15.7). For the avoidance of doubt, Associated British Foods plc shall be deemed to be a portfolio company of Wittington Investments Limited for the purposes of this Clause 15.7.
- (b) Each Institutional Seller acknowledges that the restrictions contained in this Clause 15.7 are no greater than is reasonable and necessary for the protection of the Purchaser's legitimate interests as the purchaser of the Institutional Shares owned by that Institutional Seller. If any of these restrictions are held to be invalid or unenforceable, but would be valid and enforceable if part of the wording of the restriction were deleted, the restriction shall apply with such modifications as are necessary to make it valid and enforceable.

15.8 The covenants in this Clause 15 may be enforced by any Group Company (for so long as it is a member of the Purchaser Group and the Company's Group) against the relevant Institutional Seller(s) and/or the Covenantors (as the case may be) under the Contracts (Rights of Third Parties) Act 1999.

16. GUARANTEE

16.1 In consideration of the Sellers entering into this Agreement and at the request of the Sellers, the Guarantor irrevocably and unconditionally:

- (a) guarantees to each Seller (and to each member of an Institutional Seller's Group) as a continuing and primary obligation that the Purchaser will properly and punctually perform its obligations, commitments and undertakings under or in connection with this Agreement and each Transaction Document; and
- (b) agrees and undertakes that whenever the Purchaser does not pay in whole or in part any amount when due and payable arising under or in connection with this Agreement and/or any Transaction Document, it shall immediately on demand pay that outstanding amount as if the Guarantor was the principal obligor.

16.2 The Guarantor's obligations under Clause 16.1 are primary obligations and not those of a mere surety and shall remain in force notwithstanding any time or indulgence in favour of the Purchaser. The Guarantor's obligations under Clause 16.1 are continuing obligations and shall remain in full force and effect until all payment obligations of the Purchaser arising under or in connection with this Agreement and/or any Transaction Document have been fully and unconditionally discharged and satisfied and all sums payable by the Purchaser to the Sellers in connection with them have been fully paid.

16.3 The Guarantor's liability under this Clause 16 shall not be discharged or impaired by:

- (a) any amendment, variation or assignment of this Agreement or any other Transaction Document (however fundamental) or any waiver of its terms;
- (b) time or other indulgence being granted to any of the Purchaser, the Guarantor, any member of the Purchaser's Group or any third party;
- (c) any intermediate payment or discharge;
- (d) any unenforceability, illegality or invalidity of any obligation of any person under this Agreement or any other Transaction Document;
- (e) any winding up, dissolution, reconstruction, legal limitation, incapacity or lack of corporate power or authority or other circumstances affecting any of the Purchaser, the Guarantor or any member of the Purchaser's Group (or any act taken by any Seller or a member of its Group in relation to any such event); or
- (f) any other act, omission, event or circumstance (whether or not known to any Seller or any member of an Institutional Seller's Group) which but for this Clause 16 might prejudice or otherwise affect the liability of the Guarantor under this Clause 16 or any of the rights, powers or remedies conferred upon the Purchaser, the Guarantor or any member of the Purchaser's Group or any Institutional Seller, a member of any Institutional Seller's Group or the Group or by law.

16.4 In consideration of the Sellers entering into this Agreement, as a separate, additional continuing and primary obligation, the Guarantor undertakes to indemnify and keep indemnified the Sellers (and indemnify and keep indemnified each member of an Institutional Seller's Group) against any costs, losses, damages, claims, proceedings and/or disputes suffered or incurred by any of them as a result of any of the Purchaser's or the Guarantor's failure to comply properly and punctually with its obligations, commitments, undertakings and warranties under this Agreement or any Transaction Document or any of the Purchaser's obligations becoming unenforceable, invalid or illegal.

17. EFFECT OF COMPLETION

The terms of this Agreement (insofar as not performed at Completion and subject as specifically otherwise provided in this Agreement) shall continue in force after and notwithstanding Completion.

18. FURTHER ASSURANCES

Each of the parties shall for a period of two (2) years from the Completion Date upon request from any other party do or procure the doing of all acts and/or execute or procure insofar as each is reasonably able the execution of all such documents and in a form reasonably satisfactory to the party concerned for the purpose of transferring to the Purchaser the Shares.

19. ENTIRE AGREEMENT

- 19.1 This Agreement (and each other Transaction Document, together with in each case the relevant ancillary documents thereto) constitutes the whole and only agreement between all of the parties relating to the subject matter of this Agreement and supersedes any prior agreement (whether oral or written) relating to the Proposed Transaction.
- 19.2 Each party acknowledges that in entering into this Agreement it is not relying on any pre-contractual statement which is not set out in this Agreement and/or any other Transaction Document, and each party unconditionally and irrevocably waives any claims, rights or

remedies which any of them might otherwise have had in relation to any pre-contractual statement.

- 19.3 No party shall have any right of action against any other party to this Agreement arising out of or in connection with any pre-contractual statement except to the extent that it is repeated in this Agreement and/or, in the case of the Purchaser and the Management Sellers, the Transaction Documents.
- 19.4 For the purposes of this Clause 19, “**pre-contractual statement**” means any draft, agreement, undertaking, representation, warranty, promise, assurance, covenant, indemnity, commitment or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Agreement made or given by any person at any time prior to the date of this Agreement.
- 19.5 It is expressly acknowledged and agreed by each party that:
- (a) no party shall have any claim or remedy against any other party in respect of any pre-contractual statement made by or on behalf of the other party (or any of its Representatives) in relation to the Proposed Transaction which is not expressly set out in this Agreement, it being understood that the Purchaser shall have certain rights under the Management Warranty Deed against the other parties thereto;
 - (b) any terms or conditions implied by law in any jurisdiction in relation to the Proposed Transaction are excluded to the fullest extent permitted by law or, if incapable of exclusion, any right or remedies in relation to them are irrevocably waived;
 - (c) the only right or remedy of a party in relation to any provision of this Agreement shall be for damages for breach of this Agreement and no party has any right to rescind this Agreement either for breach of contract or for negligent or innocent misrepresentation or otherwise;
 - (d) except for any liability in respect of a breach of this Agreement, no party (or any of its Representatives) shall owe any duty of care or have any liability in tort or otherwise to the other party (or its respective Representatives) in relation to the Proposed Transaction;
 - (e) no party is entering into this Agreement in consequence of or in reliance on any unlawful communication (as defined in section 30(1) of the Financial Services and Markets Act 2000) made by any party or any party’s Representatives;
 - (f) except as expressly provided in this Agreement, each party is entering into this Agreement solely in reliance on its own commercial assessment and investigation of the Proposed Transaction and advice from its own Representatives; and
 - (g) the other parties are entering into this Agreement in reliance on the acknowledgements given in this Clause 19.5.
- 19.6 Nothing in this Clause 19 shall limit the liability of any party in the case of fraud or fraudulent misrepresentation by that party.

20. VARIATIONS

This Agreement may be amended or waived in any manner whatsoever by agreement in writing between the Purchaser and the Lead Institutional Seller, provided that any amendment that purports (i) to reduce the amount of the Share Consideration or Deferred Payment payable in respect of the Institutional Shares held by an Institutional Seller or increase the

obligations or financial liability of an Institutional Seller must be approved in writing by the affected Institutional Seller or (ii) to reduce the amount of the Share Consideration or Deferred Payment payable in respect of the Management Shares or increase the obligations or financial liability of the Management Sellers must be approved in writing by the Management Representative (acting on behalf of such Management Seller(s)).

21. REMEDIES AND WAIVER

- 21.1 Without prejudice to the limitations set out in Clause 9 of this Agreement, no delay or omission by any party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement shall:
- (a) affect that right, power or remedy; or
 - (b) operate as a waiver of it.
- 21.2 The single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not, unless otherwise expressly stated, preclude any other or further exercise of it or the exercise of any other right, power or remedy.
- 21.3 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law, unless the contrary is expressly stated in this Agreement.
- 21.4 The parties agree that irreparable damage may occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties shall be entitled to seek specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which such party is entitled at law or in equity.

22. INVALIDITY

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction:

- (a) the validity, legality and enforceability under the law of that jurisdiction of any other provision; and
 - (b) the validity, legality and enforceability under the law of any other jurisdiction of that or any other provision,
- shall not be affected or impaired in any way.

23. NOTICES

- 23.1 Any notice, demand or other communication given or made under or in connection with the matters contemplated by this Agreement shall be in writing and shall be delivered by hand or by courier or by email:

In the case of an Institutional Seller to the address set out opposite such Institutional Seller's name in Part 1 of Schedule 1 with a copy (which shall not constitute notice) to

Gibson, Dunn & Crutcher UK LLP
Telephone House
2-4 Temple Avenue
London
EC4Y 0HB
United Kingdom
Email: NTomlinson@gibsondunn.com
Attention: Nick Tomlinson

and

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166-0193
United States of America
Email: SShoemate@gibsondunn.com
Attention: Steven Shoemate

In the case of any Management Seller to the address set out opposite such Management Seller's name in Part 2 of Schedule 1 with a copy (which shall not constitute notice) to:

Pinsent Masons LLP
30 Crown Place
Earl Street
London EC2 4ES
United Kingdom

Email: Tom.Leman@pinsentmasons.com
Attention: Tom Leman

and

Gibson, Dunn & Crutcher UK LLP
Telephone House
2-4 Temple Avenue
London EC4Y 0HB
United Kingdom
Email: NTomlinson@gibsondunn.com
Attention: Nick Tomlinson

and

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, New York 10166-0193
United States of America
Email: SShoemate@gibsondunn.com
Attention: Steven Shoemate

In the case of the Guarantor or the Purchaser:

Wolverine World Wide, Inc.
9341 Courtland Drive NE
Rockford, Michigan 49351
United States of America

Email: Kyle.Hanson@wwwinc.com
Attention: Kyle L Hanson, Senior Vice President General Counsel and Secretary

Copy (which shall not constitute notice) to:

Honigman LLP
300 Ottawa Avenue NW
Suite 400
Grand Rapids, Michigan 49503-2308
United States of America

Email: TLarsen@honigman.com
Attention: Tracy Larsen

and

Baker & McKenzie LLP
100 New Bridge Street
London EC4V 6JJ
United Kingdom

Email: Phelim.O'Doherty@bakermckenzie.com / James.Adams@bakermckenzie.com
Attention: Phelim O'Doherty / James Adams

and shall be deemed to have been duly given or made as follows:

- (a) if delivered by hand or by courier, upon delivery at the address of the relevant party; and
- (b) if sent by email, when the email is received by the gateway server of the recipient, provided that the sender does not receive an automated notice of non-delivery,

provided that if, in accordance with the above provisions, any such notice, demand or other communication would otherwise be deemed to be given or made after 6.00 p.m. or not on a Business Day such notice, demand or other communication shall be deemed to be given or made at 9.00 a.m. on the next Business Day.

23.2 A party may notify the other party to this Agreement of a change to its name, relevant addressee, address or email address for the purposes of Clause 23.1, provided that such notification shall only be effective:

- (a) on the date specified in the notification as the date on which the change is to take place; or
- (b) if no date is specified or the date specified is less than five (5) Business Days after the date on which notice is given, the date falling five (5) Business Days after notice of any such change has been given.

24. MANAGEMENT REPRESENTATIVE

24.1 The Management Sellers hereby appoint Mark Smith (being a Management Seller and who hereby confirms that he is willing to act as the Management Seller) to be the representative of the Management Sellers for the purposes described in Clause 24.2 (the "**Management Representative**").

24.2 Each Management Seller hereby irrevocably appoints the Management Representative as his agent (and to the complete exclusion of any rights which the Management Sellers may have in such regard) with full power and authority to act on behalf of the Management Sellers and, in particular, to:

- (a) take (on that Management Seller's behalf) all actions contemplated by the Transaction Documents as being taken either by that Management Seller or by the Management Sellers collectively, including the giving and receiving of notices;
- (b) negotiate (on that Management Seller's behalf) and/or agree and/or settle and/or defend and/or release any claim or agree any other matter referred to or contemplated in the Transaction Documents; and
- (c) to enforce, negotiate, compromise, settle and release on behalf of such Management Sellers any rights and claims which it may have, threaten or pursue against the Purchaser (or any other person) in respect of any breach of, or right under, this agreement or any other Transaction Document,

in each case, as the Management Representative, acting in good faith, consider necessary or desirable. Each Management Seller hereby agrees to be bound by each act, agreement, approval, consent and decision of the Management Representative.

24.3 Any person from time to time appointed as a Management Representative may be removed or replaced at any time by the Management Sellers representing at least a majority of the aggregate number of Shares held by the Management Sellers immediately prior to Completion by notice in writing to the Purchaser, which appointment shall take effect from the date on which such notice is deemed to be served pursuant to Clause 23.1 or such later date as may be specified in the notice.

24.4 In consideration of, among other things, the acceptance of appointment by the Management Representative, each of the Management Sellers:

- (a) agrees to ratify and confirm whatever the Management Representative lawfully does, or causes to be done, under its appointment;
- (b) agrees to indemnify the Management Representative against losses arising in any way in connection with the lawful exercise of all or any of the powers and authorities under its appointment; and
- (c) agrees to deliver to the Management Representative on demand any power of attorney, instrument of transfer or other document as the Management Representative may require for the purposes of giving effect to this Clause 24 or anything entered into or proposed to be entered into by the Management Representative pursuant to its appointment.

24.5 The Management Representative shall not be liable to any Management Seller for any claim whatsoever arising from any act or omission undertaken by the Management Representative in such capacity, save in the case of fraud by the Management Representative, and the Management Representative shall be entitled to enforce this Clause 24.5 under the Contracts (Rights of Third Parties) Act 1999.

25. COUNTERPARTS

This Agreement may be executed in any number of counterparts, which together shall constitute one agreement. Any party may enter into this Agreement by executing a counterpart and this Agreement shall not take effect until it has been executed by all parties.

26. GOVERNING LANGUAGE

Each notice, demand, request, statement, instrument, certificate or other communication under or in connection with this Agreement shall be in English.

27. GOVERNING LAW AND ARBITRATION

- 27.1 This Agreement and any dispute, controversy, proceeding or claim of whatever nature arising out of or in any way relating to this Agreement or its formation (including any non-contractual disputes or claims) shall be governed by and construed in accordance with English law.
- 27.2 Any claim, dispute, controversy or proceedings brought by any one or more of the parties (the “**Initiating Party**”) against any one or more of the other parties (the “**Respondent Party**”), arising from or in connection with this Agreement which cannot be settled amicably by the parties, including one regarding their existence, validity or termination, the legal relationships they establish or the consequences of their nullity, shall be exclusively referred to and finally resolved by arbitration under the Rules of the London Court of International Arbitration (“**LCIA**”) for the time being in force which are deemed incorporated by reference into this Clause 27.2.
- 27.3 The arbitration tribunal will consist of three arbitrators, one arbitrator to be appointed by the Initiating Party, one by the Respondent Party and the third jointly by the Initiating Party and the Respondent Party; provided, however, that if within ten (10) Business Days after the Initiating Party appoints an arbitrator, (i) the Respondent Party shall fail to appoint an arbitrator or (ii) the parties shall fail to agree on such third arbitrator, then the President of the LCIA shall pick such arbitrator on the application by (A) the Initiating Party in the case of sub-clause (i) or (B) either the Initiating Party or the Respondent Party in the case of sub-clause (ii).
- 27.4 The seat of the arbitration will be London, United Kingdom and the language of the arbitration will be English.
- 27.5 The parties waive any right to refer points of law or to appeal to the courts, to the extent that such waiver can validly be made.
- 27.6 The arbitral tribunal will have the power to order on a provisional basis any relief which it would have power to grant in a final award and the parties confirm that they opt out of the emergency arbitrator provisions under the Rules of the London Court of International Arbitration.

28. THIRD PARTY RIGHTS

- 28.1 Except as expressly provided in this Agreement, no person (other than the parties to this Agreement) who is given any rights or benefits under this Agreement (a “**Third Party**”) shall be entitled to enforce any of those rights or benefits against the parties in accordance with the Contracts (Rights of Third Parties) Act 1999.
- 28.2 The parties may amend, vary or terminate this Agreement in such a way as may affect any rights or benefits of any Third Party which are directly enforceable against the parties under the Contracts (Rights of Third Parties) Act 1999 without the consent of such Third Party.
- 28.3 Any Third Party entitled pursuant to the Contracts (Rights of Third Parties) Act 1999 to enforce any rights or benefits conferred on it by this Agreement may not veto any amendment, variation or termination of this Agreement which is proposed by the parties and which may affect the rights or benefits of the Third Party.

29. LEGAL REPRESENTATION

- 29.1 The Purchaser, on behalf of itself and the Purchaser Group, acknowledges and agrees that Gibson, Dunn & Crutcher LLP and Gibson, Dunn & Crutcher UK LLP (“**Gibson Dunn**”) have acted as counsel for the Institutional Sellers and the Company, and Pinsent Masons LLP (“**Pinsent Masons**” and, together with Gibson Dunn, “**Legal Counsel**”) have acted as counsel for the Management Sellers, each in connection with this Agreement and the Proposed Transactions (the “**Acquisition Engagement**”), and in connection with this Agreement and the transactions contemplated hereby, neither Gibson Dunn nor Pinsent Masons have acted as counsel for any other person, including the Purchaser.
- 29.2 Only the Institutional Sellers and the Company and their respective Affiliates shall be considered clients of Gibson Dunn in the Acquisition Engagement. Only the Management Sellers and their respective Affiliates shall be considered clients of Pinsent Masons in the Acquisition Engagement. The Purchaser, on behalf of itself and the Purchaser Group acknowledges and agrees that all confidential communications between the Sellers, the Company and their respective Affiliates, on the one hand, and Gibson Dunn or Pinsent Masons, on the other hand, in the course of the Acquisition Engagement, and any attendant legal or professional privilege, work product protection, and expectation of client confidentiality applicable thereto, shall be deemed to belong solely (in the case of communications with Gibson Dunn) to the Institutional Sellers and its Affiliates (other than any Group Company) or (in the case of communications by the Management Sellers with Pinsent Masons) to the Management Sellers and their respective Affiliates (other than any Group Company), and not any Group Company, and shall not pass to or be claimed, held, or used by the Purchaser or any Group Company upon or after the Completion. Accordingly, the Purchaser shall not have access to any such communications, or to the files of Legal Counsel relating to the Acquisition Engagement, whether or not the Completion occurs. Without limiting the generality of the foregoing, upon and after the Completion, (i) to the extent that files of Legal Counsel in respect of the Acquisition Engagement constitute property of the client, the Institutional Sellers and its Affiliates shall hold such property rights in the case of the files of Gibson Dunn and the relevant Management Sellers shall hold such property rights in the case of the files of Pinsent Masons held solely in respect of such Management Seller, and (ii) Legal Counsel shall have no duty whatsoever to reveal or disclose any such attorney-client communications or files to the Company or the Purchaser by reason of any attorney-client relationship between such Legal Counsel and any Group Company or otherwise; provided, however, that notwithstanding the foregoing, Legal Counsel shall not disclose any such attorney-client communications or files to any third parties (other than representatives, accountants and advisors of any Seller and its Affiliates; provided that such representatives, accounts and advisors are instructed to maintain the confidence of such attorney-client communications). The Purchaser, on behalf of itself and the Purchaser Group irrevocably waives any right it may have to discover or obtain information or documentation relating to the Acquisition Engagement, to the extent that such information or documentation was subject to legal or professional privilege, work product protection or other expectation of confidentiality owed to any Seller and/or its Affiliates. If and to the extent that, at any time after Completion, the Purchaser or any member of the Purchaser Group shall have the right to assert or waive any attorney-client privilege with respect to any communication between any Group Company and any person representing them that occurred at any time prior to the Completion, the Purchaser, on behalf of itself and the Purchaser Group shall be entitled to waive such privilege only with the prior written consent of the Institutional Sellers (such consent not to be unreasonably withheld).
- 29.3 The Purchaser, on behalf of itself and the Purchaser Group acknowledges and agrees (i) that Gibson Dunn has acted as counsel for the Institutional Sellers and its Affiliates for several years and that the Institutional Sellers reasonably anticipate that Gibson Dunn may continue to represent it and/or its Affiliates in future matters and (ii) Pinsent Masons has acted as counsel for the Management Sellers, the Group Companies and their respective Affiliates for several years and that the Management Sellers and the Group Companies reasonably

anticipate that Pinsent Masons may continue to represent any one or more them, and/or their respective Affiliates, in future matters. Accordingly, the Purchaser, on behalf of itself and the Purchaser Group expressly:

- (a) (i) consents to Gibson Dunn's representation of the Institutional Sellers and/or its Affiliates and/or any of their respective agents (if any of the foregoing persons so desire) in any matter, including, without limitation, any post-Completion matter in which the interests of the Purchaser and any Group Company, on the one hand, and an Institutional Seller or any of its Affiliates, on the other hand, are adverse, including any matter relating to the transactions contemplated by this Agreement, and whether or not such matter is one in which Gibson Dunn may have previously advised such Institutional Seller, any Group Company or their respective Affiliates; and (ii) consents to the disclosure by Gibson Dunn to any Institutional Seller or its Affiliates of any information learned by Gibson Dunn in the course of its representation of the Sellers, any Group Company or their respective Affiliates, whether or not such information is subject to legal or professional privilege, attorney work product protection, or Gibson Dunn's duty of confidentiality; and
- (b) (i) consents to Pinsent Mason's representation of the Management Sellers and/or its Affiliates and/or any of their respective agents (if any of the foregoing persons so desire) in any matter, including, without limitation, any post-Completion matter in which the interests of the Purchaser and any Group Company, on the one hand, and a Management Seller or any of its Affiliates, on the other hand, are adverse, including any matter relating to the transactions contemplated by this Agreement, and whether or not such matter is one in which Pinsent Masons may have previously advised such Management Seller, any Group Company or their respective Affiliates; and (ii) consents to the disclosure by Pinsent Masons to its instructing Management Seller of any information learned by Pinsent Masons in the course of its representation of such Management Sellers, any Group Company or their respective Affiliates, whether or not such information is subject to legal or professional privilege, attorney work product protection, or Pinsent Mason's duty of confidentiality.

29.4 The Purchaser, on behalf of itself and the Purchaser Group further covenants and agrees that each shall not assert any claim against Legal Counsel in respect of legal services provided to any Group Company by such Legal Counsel in connection with this Agreement or the transactions contemplated hereby (except to the extent provided in any reliance letter between such Legal Counsel and the Purchaser in respect of the relevant Due Diligence Report prepared by it).

29.5 From and after the Completion, each Group Company shall cease to have any lawyer-client relationship with Legal Counsel, unless and to the extent Legal Counsel is expressly engaged in writing by such Group Company to represent it after the Completion and either in the case of Gibson Dunn (i) such engagement involves no conflict of interest with respect to an Institutional Seller and/or any of its Affiliates or (ii) the affected Institutional Seller and/or any such Affiliate, as applicable, consent in writing to such engagement or in the case of Pinsent Masons (i) such engagement involves no conflict of interest with respect to the relevant Management Seller or (ii) the affected Management Seller consents in writing to such engagement. Any such representation of a Group Company by Legal Counsel after the Completion shall not affect the foregoing provisions hereof. Furthermore, Legal Counsel, in its sole discretion, shall be permitted to withdraw from representing a Group Company in order to represent or continue so representing a Seller, as the case may be.

29.6 The Sellers and the Purchaser consent to the arrangements in this Clause 29 and waive any actual or potential conflict of interest that may be involved in connection with any representation by any Legal Counsel permitted hereunder.

29.7 Each Legal Counsel shall be entitled to enforce this Clause 29 under the Contracts (Rights of Third Parties) Act 1999.

AS WITNESS whereof, this Agreement has been executed on the date first above written.

SCHEDULE 1

THE SELLERS

PART 1

THE INSTITUTIONAL SELLERS

(1) Institutional Seller	(2) Address	(3) Email	(4) Number and class of Shares
CGP2 SB Investment, L.P., a limited partnership established in Scotland, acting through its general partner CGP2 Caledonia AIV GP, LLP, with limited partnership number SL18721, whose registered office is at 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ, Scotland, United Kingdom			638,595 A1 Ordinary Shares 150,181 A2 Ordinary Shares
Wittington Investments Limited, a private limited company incorporated in England and Wales with registered number 00366054, whose registered office is at Weston Centre, 10 Grosvenor Street, London W1K 4QY, England, United Kingdom			297,066 A1 Ordinary Shares 66,521 A2 Ordinary Shares 26,724 B1 Ordinary Shares

PART 2

THE MANAGEMENT SELLERS

(1) Management Seller	(2) Address	(3) Email
Tamara Hill-Norton		
Simon Hill-Norton		
Emma Thornton		
Jemma Cassidy		
Mark Smith		

Erika Serow		
Julia Straus		
Annabel Thorburn		
Susan Pickering		
Jennifer Fletcher-Kay		
Emma Crepeau		
Daniel Nicholson		
Christina Acklam		
Casey Byrne		
Victoria Munro		
Rachel Payne		
Deborah Bingham		
Laura Gardener		

SCHEDULE 2

PRE-COMPLETION

PART 1

PRE-COMPLETION CONDUCT

No Group Company shall:

1. amend its articles of association, or pass any resolution that is inconsistent with their provisions;
2. resolve to change its name or to alter its Constitutional Documents to any material extent;
3. pass any resolution in a general meeting or by way of written resolution including, without limitation, any resolution for winding up, or to capitalise any profits or sum standing to the credit of the share premium account, capital redemption reserve fund or any other reserve;
4. create, allot, issue, acquire, repay, redeem, reduce or repurchase any share capital of any Group Company or agree to do so or acquire or agree to acquire any share or other interest in any corporate body;
5. create, issue, redeem or grant any option or right to subscribe for any share capital or loan capital or agree to do so;
6. declare, make or pay any dividend or other distribution to its shareholders;
7. voluntarily liquidate any subsidiary undertaking wholly owned by it;
8. amend the terms of any of the Existing Facilities;
9. transfer all or any material part of its business or assets to any other Group Company, other than in the ordinary course of trading;
10. acquire or dispose of, or agree to acquire (by merger, consolidation, or acquisition of shares or assets) or dispose of, any revenues, assets, business or undertakings having a value in excess of £250,000 individually or £500,000 in aggregate or assume or incur, or agree to assume or incur, a liability, obligation or expense (actual or contingent) other than in the ordinary course of business;
11. make any material alteration to the nature of the Group's business as a whole;
12. enter into, terminate or fail to renew any agreement, incur any commitment not in existence at the date of this Agreement, or materially change the terms of any contract involving any income or capital expenditure (only to the extent not reflected in the Group's budget or business plan):
 - (a) in excess of £250,000; or
 - (b) which, together with all other capital and income commitments entered into between the date of this Agreement and Completion, exceeds £500,000,in each case exclusive of VAT;
13. save as required by law:

- (a) make any material amendment to the terms and conditions of employment (including, without limitation, remuneration, pension entitlements and other benefits) of any Senior Employee (other than pursuant to the terms of their employment or service agreements);
 - (b) dismiss any Senior Employee save for circumstances where the relevant employer Group Company is entitled to terminate such employment relationship for cause; or
 - (c) engage or appoint any additional Senior Employee;
14. take any voluntary action to accelerate either the vesting or the payment of any compensation or benefits payable to any Senior Employee;
 15. amend, modify, terminate, waive, suspend or supplement any existing benefit plan or collective arrangements, or enter into any new material benefit plan or collective arrangement;
 16. establish, adopt, enter into, implement, modify or terminate any arrangements with any works council (or similar body);
 17. recognise or certify any new works council (or similar body) as the bargaining representative for its employees outside of the ordinary course not consistent with past practice;
 18. incur any additional borrowings (other than in the ordinary course of business or pursuant to the Existing Facilities);
 19. make any loan (other than credit extended in the ordinary course of trading, not exceeding £100,000 in aggregate);
 20. create any Encumbrance over any of its assets or undertaking other than in the ordinary course of business or as provided in respect of Existing Facilities;
 21. enter into any guarantee or indemnity other than in the ordinary course of business;
 22. enter into any contract or arrangement that prohibits or will prohibit it from engaging in the business of the Group as conducted on the date of this Agreement in competition with third parties anywhere in the world under any non-competition provisions;
 23. implement any mass employee layoffs, collective dismissals or any other mass reduction in force, early retirement programme, buyout or other voluntary or involuntary employment termination programme, provided that the terms of this paragraph shall not prohibit (i) the termination of individual employees, officers or directors for cause in the ordinary course of business consistent with past practice or (ii) any other matter in the ordinary course of business and consistent with past practice over the 24 months preceding the date of this Agreement;
 24. cancel, terminate, or materially reduce the insurance coverage or the amount of insurance coverage of the Group or any Group Company as is maintained at the date of this Agreement;
 25. apply any insurance proceeds received in any manner other than to the reinvestment in or purchase of a replacement of or repair of the relevant asset;
 26. change its accounting reference date;
 27. change its residence for Tax purposes or establish an office or branch outside of a jurisdiction in which it already has an office, branch or tax residence for any Tax purposes;

28. seek or agree to any material Tax ruling or file any material Tax return, claim, election or other document relating to Tax outside of the ordinary course on a basis materially inconsistent with past practice or materially alter its Tax reporting or payment practices, in all cases save as required to comply with any applicable laws or generally accepted practice;
29. take any voluntary action or make any omission which results in a Group Company becoming a member of or ceasing to belong to, or any change in the terms on which a Group Company belongs to, a consolidation, group, unity, loss sharing arrangement or similar arrangement for any Tax purposes (except, for the avoidance of doubt, any such arrangement which exists between a Group Company and the Sellers and which ceases or terminates as a result of the entering into or consummation of the transactions contemplated by this Agreement);
30. institute, compromise or settle any legal or arbitration proceedings where the amount claimed by or against the Group Company is anticipated to exceed £250,000; or
31. authorise or agree, whether in writing or otherwise, to do any of the foregoing.

PART 2

PERMITTED ACTIONS

1. Any actions, transactions, conduct or omissions required to be undertaken to comply with an applicable legal or regulatory requirement, provided that the Lead Institutional Seller shall cause the Company, to the extent practicable, to give notice to the Purchaser and consult with the Purchaser in good faith prior to taking any such action (and if prior notice is not reasonably practicable, the Lead Institutional Seller shall cause the Company to give notice on behalf of the relevant Group Company to the Purchaser promptly after such action has been taken).
2. Any matter reasonably undertaken by any Group Company in an emergency or disaster situation with the intention of minimising any adverse effect of such situation (provided that the Lead Institutional Seller shall cause the Company to give notice on behalf of the relevant Group Company to the Purchaser promptly after such action has been taken).
3. The completion or performance of any obligations undertaken pursuant to any contract or arrangement entered into by any Group Company prior to or on the date of this Agreement and disclosed to the Purchaser in the Data Room.
4. Any payment of any amount of Permitted Leakage.
5. Any payment or repayment of any amount of the CJRS Amount and/or the Hospitality Grant (Rent) Repayment.
6. All transactions, actions, conduct or omissions contemplated by this Agreement and the other Transaction Documents.
7. The termination of any agreements, arrangements or understanding between an Institutional Seller's Group and the Group.
8. The release of existing security granted by the Group in connection with the Existing Facilities.
9. The repayment or prepayment of any amounts as and when due under the Existing Facilities.
10. The completion or performance by a Group Company of its obligations, or exercise of its rights, in respect of any employment arrangements between a Senior Employee and the Group.

SCHEDULE 3

COMPLETION ARRANGEMENTS

PART 1

SELLER OBLIGATIONS

1. At Completion:

- (a) each Institutional Seller will deliver (or cause to be delivered) to the Purchaser (or make available to the Purchaser):
 - (i) share transfer forms in respect of the Institutional Shares held by such Institutional Seller duly executed in favour of the Purchaser, together with the share certificate(s) for such Institutional Shares (which shall be deemed made available, to the extent held, at the relevant offices of each Group Company) or an indemnity in the agreed form in the case of any missing share certificate(s);
 - (ii) executed powers of attorney in the agreed form duly executed in favour of the Purchaser to enable the Purchaser to exercise all rights attaching to the Institutional Shares set out opposite its name in column (4) of Part 1 of Schedule 1 until the Purchaser becomes the registered holder of them;
 - (iii) one or more duly executed counterparts of the SHA Termination Deed to which such Institutional Seller is a party; and
 - (iv) such resignations of directors of Group Companies that were appointed by such Institutional Seller as shall have been requested by the Purchaser in writing at least five (5) Business Days before the Completion Date, provided that each such resignation shall be effective and conditional upon Completion having taken place.
- (b) the Management Representative will deliver (or cause to be delivered) to the Purchaser (or make available to the Purchaser) in respect of each Management Seller:
 - (i) share transfer forms in respect of the Management Shares held by such Management Seller duly executed in favour of the Purchaser, together with the share certificate(s) for such Management Shares (which shall be deemed made available, to the extent held, at the relevant offices of each Group Company) or an indemnity in the agreed form in the case of any missing share certificate(s);
 - (ii) executed powers of attorney in the agreed form duly executed in favour of the Purchaser to enable the Purchaser to exercise all rights attaching to the Management Shares held by such Management Seller (as set forth in the Allocation Side Letter in respect of such Management Seller) until the Purchaser becomes the registered holder of them;
 - (iii) one or more duly executed counterparts of the SHA Termination Deed to which such Management Seller is a party;
 - (iv) to the extent applicable, such resignations by such Management Seller in the capacity as a director of such Group Companies (other than those delivered pursuant to Paragraph 1(a)(iv) above) as shall have been requested by the Purchaser in writing at least five (5) Business Days before the Completion

Date, provided that each such resignation shall be effective and conditional upon Completion having taken place; and

(v) a copy of the executed power of attorney under which any Transaction Document has been or is to be executed by such Management Seller; and

(c) the Institutional Sellers and the Management Representative will:

(i) make available to the Purchaser, to the extent not held at either the relevant offices of each Group Company or the offices of such Group Company's legal counsel, the books or records of each Group Company; and

(ii) to the extent not previously provided, procure that the Group Companies deliver to the Purchaser a copy of a written waiver from HSBC UK Bank PLC of its right to require any Group Company to repay or prepay and to cancel the HSBC RCF Facility as a result of the change of control on Completion of the Proposed Transaction under this Agreement.

2. At Completion, the Institutional Sellers and the Management Representative shall provide the Purchaser with copies of resolutions passed by shareholders and the board of directors, as applicable, whereby the shareholders or the directors, as the case may be:

(a) in the case of the Company, vote in favour of the transfer of the Shares and effective on Completion the registration and the entry of the Purchaser (or its nominee) into the register of members of the Company as holder of the Shares, in each case subject only to the transfers being duly stamped;

(b) accept the resignations referred to in Paragraphs 1(a)(iv) and (b)(iv) above with effect so as to take effect from Completion and to appoint such persons as the Purchaser shall nominate in their place; and

(c) revoke all existing bank mandates for the operation of the bank accounts of the Group to the extent required by the Purchaser and notified in writing to the Institutional Sellers and the Management Representative before the date of this Agreement, and to issue new mandates giving authority to those persons nominated by the Purchaser.

PART 2

PURCHASER OBLIGATIONS

1. At Completion, the Purchaser shall:

(a) pay the Share Consideration to the Sellers in the manner required by Clause 12 in the amounts specified and to the bank account(s) set out in the Completion Schedule;

(b) for and on behalf of the Group, pay or procure that there is paid by way of electronic transfer (for same day value) any Disclosed Seller Transaction Costs (and any other Seller Transaction Costs notified in a Deferred Completion Schedule served under Clause 5.4(a) or Clause 5.5) (together with any VAT thereon to the extent not already taken into account in the calculation of such Disclosed Seller Transaction Costs or other Seller Transaction Costs) that have not been paid prior to Completion; and

(c) deliver (or cause to be delivered) to the Lead Institutional Seller and the Management Representative:

- (i) a copy of a resolution (certified by a duly appointed officer as true and correct) of the board and/or supervisory board and/or general meeting of shareholders (as necessary to provide valid authorisation) of directors of the Purchaser (or, if required by the law of its jurisdiction or its Constitutional Documents, of its shareholders) (i) authorising the execution of and the performance by the relevant company of its obligations under this Agreement and each of the Transaction Documents to be executed by it and (ii) granting full and final discharge to the resigned directors of Group Companies referred to in Paragraphs 1(a)(iv) and (b)(iv) of Part 1 of this Schedule; and
- (ii) (to the extent not previously delivered) a certified extract of the W&I Policy containing an irrevocable and unconditional waiver of all rights of subrogation the W&I Insurers may otherwise have against any Seller, any Related Person of a Seller, the Group and their respective directors, officers, employees, agents, advisers and representatives, save in the case of fraud of the relevant person against whom a claim could otherwise be made.

PART 3

GENERAL

1. The Lead Institutional Seller, the Management Representative and the Purchaser shall negotiate in good faith with a view to agreeing before the Completion Date the final form of any Transaction Document which is not in agreed form at the date of this Agreement.
2. All documents and items delivered at Completion shall be held by the recipient to the order of the person delivering the same until such time as Completion shall take place.

EXECUTION

INSTITUTIONAL SELLERS

Signed by **CATTERTON CALEDONIA 1 LIMITED** for and on behalf of **CGP2 CALEDONIA AIV GP, LLP** in its capacity as general partner of **CGP2 SB INVESTMENT, L.P.**

/s/ Jonathan Owsley

Jonathan Owsley
Authorised signatory for Catterton
Caledonia 1 Limited

Signed by **CHARLES MASON** for an on behalf of **WITTINGTON INVESTMENTS LIMITED**

/s/ Charles Mason

Director

[SPA – Signature Page]

MANAGEMENT SELLERS

Signed by **TAMARA HILL-NORTON**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **SIMON HILL-NORTON**
acting by his duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **MARK SMITH**

/s/ Mark Smith

Signed by **JULIA STRAUS**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **EMMA THORNTON**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **JEMMA CASSIDY**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **ERIKA SEROW**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **ANNABEL THORBURN**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **SUSAN PICKERING**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **JENNIFER FLETCHER-KAY**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **EMMA CREPEAU**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **DANIEL NICHOLSON**
acting by his duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **CHRISTINA ACKLAM**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **CASEY BRYNE**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **VICTORIA MUNRO**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **RACHEL PAYNE**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **DEBORAH BINGHAM**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

Signed by **LAURA GARDNER**
acting by her duly appointed attorney **MARK SMITH**

/s/ Mark Smith

[SPA – Signature Page]

PURCHASER

Signed by **MICHAEL STORNANT**
for and on behalf of
WOLVERINE OUTDOORS, INC.

/s/ Michael D. Stornant

Michael D. Stornant
President and Treasurer

[SPA – Signature Page]

GUARANTOR

Signed by **MICHAEL STORNANT**
for and on behalf of
WOLVERINE WORLD WIDE, INC.

/s/ Michael D. Stornant

Michael D. Stornant
Senior Vice President, Chief Financial Officer
and Treasurer

[SPA – Signature Page]

31 July 2021

THE WARRANTORS

- and -

WOLVERINE OUTDOORS, INC.

MANAGEMENT WARRANTY DEED

in relation to
LADY OF LEISURE INVESTCO LIMITED
and
its Subsidiaries

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THIS MANAGEMENT WARRANTY DEED (this “**Deed**”) is entered into as a deed on 31 July 2021

BETWEEN:

- (1) **EACH OF THE PERSONS LISTED IN SCHEDULE 4** (each a “**Warrantor**” and, collectively, the “**Warrantors**”); and
- (2) **WOLVERINE OUTDOORS, INC.**, a company incorporated in the state of Delaware, United States of America, whose registered address is at 601 Abbot Road, East Lansing, MI 48823, a Delaware corporation (the “**Purchaser**”).

INTRODUCTION:

- (A) The Sellers (as defined in the SPA), the Guarantor (as defined in the SPA) and the Purchaser have concurrently with the execution of this Deed entered into a share purchase agreement (the “**SPA**”) for the sale and purchase of the Shares (as defined therein) of the Company (the “**Proposed Transaction**”).
- (B) The Warrantors have agreed to enter into this Deed to provide certain warranties in respect of the business of the Group as carried out as at the date of this Deed subject to and on the terms set out herein.

THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Deed the following words and expressions and abbreviations have the following meanings, unless the context otherwise requires:

“**Affiliate**” means any person Controlling, Controlled by or under common Control with such person;

“**Accounts**” means the audited consolidated financial statements of the Group for the twelve month period ended on the Accounts Date;

“**Accounts Date**” means 28 December 2020;

“**Anti-Bribery Laws**” means any Applicable Law that relates to anti-money laundering, bribery, corruption or international trade sanctions, including but not limited to the Proceeds of Crime Act 2002, the Bribery Act 2010 in England and Wales, the Money Laundering Control Act of 1986, the Foreign Corrupt Practices Act of 1977 (as amended by the Foreign Corrupt Practices Act Amendments of 1988 and 1998) in the United States of America, and the trade sanctions administered by the U.S. government (including, without limitation, the Department of the Treasury’s Office of Foreign Assets Control, the Department of State or the Department of Commerce), the United Nations Security Council, the United Kingdom or the European Union; or to the extent relevant to the applicable person or company;

“**Applicable Law**” means any statute, regulation, by-law, legislation, rule, ordinance, subordinate legislation or other legally binding measure of any Governmental Body in force from time to time to the extent applicable to a Group Company, a party or the transactions contemplated herein;

“**Business Day**” means a day (other than a Saturday or a Sunday) on which banks are open for business in London, UK and New York, NY;

“**Business IP**” means all Intellectual Property owned by the Group Companies;

“**Claim**” means any claim made against the Warrantors for a breach of any of the Warranties including any Warranty Claim and any Tax Warranty Claim;

“**Companies Act**” means the Companies Act 2006 and any regulations or subordinate legislation enacted thereunder;

“**Company**” means Lady of Leisure InvestCo Limited, a private limited company incorporated in England and Wales with registered number 09325233, whose registered office is at Fulham Green, 69-79 Fulham High Street, London SW6 3JW, United Kingdom;

“**Company’s Deal Team**” means Tamara Hill-Norton (Founder), Simon Hill-Norton (Founder and Chairman), Angharad Carter-Clout (Finance Director) and Jemma Cassidy (CPO) in such capacities as directors, senior officers or senior employees of the Group (and without personal liability);

“**Completion**” means completion of the Proposed Transaction in accordance with the terms of the SPA;

“**Completion Date**” has the meaning given to it in the SPA;

“**Confidential Information**” has the meaning given to it in the SPA;

“**Contract**” means any written or oral agreement, contract, arrangement or commitment, in each case, that is legally binding (and in each case, including any amendments and modifications thereto).

“**Control**” means (i) the legal or beneficial ownership, directly or indirectly, of more than fifty per cent. (50%) of the share capital or other ownership interests of any person, (ii) the ability, directly or indirectly, to appoint half or more of the board or other controlling body of any person, or (iii) the ability, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise to direct or cause the direction of the management and policies of any person. A person shall be deemed to direct or cause the direction of the management and policies of a person if the consent or approval of such person is required with respect to all or substantially all major decisions (and “**Controlled**” and “**Controlling**” shall be construed accordingly);

“**Covered Person**” means any person who was, at any time prior to the Completion Date, director, officer, employee, agent, advisor or representative of a Seller, any Related Person of the Seller or any member of the Group;

“**Data Protection Legislation**” means any Applicable Law which relates to the protection of individuals with regards to the processing of personal data, including but not limited to the Privacy and Electronic Communications Regulations 2003, the Data Protection Act 2018 and the General Data Protection Regulation 2016/679 (“**GDPR**”) as each is amended in accordance with the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019 (as amended by SI 2020 no. 1586) and incorporated into UK law under the UK European Union (Withdrawal) Act 2018, to be referred to as “**PECR**”, “**DPA 2018**” and the “**UK GDPR**”;

“**Data Room**” has the meaning given to it in the SPA;

“**Disclosed Scheme**” means the pension schemes and arrangements of the Group Companies, details of which are contained in folder 'Sigma Q&A', '88 Pension information' of the Data Room;

"**Disclosure Letter**" has the meaning given to it in the SPA;

"**Encumbrance**" means a mortgage, lien, charge, claim, option, equity, power of sale, pledge, hypothecation, retention of title, right of first refusal, right of pre-emption or other encumbrance or right exercisable by a third party having similar effect;

"**Event**" means any payment, act, arrangement, transaction or any other occurrence including the execution and completion of this Deed and the SPA. Any reference to an Event occurring on or before a particular date shall include Events that, for Tax purposes, are deemed to have, or are treated or regarded as having, occurred on or before that date;

"**Environment**" means the natural and man-made environment and all or any of the following media, being land and soil (including without limitation under buildings or other structures, and whether above or below ground), water (including, without limitation, water under or within land or within pipes, drains or sewers) and air, wherever situate and whether alone or in combination and all human or plant, animal life and living organisms (including the ecosystems which support them or which are supported by such media);

"**Environmental Damage**" means any pollution or contamination to the Environment caused by, related to or arising from or in connection with the presence, generation, use, handling, processing, treatment, storage, transportation, disposal or release of any Hazardous Substances and any other liability of any Group Company arising from or relating to any violation of or liability under any Environmental Law;

"**Environmental Document**" means: (a) any environmental study, evaluation or investigation relating to the assets, property or operations of any Group Company or any of its predecessors, including: (i) any Phase I or Phase II (or subsequent phase) studies and investigations; (ii) documents and information related to any improvements or buildings on any real property; and (iii) any testing, sampling, analysis, digging, boring, removing soil, relocating of soil or preparation of baseline environmental assessments relating to the Environment or any real property; (b) consent agreements, inspection reports, letters and notices of violation and related correspondence with any Governmental Body; and (c) other documents materially bearing on Liabilities of a Group Company.

"**Environmental Laws**" means any Applicable Laws relating to the protection of the Environment or human health or worker safety or the control, prevention or remediation of Environmental Damage, in each case which have legal force and effect at the date of this Deed;

"**Environmental Licences**" means any License obtained, granted or required, at any time by any Group Company and/or in relation to the business carried on by any Group Company pursuant to any Environmental Laws;

"**Existing Facilities**" has the meaning given to it in the SPA;

"**Fairly Disclosed**" means any fact, matter, event or circumstance which is disclosed in sufficient detail to enable a reasonable purchaser to identify the nature and scope of the fact, matter, event or circumstance so disclosed;

"**Governmental Body**" means any: (a) nation, state, county, city, town, village, district or other governmental jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, commission, board, instrumentality, official or entity and any court or other tribunal); or (e) body exercising, or entitled to exercise, any

administrative, executive, judicial, legislative, police, regulatory function or any Taxing Authority;

“**Group**” means the Company and its Subsidiaries;

“**Group Company**” means any member of the Group, and “**Group Companies**” means all or any of them;

“**Hazardous Substances**” means any solid, liquid, gas, noise and any other substance or thing that causes or may cause harm (alone or in combination with any other substance) to the Environment or human health or worker safety, including any substance regulated under any Environmental Law;

“**Indebtedness**” of any person means, without duplication, (i) the principal, accreted value, accrued and unpaid interest, prepayment and redemption premiums or penalties (if any), unpaid fees or expenses and other monetary obligations in respect of (A) indebtedness of such person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such person is responsible or liable (including any seller notes, deferred purchase price obligations or earnout obligations issued or entered into in connection with any acquisition undertaken by such person); (ii) all Liabilities of such person to reimburse any bank or other person in respect of amounts paid under a letter of credit, banker’s acceptance or similar instrument; and (iii) any accrued interest, prepayment premiums or penalties, breakage costs and expenses relating to the payment or redemption of any of the foregoing;

“**Institutional Seller**” has the meaning given to it in the SPA;

“**Intellectual Property**” means know-how, patents, trademarks, service marks, logos, get-up, trade names, internet domain names rights in designs, copyright (including rights in computer software) and moral rights, database rights, semi-conductor topography rights, utility models, rights in know-how, and all other intellectual property rights, in each case whether registered or unregistered and including applications for registration, and all rights or forms of protection having equivalent or similar effect anywhere in the world;

“**IT Systems**” means all hardware and software which are material to the business operations of the Group and which are used by any Group Company;

“**Lead Institutional Seller**” has the meaning given to it in the SPA;

“**Liability**” means any debt, liability or obligation (whether direct or indirect, matured or contingent, liquidated or unliquidated, or due or to become due);

“**License**” means any permit, license, approval, permission, concessions, consent, notice, waiver, qualification, filing, registration, exemption or authorization by or of, or registrations with, any Governmental Body.

“**Locked-Box Accounts**” has the meaning given to it in the SPA;

“**Locked-Box Date**” has the meaning given to it in the SPA;

“**Management Accounts**” means the unaudited consolidated management accounts of the Group for the period from 29 March 2021 to 31 May 2021, which are contained in folder 3.5 of the Data Room;

“**Material Contract**” means other than the leases or occupational agreements relating to the Properties each of the following Contracts that a Group Company is party to or bound by:

- (a) any Contract pursuant to which the Group has a benefit or obligation with an aggregate contract value in excess of £150,000 per annum;
- (b) any Contract concerning the sale or acquisition (by merger, purchase or sale of assets or stock or otherwise) of a material business or a portion thereof or material assets relating thereto consummated within the preceding three years, including any Contract pursuant to which any Group Company is, or may become, obligated to pay any amount in respect of an “earn-out” or other form of deferred or contingent consideration in excess of £150,000 per annum;
- (c) any Contract between any Group Company, on the one hand, and any of the Sellers, or any of their respective Relevant Affiliates (excluding any other Group Company), on the other hand (save for the employment or services agreements of each Management Seller and the Shareholders' Agreement); and
- (d) any Contract with a Governmental Body;

"Material Customer" means the top ten largest customers of the Group taken as a whole (based on the total amount of revenues from such customer for the 12 month period ended 31 December 2019, 31 December 2020 and during the five month period ending 31 May 2021;

"Material Supplier" means:

- (a) the ten largest current product and material vendors of the Group Companies taken as a whole based on purchase volume in the 12 month period prior to the date of this Deed;
- (b) the ten largest product and material vendors with whom the Group Companies taken as whole have as at the date of this Deed placed orders for the quarterly financial periods of the Group ending on 31 December 2021 and 31 March 2022; and
- (c) the five largest current service providers to the Company (other than in respect of the Proposed Transaction) based on purchase volume in the 12 month period prior to the date of this Deed;

"Personal Data" has the same meaning as the term “personal data” under the UK GDPR;

"Proceeding" means any action, arbitration, tribunal, claim, litigation, proceeding or lawsuit (whether civil, criminal or administrative) commenced, brought, conducted or heard by or before any Governmental Body or any arbitrator;

"Properties" means the leasehold, occupational or other interest of any Group Company in any real property, particulars of which are set out in folder 5.1 of the Data Room, and **"Property"** means any one of them;

"Proposed Transaction" has the meaning given to it in the Recitals hereto;

"Purchaser Tax Group" means the Purchaser and any company or person which is a member of the same group as the Purchaser for a relevant Tax purpose (but excluding a Group Company);

"Related Person" means:

- (a) in the case of a person that is an undertaking, any Affiliate thereof, in each case from time to time;

- (b) in the case of a person who is an individual, (i) any spouse, domestic partner and/or lineal descendants by blood or adoption of any person or persons acting in its or their capacity as trustee or trustees of a trust of which such individual is the settlor, and (ii) any undertaking Controlled by such individual or one or more persons described in (i) above;
- (c) in the case of a limited partnership, any nominee or trustee of the limited partnership, the partners in that limited partnership or their nominees, any investment manager or investment adviser to the limited partnership, any parent undertaking or subsidiary undertaking of that investment manager or investment adviser and any other investment fund managed or advised by any such person and/or any investor in any fund that directly or indirectly holds interests in the limited partnership; and
- (d) in the case of the Purchaser, its Affiliates and subsidiaries and associated undertakings from time to time and their respective Representatives;

"**Relevant Accounting Standards**" means the United Kingdom Accounting Standards, including the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland;

"**Relevant Affiliates**" has the meaning given to it in the SPA;

"**Relief**" has the meaning given to it in the SPA;

"**Representatives**" means, with respect to any person, the officers, directors, principals, employees, agents, auditors, legal and accounting advisers, bankers, lending sources and other professional advisers of such person;

"**Sellers**" has the meaning given to it in the SPA;

"**Senior Employee**" has the meaning given to it in the SPA;

"**Shares**" has the meaning given to it in the SPA;

"**Shareholders' Agreement**" has the meaning given to it in the SPA;

"**SPA**" has the meaning given to it in the Recitals;

"**Subsidiary**" means the direct and indirect subsidiary undertakings of the Company as set out at Part 2 of Schedule 1 and
"**Subsidiaries**" means all those subsidiary undertakings;

"**Tax**" or "**Taxation**" has the meaning given to it in the SPA;

"**Tax Authority**" has the meaning given to it in the SPA;

"**Tax Warranties**" means the Warranties specified in Paragraph 22 of Schedule 2;

"**Tax Warranty Claim**" means any Claim in respect of the Tax Warranties;

"**Transaction Documents**" has the meaning given to it in the SPA;

"**VAT**" has the meaning given to it in the SPA;

"**W&I Insurers**" has the meaning given to it in the SPA;

"**W&I Policy**" has the meaning given to it in the SPA;

“**Warranties**” means the warranties set out in Schedule 2 (each such statement being a “**Warranty**”);

“**Warrantors**” has the meaning given to it in the Recitals; and

“**Warranty Claim**” means any Claim other than a Tax Warranty Claim.

1.2 In this Deed unless otherwise specified, reference to:

- (a) “**includes**” and “**including**” shall mean including, without limitation;
- (b) general words shall not be given a restrictive meaning by reason of the fact that they are preceded or followed by words indicating a particular class of acts, matters or things;
- (c) a “**party**” means a party to this Deed and includes its assignees (if any) and, in the case of an individual, his estate and personal representatives;
- (d) a “**person**” includes any individual, firm, company, corporation, body corporate, trust, estate, partnership, joint venture, unincorporated association, organization or Governmental Body, in each case whether or not having a separate legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated, registered or exists;
- (e) a “**statute**” or “**statutory instrument**” or “**accounting standard**” or any of their provisions is to be construed as a reference to that statute or statutory instrument or accounting standard or such provision as the same may have been amended, modified or re-enacted before the date of this Deed;
- (f) “**Clauses**”, “**Paragraphs**” or “**Schedules**” are to Clauses and Paragraphs of and Schedules to this Deed;
- (g) something being “**in writing**” or “**written**” includes any mode of representing or reproducing words in visible form that is capable of reproduction in hard-copy form, including words transmitted by email but excluding any other form of electronic or digital communication;
- (h) a “**company**” includes any corporation or other body corporate, wherever and however incorporated or established;
- (i) a “**body corporate**” shall have the meaning given in section 1173 of the Companies Act 2006;
- (j) a “**subsidiary**” shall have the meaning given in section 1159 of the Companies Act 2006, save that a company shall be treated for the purposes of the membership requirement contained in sections 1159(1)(b) and (c) as a member of another company even if its shares in that other company are registered in the name of (i) its nominee or (ii) another person (or its nominee) by way of security or in connection with the taking of security;
- (k) an “**undertaking**” shall have the meaning given in section 1161 of the Companies Act 2006 and any reference to a “**parent company**” or a “**subsidiary undertaking**” means respectively a “**parent company**” or “**subsidiary undertaking**” as defined in section 1162 of the Companies Act 2006, save that an undertaking shall be treated for the purposes of the membership requirement in sections 1162(2)(b) and (d) and section 1162(3)(a) as a member of another undertaking even if its shares in that other

undertaking are registered in the name of (i) its nominee or (ii) another person (or its nominee) by way of security or in connection with the taking of security;

- (l) "£" or "sterling" are references to the lawful currency from time to time of the United Kingdom;
 - (m) any reference to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England and Wales, be deemed to include what most nearly approximates in that jurisdiction to the English legal term;
 - (n) words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders;
 - (o) the time of day is reference to London time;
 - (p) the word "extent" in the phrase "to the extent" will mean the degree to which a subject or other thing extends, and such phrase will not mean simply "if" and the word "shall" or "will" denotes a directive and obligation, not an option;
 - (q) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Deed, the date that is referenced in beginning the calculation of such period will be excluded; and
 - (r) except as otherwise specified herein, whenever any action must be taken on or by a day that is not a Business Day, then such action may be validly taken on or by the next day that is a Business Day.
- 1.3 The Schedules form part of the operative provisions of this Deed and references to this Deed shall, unless the context otherwise requires, include references to the Schedules.
- 1.4 The index to and the headings in this Deed are for information only and are to be ignored in construing it.
- 1.5 The obligations of each Warrantor under this Deed are entered into individually by that Warrantor on its own behalf and are made severally and separate from any obligation entered into by any other Warrantor. No claim may be made against any Warrantor in respect of any breach of this Deed by any other Warrantor.

2. WARRANTIES

- 2.1 Subject to this Clause 2 and Schedule 3 (*Limitation on Liability*), each Warrantor severally (and not jointly and severally) warrants to the Purchaser that, so far as that Warrantor is actually aware on the basis set forth in Clause 2.2, each of the Warranties is true and accurate in all material respects as at the date of this Deed.
- 2.2 The Warranties are provided by each Warrantor by reference only to those matters within his or her actual knowledge or awareness following due and reasonable inquiry of each other and the Company's Deal Team. A Warrantor shall not be deemed to have any other imputed or constructive knowledge regarding the subject matter of any Warranty.
- 2.3 The Warranties are separate and independent and (except as expressly otherwise provided in this Deed) no Warranty shall be limited by reference to any other Warranty.
- 2.4 No warranty, express or implied, is given in relation to any forecast or projection contained or referred to in the Disclosure Letter or the documents contained in the Data Room.

- 2.5 Save in the event of fraud or fraudulent misrepresentation by a Warrantor against whom the Claim is made, no Warrantor shall be liable for any Claim if and to the extent that the fact, matter, event or circumstance giving rise to such Claim:
- (a) is Fairly Disclosed in any Transaction Document or any document contained in the Data Room; or
 - (b) is provided for in the Accounts, the Management Accounts or the Locked-Box Accounts; or
 - (c) is based on any expression of opinion or future intention or any forecasts, speculation, assessment, estimate or budget.
- 2.6 Save in the event of fraud or fraudulent misrepresentation by a Warrantor against whom the Claim is made:
- (a) the aggregate liability of all Warrantors in respect of any and all Claims shall not exceed an amount equal to £1.00; and
 - (b) the aggregate liability of each individual Warrantor in respect of any and all Claims shall not exceed an amount equal to £1.00.
- 2.7 In addition to Clauses 2.2 to 2.6 (inclusive), the liability of the Warrantors under this Deed shall be limited if and to the extent that any of the limitations referred to in Schedule 3 apply under this Deed. Each of the parties agrees to the terms of Schedule 3.
- 2.8 The only Warranties given in respect of Intellectual Property, the IT Systems and data protection are the Warranties given in Paragraphs 13, 14, 15.2(c) and 18 of Schedule 2 and none of the other Warranties shall be or shall be deemed to be a warranty in respect of Intellectual Property, the IT Systems and data protection.

3. WARRANTY & INDEMNITY INSURANCE

- 3.1 The parties agree that the Purchaser's sole right of recovery (if any) in excess of the cap on liability specified in Clause 2.5 in respect of any and all Claims shall be under the W&I Policy (save in the case of fraud or fraudulent misrepresentation by a Warrantor against whom the Claim is made).
- 3.2 The parties acknowledge and agree that the Purchaser has secured the W&I Policy for the benefit of the Purchaser and/or one or more of its Affiliates.
- 3.3 The Purchaser confirms that (save in the case of fraud or fraudulent misrepresentation of the Warrantor against whom the Claim is made) the W&I Policy contains an express and irrevocable waiver by the W&I Insurer of any and all rights of subrogation which the W&I Insurers may otherwise have against any Seller, any Related Person of a Seller, the Group or any Covered Person.
- 3.4 The Purchaser undertakes to the Warrantors that it shall not agree to any amendment, variation or waiver of the W&I Policy (or do anything which has a similar effect) which has the effect of increasing the liability of the Warrantors under this Deed or the W&I Policy without the prior written consent of Warrantors (in their absolute discretion).

4. ASSIGNMENT

- 4.1 Except as provided in this Clause 4 or unless the Warrantors and the Purchaser specifically agree in writing, no person shall assign, transfer, hold on trust or encumber all or any of its

rights under this Deed nor shall such person grant, declare, create or dispose of any right or interest in any of them. Any purported assignment, declaration of trust, transfer, sub-contracting, delegation, charging or dealing in contravention of this Clause 4 shall be void and ineffective.

- 4.2 The Purchaser may assign and transfer all or any of its rights under this Deed (i) to any of its Affiliates (provided that no such assignment pursuant to this clause (i) will relieve Purchaser from any of its obligations under this Deed), or (ii) by way of security and/or charge to its financial lenders or banks or any member of their groups (including funds) or any facility agent or security agent or trustee acting on their behalf as security for the obligations owed by Purchaser or its Affiliates to such person for any financing or refinancing in respect of any transaction contemplated by this Deed (including any additional facilities and hedging made available in connection with such financing or refinancing), and any such beneficiary of security may assign all or any of those rights for the purpose of enforcing such security assignment or charge, provided that the Purchaser notifies the Sellers of the identity of the relevant assignee and that notwithstanding any such assignment, the Sellers (and/or their assignee) may, unless it receives notice of enforcement of the relevant security interest, deal with the Purchaser in connection with all matters arising under this Deed.
- 4.3 If an assignment is made in accordance with this Clause 4, the liability of each of the Warrantors to the Purchaser under this Deed shall be no greater than such liability would have been if the assignment had not occurred, and all the rights, benefits and protections afforded to a party shall continue to apply to the benefit of that party as against the assignee as they would have applied as against the assigning party.

5. COSTS

- 5.1 Except as provided in the SPA, each party shall pay its own costs and expenses in relation to the negotiations leading up to the sale and purchase of the Shares and the preparation, execution and carrying into effect of this Deed and all other documents referred to in it.
- 5.2 Each of the parties agrees and acknowledges that all costs and expenses in relation to obtaining the W&I Policy and the insurance coverage therein (including any policy premium, insurer's legal fees, broker's fees and any related Tax) shall be borne by the Purchaser.

6. EFFECT OF COMPLETION

The terms of this Deed (subject as specifically otherwise provided in this Deed) shall continue in force after and notwithstanding Completion and the remedies of the Purchaser in respect of any breach of any of the Warranties shall continue to subsist notwithstanding Completion.

7. ENTIRE AGREEMENT

- 7.1 This Deed (and each other Transaction Document, together with in each case the relevant ancillary documents thereto) constitutes the whole and only agreement between the parties relating to the subject matter of this Deed and supersedes any prior agreement (whether oral or written) in relation to the subject matter contained herein.
- 7.2 Each party acknowledges that in entering into this Deed it is not relying on any pre-contractual statement which is not set out in this Deed or any other Transaction Document, and each party unconditionally and irrevocably waives any claims, rights or remedies which any of them might otherwise have had in relation to any pre-contractual statement.

- 7.3 No party shall have any right of action against any other party to this Deed arising out of or in connection with any pre-contractual statement except to the extent that it is repeated in this Deed.
- 7.4 For the purposes of this Clause 7, “**pre-contractual statement**” means any draft, agreement, undertaking, representation, warranty, promise, assurance, covenant, indemnity, commitment or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Deed made or given by any person at any time prior to the date of this Deed.
- 7.5 It is expressly acknowledged and agreed by each party that:
- (a) no party shall have any claim or remedy in respect of any pre-contractual statement made by or on behalf of the other party (or any of its Representatives) in relation to the Proposed Transaction which is not expressly set out in this Deed or the SPA;
 - (b) the only right or remedy of a party in relation to any provision of this Deed shall be for damages for breach of this Deed and no party has any right to rescind or terminate this Deed either for breach of contract or for negligent or innocent misrepresentation or otherwise;
 - (c) except for any liability in respect of a breach of this Deed or the other Transaction Documents, no party (or any of its Representatives) shall owe any duty of care or have any liability in tort or otherwise to the other parties (or their respective Representatives) in relation to the Proposed Transaction;
 - (d) no party is entering into this Deed in consequence of or in reliance on any unlawful communication (as defined in section 30(1) of the Financial Services and Markets Act 2000) made by any party or any party’s Representatives; and
 - (e) the other parties are entering into this Deed in reliance on the acknowledgements given in this Clause 7.5.
- 7.6 Each Warrantor undertakes that, if any Claim is made, and subject to Clause 7.7, such Warrantor will not make any claim against any member of the Group or any director, officer, employee, agent, consultant, Representative or adviser of any member of the Group who is not a Warrantor on whom she or he may have relied before agreeing to any terms of this Deed or authorising any statement in the other Transaction Documents, and each and every such person shall be entitled to enforce this Clause 7.6 under the Contracts (Rights of Third Parties) Act 1999.
- 7.7 Notwithstanding anything else to the contrary in this Deed or any other Transaction Document, nothing in this Clause 7 shall limit the liability of any person in the case of that person’s fraud or fraudulent misrepresentation.

8. VARIATIONS

This Deed may be amended or waived in any manner whatsoever by agreement in writing between the Purchaser and the Warrantors.

9. REMEDIES AND WAIVER

- 9.1 Without prejudice to the limitations set out in Clause 2 or in Schedule 3 of this Deed, no delay or omission by any party to this Deed in exercising any right, power or remedy provided by Applicable Law or under this Deed shall:
- (a) affect that right, power or remedy; or

(b) operate as a waiver of it.

9.2 The single or partial exercise of any right, power or remedy provided by Applicable Law or under this Deed shall not, unless otherwise expressly stated, preclude any other or further exercise of it or the exercise of any other right, power or remedy.

9.3 The rights, powers and remedies provided in this Deed are cumulative and not exclusive of any rights, powers and remedies provided by Applicable Law, unless the contrary is expressly stated in this Deed.

10. INVALIDITY

If any provision of this Deed is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction:

- (a) the validity, legality and enforceability under the law of that jurisdiction of any other provision; and
 - (b) the validity, legality and enforceability under the law of any other jurisdiction of that or any other provision,
- shall not be affected or impaired in any way.

11. NOTICES

11.1 Any notice, demand or other communication given or made under or in connection with the matters contemplated by this Deed shall be in writing and shall be delivered by hand or by courier or sent by email:

In the case of any Warrantor to the address set out opposite such Warrantor's name in Schedule 4 with a copy to (which shall not constitute notice):

Pinsent Masons LLP
30 Crown Place
Earl Street
London EC2 4ES
United Kingdom

Email: Tom.Leman@pinsentmasons.com
Attention: Tom Leman

and

Gibson, Dunn & Crutcher UK LLP
Telephone House
2-4 Temple Avenue
London
EC4Y 0HB
United Kingdom
Email: NTomlinson@gibsondunn.com
Attention: Nick Tomlinson

and

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166-0193
United States of America
Email: SShoemate@gibsondunn.com
Attention: Steven Shoemate

In the case of the Purchaser:

Wolverine World Wide, Inc.
9341 Courtland Drive NE
Rockford
Michigan 49351
U.S. of America
Email: Kyle.Hanson@wwwinc.com
Attention: Kyle L Hanson, Senior Vice President General Counsel and Secretary

Copy (which shall not constitute notice) to:

Honigman LLP
300 Ottawa Avenue NW
Suite 400
Grand Rapids, MI 49503-2308
Email: TLarsen@honigman.com; rkiburz@honigman.com
Attention: Tracy Larsen and Robert Kiburz

Baker McKenzie LLP
100 New Bridge Street
London
EC4V 6JJ
Email: Phelim.O'Doherty@bakermckenzie.com / James.Adams@bakermckenzie.com
Attention: Phelim O'Doherty / James Adams

and shall be deemed to have been duly given or made as follows:

- (a) if delivered by hand or by courier, upon delivery at the address of the relevant party; and
- (b) if sent by email, when actually received by the intended recipient in readable form,

provided that if, in accordance with the above provisions, any such notice, demand or other communication would otherwise be deemed to be given or made after 6.00 p.m. or not on a Business Day such notice, demand or other communication shall be deemed to be given or made at 9.00 a.m. on the next Business Day.

11.2 A party may notify the other party to this Deed of a change to its name, relevant addressee, address or email address for the purposes of Clause 11.1, provided that such notification shall only be effective:

- (a) on the date specified in the notification as the date on which the change is to take place; or
- (b) if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the date falling five Business Days after notice of any such change has been given.

12. COUNTERPARTS

This Deed may be executed in any number of counterparts, which together shall constitute one agreement. Any party may enter into this Deed by executing a counterpart and this Deed shall not take effect until it has been executed by all parties.

13. GOVERNING LANGUAGE

Each notice, demand, request, statement, instrument, certificate or other communication under or in connection with this Deed shall be in English.

14. GOVERNING LAW AND JURISDICTION

- 14.1 This Deed and any dispute, controversy, proceeding or claim of whatever nature arising out of or in any way relating to this Deed or its formation (including any non-contractual disputes or claims) shall be governed by and construed in accordance with English law.
- 14.2 Any claim, dispute, controversy or proceedings brought by any one or more of the parties (the “**Initiating Party**”) against any one or more of the other parties (the “**Respondent Party**”), arising from or in connection with this Deed which cannot be settled amicably by the parties, including one regarding their existence, validity or termination, the legal relationships they establish or the consequences of their nullity, shall be exclusively referred to and finally resolved by arbitration under the Rules of the London Court of International Arbitration (“**LCIA**”) for the time being in force which are deemed incorporated by reference into this Clause 14.2.
- 14.3 The arbitration tribunal will consist of three arbitrators, one arbitrator to be appointed by the Initiating Party, one by the Respondent Party and the third jointly by the Initiating Party and the Respondent Party; provided, however, that if within ten Business Days after the Initiating Party appoints an arbitrator, (i) the Respondent Party shall fail to appoint an arbitrator or (ii) the parties shall fail to agree on such third arbitrator, then the President of the LCIA shall pick such arbitrator on the application by (A) the Initiating Party in the case of sub-clause (i) or (B) either the Initiating Party or the Respondent Party in the case of sub-clause (ii).
- 14.4 The seat of the arbitration will be London, United Kingdom and the language of the arbitration will be English.
- 14.5 The parties waive any right to refer points of law or to appeal to the courts, to the extent that such waiver can validly be made.
- 14.6 The arbitral tribunal will have the power to order on a provisional basis any relief which it would have power to grant in a final award and the Parties confirm that they opt out of the emergency arbitrator provisions under the Rules of the London Court of International Arbitration.
- 14.7 The award of any arbitral tribunal will be enforceable in any court of competent jurisdiction.

15. THIRD PARTY RIGHTS

- 15.1 Except as expressly provided in Clauses 3.3, 7.6, 7.7 or elsewhere in this Deed, no person (other than the parties to this Deed) who is given any rights or benefits under this Deed (a “**Third Party**”) shall be entitled to enforce any of those rights or benefits against the parties in accordance with the Contracts (Rights of Third Parties) Act 1999.

15.2 The parties may amend, vary or terminate this Deed in such a way as may affect any rights or benefits of any Third Party which are directly enforceable against the parties under the Contracts (Rights of Third Parties) Act 1999 without the consent of such Third Party, except that Clause 3.3 cannot be amended without the prior written consent of the Lead Institutional Seller.

15.3 Any Third Party entitled pursuant to the Contracts (Rights of Third Parties) Act 1999 to enforce any rights or benefits conferred on it by this Deed may not veto any amendment, variation or termination of this Deed which is proposed by the parties and which may affect the rights or benefits of the Third Party.

IN WITNESS whereof the parties hereto have executed this Deed as a deed and it is intended to be and is hereby delivered on the day and year first above written.

SCHEDULE 1**The Company and the Subsidiaries****Part 1****Particulars of the Company**

Company name (company number)	Lady of Leisure Investco Limited (09325233)	
Jurisdiction of incorporation	England & Wales	
Date of incorporation	24 November 2014	
Previous Names	CGP2 SB Investco Limited (24 Nov 2014 - 12 Jan 2015) Sweaty Betty Investco Limited (12 Jan 2015 - 20 Jul 2017)	
Issued share capital	£118,096.825	
Shareholder(s)	CGP2 SB Investment LP	638,595 A1 shares 150,181 A2 shares
	Wittington Investments Limited	297,066 A1 shares 66,521 A2 shares 26,724 B1 shares
	Tamara Hill-Norton	15,320 B1 shares 133 B2 shares 44,118 C1 shares 6,703 C3 shares 32,680 D1 shares 22,008 D2 shares

Simon Hill-Norton	15,150 B1 shares 132 B2 shares 44,118 C1 shares 6,703 C3 shares 32,680 D1 shares 22,009 D2 shares
Emma Thornton	7,812 A1 shares 11,501 C1 shares 6,703 C3 shares 8,519 D1 shares
Jemma Cassidy	9,197 C3 shares 2,841 D2 shares
Mark Smith	2,473 A1 shares 14,889 C3 shares 2,273 D2 shares
Erika Serow	14,107 A1 shares
Julia Straus	14,000 C2 shares 40,347 C3 shares 20,571 D2 shares
Annabel Thorburn	2,850 C3 shares 1,247 D2 shares
Susan Pickering	2,647 C2 shares 2,105 D2 shares
Jennifer Fletcher-Kay	627 C2 shares 498 D2 shares
Emma Crepau	627 C2 shares 498 D2 shares
Daniel Nicholson	784 C3 shares 623 D2 shares
Christina Acklam (Santori)	1,569 C1 shares 1,247 D1 shares
Casey Byrne	784 C2 shares 623 D2 shares

	Victoria Munro	666 C2 shares 530 D2 shares
	Rachel Payne	706 C2 shares 561 D2 shares
	Deborah Bingham	784 C2 shares 623 D2 shares
	Laura Gardener	784 C2 shares 623 D2 shares
Persons with significant control	CGP2 SB Investments LP	
Director(s)	Simon Hill-Norton Charles Mason Jonathan Owsley Sally Pofcher Mark Smith Julia Straus	
Secretary	Simon Hill-Norton	
Registered office	Fulham Green, 69-79 Fulham High Street, London, SW6 3JW	
Auditors	BDO LLP	
Accounting reference date	31 December 2020	
Charges	An outstanding fixed and floating charge created 23 March 2015 in favour of HSBC Bank Plc (Charge code 0932 5233 0001)	

Part 2

Particulars of the Subsidiaries

UK

Lady of Leisure Holdings Limited

Company name (company number)	Lady of Leisure Holdings Limited (05811852)		
Jurisdiction of incorporation	England & Wales		
Date of incorporation	10 May 2006		
Previous Names	Sweaty Betty Holdings Limited (21 Jul 2006 - 19 Jul 2017) Pimco 2485 Limited (10 May 2006 - 21 Jul 2006)		
Issued share capital	£52,499.501		
Shareholder(s)	Lady of Leisure Investco Limited	378,150 A ordinary shares 90,992 B ordinary shares 52,841 C ordinary shares 51,001 D ordinary shares 250,200 E ordinary shares	100 per cent
Persons with significant control	Lady of Leisure Investco Limited		
Director(s)	Simon Hill-Norton Tamara Hill-Norton Jonathan Owsley Sally Pofcher Mark Smith Julia Straus		

Secretary	Simon Hill-Norton
Registered office	Fulham Green, 69-79 Fulham High Street, London, SW6 3JW
Auditors	BDO LLP
Accounting reference date	31 December 2020
Registered charges	An outstanding fixed charge and negative pledge created 18 November 2019 in favour of HSBC UK Bank Plc (Charge code 0581 1852 0004) An outstanding fixed and floating charge created 30 October 2013 in favour of HSBC Bank Plc (Charge code 0581 1852 0003)

Sweaty Betty Limited

Company name (company number)	Sweaty Betty Limited (03525806)		
Jurisdiction of incorporation	England & Wales		
Date of incorporation	12 March 1998		
Previous Names	Lady of Leisure Limited (12 Mar 1998 - 19 Jul 2017)		
Issued share capital	£1,009		
Shareholder(s)	Lady of Leisure Holdings Limited	10,090 ordinary shares	100 per cent
Persons with significant control	Lady of Leisure Holdings Limited		

Director(s)	Simon Hill-Norton Tamara Hill-Norton Jonathan Owsley Sally Pofcher Mark Smith Julia Straus
Secretary	Simon Hill-Norton
Registered office	Fulham Green, 69-79 Fulham High Street, London, SW6 3JW
Auditors	BDO LLP
Accounting reference date	31 December 2020
Registered charges	<p>An outstanding pledge created 9 January 2020 in favour of HSBC UK Bank Plc (Charge code 0352 5806 0011). Contains a fixed charge and negative pledge.</p> <p>An outstanding fixed and floating created 11 December 2013 in favour of HSBC UK Bank Plc (Charge code 0352 5806 0010)</p> <p>A rent deposit deed created 30 June 2011 in favour of Barclays Wealth Trustees (Jersey) Limited and Walbrook Properties Limited</p> <p>A rent deposit deed created 2 November 2006 in favour of The Master Fellows and Scholars of the College of the Holy and Undivided Trinity Cambridge</p> <p>A rent deposit deed created 12 June 2006 in favour of The Master Fellows and Scholars of the College of the Holy and Undivided Trinity Cambridge</p> <p>A rent deposit deed created 13 September 2004 in favour of Cabot Place Limited</p> <p>Two rent deposit deeds created 17 November 2000 in favour of David Marshall</p>

Sweaty Betty Trading Ltd

Company name (company number)	Sweaty Betty Trading Ltd (13164906)		
Jurisdiction of incorporation	England & Wales		
Date of incorporation	28 January 2021		
Previous Names	N/A		
Issued share capital	£100		
Shareholder(s)	Sweaty Betty Limited	100 ordinary shares	100 per cent
Persons with significant control	Sweaty Betty Limited		
Director(s)	Mark Smith Julia Straus Emma Thornton		
Secretary	Mark Smith		
Registered office	Cavendish House, Fulham Green, 69-79 Fulham High Street, London, SW6 3JW		
Auditors	Not yet appointed		
Accounting reference date	31 January 2022		
Registered charges	N/A		

Ireland

Company name (company number)	Sweaty Betty Ireland Limited (676958)		
Jurisdiction of incorporation	Republic of Ireland		
Date of incorporation	2 September 2020		
Previous Names	Dancewell Limited (2 Sept 202019 – 19 Oct 2020)		
Issued share capital	€100		
Shareholder(s)	Lady of Leisure Holdings Limited	100 ordinary shares	100 per cent
Persons with significant control	N/A		
Director(s)	Mark Smith Emma Thornton		
Secretary	Porema Limited		
Registered office	Unit 5, The Courtyard Business Centre Orchard Lane Blackrock Co Dublin		
Auditors	N/A		
Accounting reference date	26 December		
Registered charges	None		

USA

Sweaty Betty USA TopCo Inc.

Company name (company number)	Sweaty Betty USA TopCo Inc. (7508476)
Jurisdiction of incorporation	Delaware
Date of incorporation	18 September 2019
Issued share capital	100 shares of Common Stock
Shareholder(s)	Lady of Leisure Holdings Limited (being the sole shareholder of Sweaty Betty USA TopCo Inc.)
Director(s)	Jon Owsley, Simon Hill-Norton
Secretary	Mark Smith
Registered office	28 Old Rudnick Lane, Dover, County of Kent, Delaware 19901
Auditors	N/A
Accounting reference date	31 December
Registered charges	Charge registered in favour of HSBC plc

Sweaty Betty USA Wholesale LLC

Company name (company number)	Sweaty Betty USA Wholesale LLC (7508474)
Jurisdiction of incorporation	Delaware
Date of incorporation	18 September 2019
Issued share capital	100 shares of Common Stock (being the sole shareholder of Sweaty Betty USA Wholesale LLC)
Shareholder(s)	Sweaty Betty USA Topco Inc.
Director(s)	Jon Owsley, Simon Hill-Norton
Secretary	Mark Smith
Registered office	28 Old Rudnick Lane, Dover, County of Kent, Delaware 19901
Auditors	N/A
Accounting reference date	31 December
Registered charges	Charge registered in favour of HSBC plc

Sweaty Betty USA Retail LLC

Company name (company number)	Sweaty Betty USA Retail LLC (7517585)
Jurisdiction of incorporation	Delaware
Date of incorporation	18 September 2019
Issued share capital	100 shares of Common Stock (being the sole shareholder of Sweaty Betty USA Retail LLC)
Shareholder(s)	Sweaty Betty USA Topco Inc.
Director(s)	Jon Owsley, Simon Hill-Norton
Secretary	Mark Smith
Registered office	28 Old Rudnick Lane, Dover, County of Kent, Delaware 19901
Auditors	N/A
Accounting reference date	31 December
Registered charges	Charge registered in favour of HSBC plc

Sweaty Betty USA Digital LLC

Company name (company number)	Sweaty Betty USA Digital LLC (7577379)
Jurisdiction of incorporation	Delaware
Date of incorporation	18 September 2019
Issued share capital	100 shares of Common Stock (being the sole shareholder of Sweaty Betty USA Digital LLC)
Shareholder(s)	Sweaty Betty USA Topco Inc.
Director(s)	Jon Owsley, Simon Hill-Norton
Secretary	Mark Smith
Registered office	28 Old Rudnick Lane, Dover, County of Kent, Delaware 19901
Auditors	N/A
Accounting reference date	31 December
Registered charges	Charge registered in favour of HSBC plc

Hong Kong

Company name (company number)	Lady of Leisure Hong Kong Limited (2856399)	
Jurisdiction of incorporation	Hong Kong	
Date of incorporation	25 July 2019	
Issued share capital	HK\$1,000,000, comprising 1,000,000 ordinary shares	
Shareholder(s)	RMFG Holding Limited	500,000 ordinary shares
	Lady of Leisure Holdings Limited	500,000 ordinary shares
Persons with significant control	RMFG Holding Limited Alan Zagury Adriane Clemence Zagury Lady of Leisure Holdings Limited Lady of Leisure InvestCo Limited CGP2 SB Investment, L.P. Wittington Investments Ltd	
Director(s)	(1) Mark Richard Smith; (2) Julia Straus; (3) Adriane Clemence Zagury; and (4) Alan Zagury	
Secretary	Alan Zagury	
Registered office	Unit 1003-05, Seaview Commercial Building, 21 Connaught Road West, Sheung Wan, Hong Kong	
Auditors	Sky Trend CPA Limited	
Accounting reference date	31 March	
Charges	None	

China

Company name (company number)	Sweaty Betty (Shanghai) Commercial Limited Company name in Chinese: 热汗倍媞 (上海) 商业有限公司 (Company no referred to as unique social credit code): 91310000MA1FPLX9X6)
Jurisdiction of incorporation	Shanghai, People's Republic of China
Date of incorporation	14/05/2021
Registered share capital	USD 2,750,000. The company is a foreign-invested limited liability company and it does not issue shares.
Shareholder(s)	Lady of Leisure Holdings Limited The owner's equity is in the form of registered capital.
Persons with significant control	Lady of Leisure Holdings Limited
Director(s)	Mark Richard Smith (Chairman and legal representative) Julia Straus Yasi Mu (穆雅思 in Chinese)
Supervisor	Simon Nicholas Sebastian Hill-Norton
Authorised Representative	Mark Smith
General Manager	Yasi Mu (穆雅思 in Chinese)
Registered office	Room 3101-038, No. 138 Huaihai Zhong Road, Huangpu District, Shanghai (上海市黄浦区淮海中路138号3101室-038)
Auditors	None
Accounting reference date	Chinese law provides that the fiscal year for China incorporated companies is the calendar year (January to December)
Charges	None

Macau

Company name (company number)	Lady of Leisure (Macau) Limited (Company no: 88806 (SO)) In Chinese: 休閒女士(澳門)有限公司	
Jurisdiction of incorporation	The Macau Special Administrative Region of the People's Republic of China	
Date of incorporation	23/03/2021	
Issued share capital	\$25,200	
Shareholder(s)	RMFG Holding Limited	\$12,600
	Lady of Leisure Holdings Limited	\$12,600
Persons with significant control	RMFG Holding Limited Lady of Leisure Holdings Limited	
Director(s)	(1) Mark Richard Smith; (2) Adriane Clemence Zagury; and (3) Alan Zagury	
Secretary	Alan Zagury	
Registered office	Unit 1003-05, Seaview Commercial Building, 21 Connaught Road West, Sheung Wan, Hong Kong	
Auditors	None	
Accounting reference date	23/03/2021	
Charges	None	

Singapore

Company name (company number)	Lady of Leisure Singapore Pte. Limited (Company no: 202115999R)	
Jurisdiction of incorporation	Republic of Singapore	
Date of incorporation	05/05/2021	
Issued share capital	Singapore \$160,000	
Shareholder(s)	RMFG Holding Limited	80,000 ordinary shares
	Lady of Leisure Holdings Limited	80,000 ordinary shares
Persons with significant control	RMFG Holding Limited Alan Zagury Adriane Clemence Zagury Lady of Leisure Holdings Limited Lady of Leisure InvestCo Limited CGP2 SB Investment, L.P. Wittington Investments Ltd	
Director(s)	(1) Mark Richard Smith; (2) Alan Zagury (3) Chin Woon Yen Magdalene	
Secretary	(1) Tee Lian Choy (2) Lim Wai Heng	
Registered office	105 Cecil Street #15-02 The Octagon Singapore (069534)	
Auditors	None	
Accounting reference date	05/05/2021	
Charges	None	

SCHEDULE 2

Warranties

1. The Company, the Shares and the Subsidiaries

- 1.1 The information set out in Schedule 1 is complete and accurate in all material respects.
- 1.2 The Shares constitute the whole of the issued and allotted share capital of the Company.
- 1.3 All the Shares have been validly allotted and issued and are fully paid or credited as fully paid and there is no Liability to pay any additional contributions on the Shares.
- 1.4 There is no Contract (exercisable now or in the future and whether contingent or not) that calls for the allotment, issue or transfer of, or grants to any person the right to call for the allotment, issue or transfer of, any share (including the Shares) or any other interest or participation that confers on a person phantom equity, equity appreciation rights, the right to receive a share of the profits and losses of, or distribution of assets of, any person, or any loan capital or any similar right in any Group Company.
- 1.5 Part 2 of Schedule 1 lists all the Subsidiaries of the Company and no Group Company has any interest in or right to acquire any interest in any other body corporate, partnership, unincorporated association or undertaking. The shareholdings in each Subsidiary as set out in Part 2 of Schedule 1 are complete and accurate.
- 1.6 All the issued shares in each Subsidiary are legally and beneficially owned by the Company or another Group Company free from all Encumbrances (and there is no commitment to give or create any Encumbrance), are fully paid and there is no outstanding Liability to pay any additional contributions on them. All of the issued shares in each Subsidiary have been validly allotted and issued and are fully paid or credited as fully paid and there is no Liability to pay any additional contributions on such shares.

2. Constitutional Matters

- 2.1 Each of the Group Companies is validly incorporated, in existence, duly registered and in good standing (to the extent such concept is recognized under Applicable Law in such jurisdiction) under the laws of its jurisdiction of incorporation and has all requisite power and capacity to conduct its business as presently conducted.
- 2.2 The copies of the memorandum and articles of association of each Group Company provided in the Data Room are complete and accurate in all material respects.
- 2.3 The statutory books (including all registers but excluding the minute books and the accounting records) of each Group Company have been properly kept, are complete and up to date and contain a record which is accurate and complete in all material respects and no notice or allegation that any of them is incorrect or should be rectified has been received.
- 2.4 All documents, filings and returns required by Applicable Law to be delivered or made to the Registrar of Companies or to any equivalent authority within the last two years have been so delivered or made.
- 2.5 The Group Companies are not in breach of the provisions of their memorandum and articles of association (or any other constitutional document) in any respect.
- 2.6 No Group Company has any branch outside its jurisdiction of incorporation.

3. Accounts

3.1 The Accounts:

- (a) show a true and fair view of the financial condition, results of operations, assets, Liabilities and state of affairs of the Group at the Accounts Date and of the profits or losses for the period concerned in accordance with the Relevant Accounting Standards;
- (b) show for the accounting period to which they relate, a true and fair view of the financial condition, results of operations, assets, Liabilities and state of affairs of the relevant Group Company and of the profits, losses and cash flows of the such Group Company in accordance with the Relevant Accounting Standards; and
- (c) unless expressly stated otherwise therein, were prepared in a manner consistent with the accounting policies, practices, methods and estimation techniques as were used for the audited financial statements for the previous financial period.

3.2 None of the Group Companies has (a) any significant deficiency or material weakness in the system of internal accounting controls utilised by any Group Company, (b) any fraud, whether or not material, that involves the management of any of the Group Companies or any personnel who have a role in the preparation of financial statements or the internal accounting controls utilised by any Group Company, nor has any Group Company received in writing any claim regarding any of the foregoing.

4. Locked-Box Accounts

4.1 The Locked-Box Accounts:

- (a) do not materially over-state the value of assets nor materially under-state the Liabilities of the Group or any of the Group Companies as at the Locked-Box Date and do not materially over-state the profits or materially under-state the losses of the Group or any of the Group Companies in respect of the period to which they relate; and
- (b) have been prepared on a basis consistent with the management accounts for each Group Company for the proceeding two years.

5. The Management Accounts

5.1 The Management Accounts:

- (a) do not materially over-state the value of assets nor materially under-state the Liabilities of the Group or any of the Group Companies as at the dates to which they were drawn up and do not materially over-state the profits or materially under-state the losses of the Group or any of the Group Companies in respect of the periods to which they relate; and
- (b) have been consistently prepared both as to each Group Company and among the Group Companies for the past two years.

6. Business since the Locked Box Date

6.1 Since the Locked Box Date and, in respect of paragraph 6.1(l) only, in the two years prior to the date of this Deed:

- (a) each Group Company has carried on its business, in all material respects, in the ordinary and usual course, without any material interruption or material alteration in manner, nature or scope, other than as a result of factors generally affecting similar businesses to a similar extent, and there has been no event, occurrence or circumstance which has or could reasonably be expected to have a material adverse effect on the financial condition, results of operations, assets, Liabilities or state of affairs of any Group Company;
- (b) no resolution of the members of any Group Company has been passed;
- (c) no change has been made to the accounting reference period of any Group Company;
- (d) no Group Company has borrowed or raised any money or taken any financial facility other than in the ordinary and usual course of its business;
- (e) no Group Company has made any change to its policies and practice in relation to the payment of creditors;
- (f) each Group Company has conducted its cash management activities (including the timing of, invoicing and collection of receivables and the accrual and payment of payables and other current liabilities and purchases of inventory) in the ordinary course of business;
- (g) no Group Company has acquired, leased, licensed or disposed of, or agreed to acquire, lease, license or dispose of, any asset (other than stock) of a value in excess of £150,000 individually and £250,000 in aggregate;
- (h) the Group Companies have not made any material change to their accounting methods, principles or practices, or any change in the depreciation or amortisation policies or rates;
- (i) no Group Company has engaged in any merger, consolidation, reorganisation, reclassification, liquidation, dissolution or similar transaction or filed a petition in bankruptcy under any Applicable Law or consented to the filing of any bankruptcy petition against it under any similar Applicable Law;
- (j) except as required by Applicable Law or any Contract, no Group Company has made any material change in the compensation or benefits payable or to become payable to any of its Senior Employees;
- (k) no Group Company has sold, transferred, licensed, sublicensed or otherwise disposed of any Company Intellectual Property, or amended or modified in any material respect any existing Contract or rights with respect to any material Company Intellectual Property or Other Intellectual Property, other than in the ordinary course of business;
- (l) no Group Company has terminated, received written notice of termination of, materially reduced, or received written notice of a material reduction in, the relationship with any Material Customer or Material Supplier; and

(m) no Group Company has committed or agreed (orally or in writing) to do any of the foregoing.

6.2 The books of account of each Group Company are up to date and accurate in all material respects and have in all material respects been maintained in accordance with Applicable Law and relevant generally accepted accounting practices.

7. Solvency

7.1 No order has been made, no resolution has been passed and no petition has been presented or meeting convened for the purpose of winding-up any Group Company.

7.2 No administration order has been made and no petition for such an order has been presented in respect of any Group Company.

7.3 In the past two years, no event analogous to any of those described in Paragraphs 7.1 and 7.2 above has occurred in any jurisdiction.

7.4 No receiver (including an administrative receiver), liquidator, trustee, administrator, manager, supervisor, nominee, custodian or any similar or analogous officer or official in any jurisdiction in which a Group Company is incorporated or established has been appointed in respect of the whole or any part of the business or assets of any Group Company.

7.5 No Group Company is insolvent or unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 or other Applicable Laws.

8. Borrowings

8.1 The total amount borrowed by each Group Company from its lenders does not exceed any overdraft limits, or any limitations on borrowings contained in the Existing Facilities or in its constitutional documents. The aggregate amount of Indebtedness of the Group as at the Locked Box Date does not exceed the amount included with respect thereto in the calculation of the EV to Equity Bridge (as defined in the SPA).

8.2 No Group Company has received any notice in writing to repay under any borrowing which is repayable on demand.

8.3 No Group Company has factored, discounted or securitised any of its receivables, nor has it engaged in any financing of a type which would not be required to be shown or reflected in the Locked-Box Accounts.

8.4 No event which is an event of default under, or any material breach of the terms of, any loan capital, borrowing, debenture or financial facility of any Group Company, or that would entitle any third party to call for repayment prior to scheduled maturity, has occurred.

8.5 No Group Company has lent any sum exceeding £10,000 to an individual on any single occasion that has not been repaid to such Group Company, or owns the benefit of any debt (whether or not due for payment) exceeding, on any single occasion, £10,000 which is owed by an individual, other than debts which have arisen in the ordinary course or between Group Companies.

8.6 No Group Company has engaged in any borrowing or financing not required to be reflected in its statutory accounts and there is no outstanding Indebtedness between any Group Company and any Seller or their Related Persons.

8.7 No Group Company has received (either directly or the benefit of) any investment grant, subsidy or financial assistance from any court, tribunal, governmental, national or supra-national authority or other body either (a) in connection with or as a result of the COVID-19 global pandemic; or (b) which may be liable to be refunded as a result of the Proposed Transaction.

9. **Contracts**

9.1 No Group Company is a party to a Contract that:

- (a) is not in the ordinary course of business; and
- (b) is not wholly on arm's length terms.

9.2 Copies of all written Material Contracts (or a summary of the trading terms in respect of those Material Contracts for the Group's wholesaler arrangements which do not have any written terms) are provided in the Data Room.

9.3 No Group Company is in material default or breach (and no Group Company has any material Liability for any past default or breach) under any Material Contract and no other party to a Material Contract is in material default or breach under such Material Contract, and there are no circumstances likely to give rise to such a material default or breach.

9.4 No Material Contract has been terminated (except where such Material Contract has automatically terminated in accordance with its terms, other than by breach thereof) and there are no grounds likely to give rise to such termination and no written notice of termination of a Material Contract has been received or served by any Group Company.

9.5 No Group Company has received any notice in writing of any claim of any breach of a Material Contract by the relevant Group Company or any other party thereto.

9.6 No Group Company has given a power of attorney or any other authority to any person to enter into any Contract or commitment on its behalf that is still outstanding or effective, other than to its directors, officers and employees to enter into routine trading Contracts in the ordinary course of their duties.

9.7 No Group Company has given any written notice to a party to a Material Contract stating that that party has been or is currently in breach of or in default under any Material Contract.

10. **Ownership of assets**

10.1 Other than Encumbrances relating to the Existing Facilities, each asset (other than the Properties) necessary for the operation of the Group's business as conducted on the date of this Deed:

- (a) is legally and beneficially owned by a Group Company;
- (b) where capable of possession, is in the possession or under the control of a Group Company; and
- (c) is free from Encumbrances (except rights and retention of title arrangements arising by operation of law).

11. Properties

- 11.1 The Properties comprise all the premises and land presently leased, occupied or otherwise used in connection with the businesses of each Group Company or in which any Group Company has an interest in respect of any real property.
- 11.2 The Properties are occupied or used under lease or licence and the terms of any such lease or licence permit such occupation and use in the manner currently occupied or used by any Group Company. Section 5.1 of the Data Room includes complete and accurate copies of such lease or license.
- 11.3 Where a Property is occupied on a leasehold basis, a Group Company is solely legally and beneficially entitled to occupy that Property.
- 11.4 Other than Encumbrances relating to the Existing Facilities which will be discharged at Completion, the Properties are not subject to or affected by any mortgage or charge (whether legal or equitable, fixed or floating), debenture or security interest including any which secure the payment of money or relate to any obligation or Liability of any third party.
- 11.5 No Group Company has received any written notice of any material subsisting dispute, claim, complaint or demand from the owner or occupier of any other premises adjacent to or neighbouring the Properties and there are no facts, matters or circumstances which are likely to give rise to any such dispute, claim, complaint or demand.
- 11.6 No Group Company has received any written notice of any material subsisting breach of any statutes, orders or regulations affecting the Properties or their use.
- 11.7 In relation to each of the Properties, a Group Company has paid all principal rent or licence fees due, as applicable, and no Group Company has received any written notice of any material subsisting breach nor is in material subsisting breach of any of terms of any such lease or license.
- 11.8 Each Group Company has necessary access to and from the Properties as is reasonably required for the current operation thereof considering the type and nature of the Properties. No construction, alteration, or other similar leasehold improvement work with respect to the Properties with a contract value in excess of £500,000 in the aggregate remains to be paid for or performed.
- 11.9 No Group Company has any material subsisting Liability with respect to any Properties previously leased in the U.S., and all Contracts terminating prior leases with respect to such Properties are in full force and effect and have been complied with by the applicable Group Company.

12. Environmental

- 12.1 There are no Proceedings pending or threatened in writing against any Group Company with respect to any breach of or Liability under any Environmental Laws with a value in excess of £150,000.
- 12.2 For the past three years, no Group Company has received any written complaint or notice alleging or specifying any material breach of or material Liability under any Environmental Law.
- 12.3 Each Group Company is, and during the past three years has been, in material compliance with all applicable Environmental Laws and with the terms and conditions of all Environmental Licences. Each Group Company possesses all Environmental Licences

required to be held under applicable Environmental Laws for it to own and use its assets and to conduct its businesses as currently conducted. The consummation of the transactions contemplated by this Deed will not require a change in the terms or conditions of any Environmental License.

- 12.4 No Hazardous Substance has been generated, emitted, transported, stored, treated or disposed of, released or handled by any Group Company in violation of any Environmental Law that would result in any material Liability to any Group Company.
- 12.5 All Environmental Documents in the possession or control of any Seller or any Group Company have been provided to the Purchaser in the Data Room.

13. **Intellectual Property**

- 13.1 The Business IP is legally, beneficially and exclusively owned by a Group Company, free from exclusive licence, and where applicable, a Group Company is the registered proprietor of or applicant for that Business IP. Such Business IP is not subject to any Encumbrances granted by any Group Company nor is any Group Company aware of any Encumbrances. There is no Proceeding pending or threatened challenging the scope, effect, enforceability, ownership or validity of any Business IP.
- 13.2 The Business IP together with the Intellectual Property licensed to each Group Company constitutes all of the of the Intellectual Property used in connection with the Group's business as currently conducted and the consummation of the transactions contemplated by the Transaction Documents will not violate any agreements any Group Company has regarding such Intellectual Property.
- 13.3 Details of all pending and registered Intellectual Property owned by any Group Company are provided in folder 12 of the Data Room. All fees, including renewal and maintenance fees and all filings and fees in respect of such registered Business IP that are due prior to the Completion (if applicable) have been made or paid or will be timely made or paid.
- 13.4 In respect of Intellectual Property used by the Group which is not Business IP, the relevant Group Company is licensed to use such Intellectual Property and such licenses are valid and enforceable. No Group Company or any other party is in breach of any of those licences.
- 13.5 No activities of any Group Company infringe or in the two years prior to Completion have infringed the Intellectual Property of any other person and no Group Company has received any notice or claim from any other person in the last five years alleging the infringement or unlawful or improper use of such other person's Intellectual Property. No other person is infringing any Business IP and no Group Company has made any claim alleging any such infringement in the past five years.
- 13.6 The Group Companies have taken all commercially reasonable measures, to maintain and protect the confidentiality of all of the trade secrets, proprietary software source code, and all other proprietary and confidential information of the businesses of the Group Companies (collectively, the "**Business Confidential Information**").

14. **Information technology**

- 14.1 The IT Systems are:

- (a) owned by, or licensed, leased or supplied by a third party to, a Group Company, and (i) the relevant Group Company is not in default under any third party Contract relating to the IT Systems, (ii) such third party Contracts are valid and enforceable

and (iii) there are no ongoing or active disputes or Proceedings relating to the IT Systems or any such Contracts; and

- (b) in good working order in all material respects to the extent required for the business of the Group and have sufficient capacity and performance to meet the current requirements of the Group. There has been no material disruption to the activities of the business of the Group in the two years prior to the date of this Deed, which has been caused by or related to any failure or breakdown of any IT Systems.

14.2 All agreements and Contracts that relate to the IT Systems, that are material to the business of the Group, are provided in folder 13.1 of the Data Room.

14.3 There has not been included or used any open-source software (as defined at <http://opensource.org/docs/osd>) or any libraries or code licensed from time to time under the General Public Licence (as set out at <http://www.gnu.org/licenses/gpl.html>) or any similar licence (Restrictive Open Source Code) in, or in the development of, the IT Systems which have been developed by any Group Company, nor does any element of such IT Systems operate in such a way that it is compiled with or linked to any Restrictive Open Source Code. Without prejudice to the foregoing, no open-source software has been included or used in, or in the development of, any element of the IT Systems which have been developed by any Group Company in contravention of its applicable open-source licence terms and no third party is asserting, or has in the last three years asserted, any such contravention.

14.4 The Group has implemented policies, procedures and systems designed to ensure the security (including but not limited to, cybersecurity) of the IT Systems and the confidentiality and integrity of all data contained within or processed by the IT Systems. The Group has in place an appropriate and documented IT disaster recovery plan in respect of the business of the Group. The IT Systems (a) have not caused any of the Group Companies to fail to comply with any obligations in their Contracts with customers in any material respect, (b) none of the information that the IT Systems store or process has been corrupted to any material extent, or been subject to any actual or suspected material data loss or theft, unauthorized access, malware intrusion, or other cybersecurity breach (including ransomware).

15. Insurance

15.1 Copies of the insurance policies of the Group now in force are provided in folder 14 of the Data Room.

15.2 In respect of such Group insurance policies:

- (a) all policies are in full force and effect;
- (b) all premiums due have been paid to date;
- (c) no insurance claim for an amount in excess of £150,000 is outstanding and there are no circumstances likely to give rise to such a claim under any of the policies; and
- (d) the aggregate amount of insurance claims outstanding do not exceed £250,000.

15.3 No Group Company has received any written notice of termination or non-renewal or of intention to terminate or not renew any such policy and no such notice is threatened against any Group Company.

16. **Employees, workers and consultants**

- 16.1 Anonymised particulars of the job titles, dates of commencement of employment, engagement (or appointment to office), contracts and terms of engagement, terms and conditions of employment and remuneration, benefits and emoluments (including any loan arrangement, bonus, commission, profit sharing, share and other incentive schemes) of all the Senior Employees are set out in folder 7 the Data Room. There are no outstanding offers of employment to any person who would be a Senior Employee.
- 16.2 Summary details of the principal terms of employment and/or engagement and anonymised particulars (for the avoidance of doubt including location, job title, date of commencement of employment and/or engagement, details of salary, bonus, commission, incentives and benefits as well as status in respect of long term leave of any kind) of all other employees, consultants and workers of the Group are set out in folder 7 of the Data Room.
- 16.3 All individuals employed or engaged by the Group who require permission to work in the country in which they work has current and appropriate permission under Applicable Law to work in such country.
- 16.4 All written Contracts of employment to which any Group Company is a party with a Senior Employee state that they can be terminated by the relevant Group Company on no more than six (6) months' notice and the relevant Group Company is not contractually obliged to make any payment as a consequence of the termination of any such Contract in addition to notice pay. Copies of all of such Contracts have been provided in folder 7 of the Data Room.
- 16.5 No Senior Employee has given any notice terminating his Contract of employment or is under notice of dismissal and nor is any Senior Employee likely to leave employment as a result of the transactions contemplated by this Deed.
- 16.6 As at the last payroll date prior to the date of this Deed, the salaries and wages and other benefits (other than holiday pay) of employees, all related payments to third party benefit providers and all related payments to the relevant authorities (save such payments made during the month following the payroll period in the ordinary course of business consistent with past practice) had been paid or discharged in full or properly accrued. No Senior Employee owes any amount to any Group Company in respect of any loans or advances by any Group Company to such Senior Employee.
- 16.7 No material changes to the terms or conditions of any employee of the Group (which for the avoidance of doubt shall not include changes to the salary of any individual employee of the Group) have been made, announced or proposed in the twelve (12) months prior to the date of this Deed, nor has any such change been promised or proposed to any such individual in writing.
- 16.8 Details of any legally binding and/or customary enhanced redundancy and/or severance payment scheme operated by the Group are disclosed in folder 7 of the Data Room, together with details of any redundancies carried out in the twelve (12) months preceding the date of this Deed by any Group Company and any potential redundancies which have been notified to employees of any Group Company.
- 16.9 No Group Company (nor any predecessor or owner of any part of their respective businesses) has been a party to a relevant transfer for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (or equivalent regulations) affecting any of the individuals employed or engaged by the Group in the last three (3) years preceding the date of this Deed, and no event has occurred that would involve such persons in the future being a

party to such a transfer. No such persons have had their terms or employment varied for any reason as a result of or connected with such a transfer.

- 16.10 Details (including copies of relevant agreements) are contained in folder 7 of the Data Room of any trade union, works council and/or other employee representative body recognized or established by the Group and, other than as disclosed in the Data Room, there are no outstanding proposals for the recognition or establishment of any trade unions, works councils and/or other employee representative bodies in relation to the Group. No Group Company is a party to any collective bargaining agreement and has no standing arrangement with any employee representative body, in each case, relating to redundancies, remuneration or other benefits.
- 16.11 There is no current dispute or Proceeding between any Group Company and any individual employed or engaged (or formerly employed or engaged) by any Group Company that would be expected to result in a material Liability to any Group Company, and there is no current dispute between any Group Company and any trade union, nor has any such dispute been threatened to a Group Company that would be expected to result in a material Liability to any Group Company.
- 16.12 There is no pending claim against any Group Company by a Senior Employee arising out of or relating to their employment with such Group Company, nor has any such claim been threatened.
- 16.13 Within the twelve (12) months preceding the date of this Deed, no commitments have been made with respect to any material amendments (whether temporary or permanent) to the working conditions and/or the terms and conditions of employment or engagement of any individual employed or engaged by the Group in connection with or as a result of (i) any negotiations or agreements with any recognised trade unions or other applicable employee representative bodies; or (ii) the COVID-19 global pandemic, nor are any such material amendments proposed by the Group.
- 16.14 Details are contained in folder 7 the Data Room of any application for or use by any Group Company of any government support scheme in relation to employees and/or employee costs in light of the COVID-19 global pandemic. The procedures for the suspension of employment contracts or use of any government support scheme in relation to employees and/or employee costs carried out by any Group Company since the beginning of the COVID-19 global pandemic have been implemented in compliance with Applicable Law and each Group Company has complied and continues to comply with all obligations and restrictions derived from such procedures. There are no reasons or circumstances which would cause any Group Company to be required to reimburse any benefits to any Governmental Body.
- 16.15 No Group Company operates or has operated any share incentive, share option or other equity incentive arrangement nor is there or has there been any employee benefit trust operated for the benefit of any employee or past employee of any Group Company.
- 16.16 No employee and/or worker of any Group Company is entitled to accrued but unpaid holiday pay in respect of such Group Company's previous holiday year and it has at all times complied with the Working Time Regulations 1998 and all Applicable Laws concerning the organisation of working time or otherwise in calculating holiday pay.
- 16.17 No transaction bonuses are payable to any Senior Employees as a result of the transactions contemplated hereby.

17. Pensions

- 17.1 Save in respect of the Disclosed Schemes and any state social security arrangements, no Group Company has an obligation to provide, or contribute towards, or has any actual or contingent Liability in respect of, any scheme or arrangement which provides or will or may provide pension, death, retirement, lump-sum, ill-health, disability, accident or other benefits in respect of any individual employed or engaged (or formerly employed or engaged) by any Group Company or in each case their dependents and no promise or assurance has been given to any current or former employee or director of any Group Company that his benefits (whether under the Disclosed Scheme or otherwise) will be calculated by reference to a minimum amount or defined level of benefit.
- 17.2 The details of the Disclosed Schemes have been accurately summarized and included in the Data Room.
- 17.3 The Disclosed Schemes are in all material respects being operated in accordance with the provisions of their governing documentation, all applicable legislation, and the general requirements of Applicable Law and regulatory practice.
- 17.4 There are no complaints, disputes, Proceedings or applications pending, threatened or in progress (or any circumstances likely to lead to such complaints, disputes or applications) in relation to the Disclosed Schemes made by any employees of any Group Company that would be expected to result in a material Liability of any Group Company. No employee of any Group Company whose employment has previously transferred to such Group Company under the Transfer of Undertakings (Protection of Employment) Regulations 2006 or equivalent legislation has a right to enhanced benefits on redundancy or on early retirement.

18. Data protection

- 18.1 In respect of all and any Personal Data processed by the Group Companies, in the last four years each Group Company:
- (a) has made all necessary registrations in accordance with the Data Protection Legislation;
 - (b) has complied with the Data Protection Legislation in all material respects; and
 - (c) has not received any written notice, complaint, notice of investigation, fine or claim from the UK Information Commissioner or any other regulatory body or authority in connection with any non-compliance or alleged non-compliance with Data Protection Legislation, in any jurisdiction and, so far as the Warrantors are aware, there is no fact or circumstance that would give rise to such notice, complaint, investigation, fine, or claim.

To the extent any Group Company collects, processes, uses or stores any Personal Data, each such Group Company, as applicable, has in place applicable privacy policies regarding such collection, use and disclosure of Personal Data. So far as the Warrantors are aware each of the Group Companies has complied in all material respects with all Material Contracts to which it is a party that contain, involve or deal with Personal Data. In the last four years, there has been no unauthorized access, use, or disclosure of Personal Data in the possession or control of any Group Company or any of their providers or other contractors, or otherwise in connection with the business of the Group.

18.2 Each Group Company has complied with its legal obligations under the Data Protection Legislation with respect to all transfers of Personal Data to countries outside the UK and/ or EEA.

18.3 Each Group Company has complied with its obligations under Data Protection Legislation in respect of the use of electronic communications for direct marketing purposes.

19. **Legal and regulatory compliance**

19.1 Each Group Company is conducting, and has since 31 July 2018 conducted, its business in compliance with all Applicable Laws in all material respects.

19.2 Since 31 July 2018, there has been no investigation, disciplinary proceeding or enquiry by, and no order, decree, decision or judgment of, any court, tribunal, arbitrator, governmental agency or other Governmental Body against any Group Company which has or would be reasonably be expected to result in material Liability to any Group Company or otherwise materially adversely affect the business or assets of any Group Company.

19.3 All licences, consents, permits, authorisations and other Licenses that are necessary for the lawful and effective carrying on of the business of the Group in the places and substantially in the manner in which such business is now carried on (the “**Authorisations**”) have been obtained and are valid and subsisting and there is no reason why any of them should be varied, suspended, cancelled, or revoked or not renewed on the same terms in the ordinary course.

19.4 No Group Company has received written notice from any Governmental Body that a Group Company is in violation or is the subject of any pending or threatened investigation of a violation of any Applicable Laws or of any Authorisation or that any Governmental Body is intending to revoke, suspend, vary or limit any Authorisation or that any material amendment to any Authorisation is required to enable the continued operation of the business in any respect. There are no circumstances which are likely to give rise to a breach or violation of any Authorisation relating to any Group Company.

20. **Litigation**

20.1 No Group Company is involved in any criminal Proceeding or any other Proceeding (whether as claimant or defendant or otherwise), which is reasonably expected to result in a Liability to the Group in excess of £150,000 individually or £300,000 in the aggregate.

20.2 No Proceeding by or against any Group Company has been threatened by or against any Group Company since 31 July 2018.

21. **Anti-bribery and corruption**

21.1 No Group Company, nor any other Person acting on behalf of any Group Company, is engaged in or has at any time in the last five years been engaged in any activity, practice or conduct which would constitute an offence pursuant to or would violate any applicable Anti-Bribery Laws.

21.2 In the previous three years, no Group Company has:

- (a) received any written notice alleging that such company or its directors, officers, employees or other persons acting on its behalf has violated any Anti-Bribery Laws, or that such company or its operations is or may be subject to any investigation, inquiry or enforcement proceedings related to Anti-Bribery Laws, nor have any such investigations, inquiries or proceedings been threatened in writing.

- (b) carried out any internal investigation, or made a voluntary disclosure to any governmental or regulatory authority, in relation to a violation of any Anti-Bribery Law.

22. **Taxation**

- 22.1 Provision or reserve (as appropriate) has been made in the Locked-Box Accounts in accordance with generally accepted accounting practice and all relevant accounting standards for all Taxes for which each Group Company is liable or accountable (whether primarily or otherwise) in respect of all income, profits or gains earned, accrued or received on or before the Locked-Box Date or in respect of any Event occurring on or before the Locked-Box Date.
- 22.2 All returns, notifications, registrations, assessments, accounts, computations, notices and all other information (“**Returns**”) required by Applicable Law to have been made or submitted to any Tax Authority by each Group Company in the last four years for any Tax purpose, have been duly made or submitted within the applicable time limits and remain complete and accurate in all material respects.
- 22.3 Each Group Company has in the past four years properly and within the applicable time limits submitted to the relevant Tax Authority all claims and disclaimers which have been assumed to have been made for the purposes of computing any provision or reserve for Tax (including deferred Tax) included in the Locked-Box Accounts.
- 22.4 All Tax for which each Group Company has, within the last four years, been liable to account has been duly paid insofar as such Tax ought to have been paid in accordance with Applicable Law.
- 22.5 No Group Company has, within the last four years, entered into any concession, agreement or arrangement with a Tax Authority pursuant to which a Group Company has been authorised not to comply with what, but for such concession, agreement or arrangement, would be its statutory obligation.
- 22.6 No Group Company has in the last four years been involved in any dispute with or investigation, audit or enquiry by any Tax Authority (in each case other than routine enquiries). No Group Company has received any notice that it is subject to any dispute, investigation, audit or enquiry by a Tax Authority of a non-routine nature.
- 22.7 No Group Company has in the last four years paid nor has become liable to pay material any interest, penalty, surcharge or fine relating to Tax.
- 22.8 Each Group Company has in the last four years and within applicable time limits, maintained and is in possession of all material records required by Applicable Law to be maintained by it for Tax purposes.
- 22.9 Each Group Company has, within the last four years, properly deducted or withheld from payments made by it all withholding tax required to be deducted or withheld, within the applicable time limits accounted for all withheld tax which it is or was liable to account for and has otherwise complied with its legal obligations relating to the making of appropriate filings with a Tax Authority, in respect of such deductions or withholdings.
- 22.10 Each Group Company is, and has within the last four years, been resident in its jurisdiction of incorporation for Tax purposes and has not been treated as resident in any other jurisdiction for the purposes of any double tax convention; and has not had any permanent establishment or taxable presence in any jurisdiction other than its jurisdiction of incorporation.

- 22.11 No Group Company has made or agreed to make any loans or advances within sections 455, 459 and 460 of CTA 2010.
- 22.12 Each Group Company has, and has had at all times since 30 September 2017, such procedures in place as it was reasonable in all the circumstances to expect such Group Company to have to prevent persons acting in the capacity of a person associated with the Group Company from committing UK or foreign tax evasion facilitation offences within the meaning of Part 3 of the Criminal Finances Act 2017.
- 22.13 No Group Company has in the past four years entered into, been a party to or promoted any scheme or arrangement which has no commercial purpose and of which the main purpose, or one of the main purposes, was the avoidance of or the reduction in or the deferral of a Liability to Tax, such that disclosure to any Taxation Authority under any legislation relating to the disclosure of Tax avoidance schemes is or was required.
- 22.14 No Group Company is or has ever been a member of: (a) a group of companies; (b) a fiscal consolidation; or (c) a fiscal unity for any Tax purpose, of which any company other than a Group Company or a Seller is a member.
- 22.15 All documents which (i) are required to be stamped for the purposes of a stamp, registration, transfer or similar Tax and are in the possession of any member of the Group, or (ii) establish or are necessary to establish the rights or title of any Group Company to any asset or in the enforcement of which any Group Company is or may be interested have been duly and properly stamped (if required), and all applicable documentation, transfer or registration taxes or duties have been duly paid.
- 22.16 Each Group Company has in the last four years complied in material respects with the requirements and provisions of applicable VAT legislation and has made, and maintained, correct and up-to-date records, invoices and other documents required for the purposes of applicable VAT legislation.
- 22.17 No Group Company has, within the last four years, changed any accounting period or method with respect to Taxes other than so as to comply with Applicable Law or accounting practice.
- 22.18 Each agreement, contract, plan or other arrangement that is a “nonqualified deferred compensation plan” subject to Section 409A of the Internal Revenue Code of 1986 (the “**Code**”) to which any member of the Group is a party (each, a “**409A Plan**”) complies with and has been operated and maintained in accordance with the requirements of Section 409A of the Code and any U.S. Department of Treasury or IRS guidance issued thereunder and no amounts under any such 409A Plan is or has been subject to the interest and additional Tax set forth under Section 409A of the Code. The Group Companies do not have any obligations to gross up, indemnify, or otherwise reimburse any person for any Taxes (or potential Taxes) imposed (or potentially imposed) pursuant to Sections 409A or 4999 of the Code or otherwise.
- 22.19 No Group Company is a party to any agreement, contract, plan or other arrangement that that has resulted or could result, separately or in the aggregate, directly in connection with the transactions contemplated hereby or in combination with any other event, in the payment of any amount or provision of any benefit (including accelerated vesting) that could constitute “an excess parachute payment” within the meaning of Section 280G of the Code (or any corresponding provision of state, local, or non-U.S. Tax law) or would not be deductible under Section 280G of the Code (or any corresponding provision of state, local, or non-U.S.

Tax law) or could be subject to an excise tax under Section 4999 of the Code (or any corresponding provision of state, local, or non-U.S. Tax law).

23. Product Warranty; Product Liability.

- 23.1 There exists no (i) latent defect in the design of any of the products of the businesses of any Group Company or (ii) pending or threatened Proceeding by or before any Governmental Body relating to any product alleged to have been distributed or sold by any Group Company, or alleged to have been defective or improperly designed or manufactured or in breach of any express or implied product warranty.
- 23.2 There exist no pending or threatened product Liability claims, except to the extent expressly reserved for in the Accounts. In the prior five years, there have been no recalls relating to products sold, marketed, delivered, or distributed by any Group Company, and there are no pending or threatened recalls relating to products sold, marketed, delivered, or distributed by any Group Company. Folder 4.2 of the Data Room sets forth a summary of the material terms and conditions of each Group Company's product warranty policies and practices for products sold by such Group Company prior to Completion.

SCHEDULE 3

Limitation on liability

1. Time Limits

- 1.1 If the Purchaser or any member of the Group becomes aware of a matter or circumstance which is reasonably likely to give rise to a Claim, the Purchaser shall give notice to the Warrantors specifying that matter or circumstance in reasonable detail (including, without limitation, the Purchasers estimate, on a without prejudice basis, of the amount of such Claim) as soon as reasonably practicable (and in any event within 30 days) after it becomes aware of that matter or circumstance, and the Warrantors shall not be liable in respect of any Claim if and only to the extent that any such liability is increased by any delay of the Purchaser in providing notice under this paragraph 1.1.
- 1.2 The Warrantors shall not be liable in respect of any Claim unless notice of such Claim is given by the Purchaser to the Warrantors in accordance with Clause 11 (*Notices*) of this Deed, and such notice is given in respect of:
 - (a) any Tax Warranty Claim within a period of four years from the Completion Date; and
 - (b) any Warranty Claim within a period of twelve months from the Completion Date.
- 1.3 Any notice served by the Purchaser pursuant to this Paragraph 1 shall specify, in such detail as is reasonably available to the Purchaser at the time, the legal and factual basis of the Claim and the nature of the Claim, including the specific Warranties or other provisions of this Deed to which the Claim relates.
- 1.4 If notice of any Claim is served by the Purchaser pursuant to this Paragraph 1, the Warrantors shall be liable in respect of such Claim only if legal proceedings in respect of such Claim are commenced (by being both issued and served) no later than six months after notice of the Claim was delivered to the Warrantors, provided that if the circumstances giving rise to the Claim are such that the losses suffered or which may be suffered are contingent, then such Claim will be deemed to be withdrawn on the date falling 6 months after the date on which such loss ceased to be contingent.

2. Monetary Limits

- 2.1 Notwithstanding any provisions in this Deed to the contrary, the Purchaser agrees that it will not be entitled to make, it will not make, and it waives any right it may have to make, any Claim against the Warrantors except to the extent required to permit a claim against the W&I Insurers under the W&I Policy and only then on the basis that the aggregate liability of the Warrantors shall be £1.00 in respect of all Claims.
- 2.2 For the purposes of the limit set out in Paragraph 2.1 of this Schedule 3, the liability of the Warrantors shall be deemed to include the amount of all costs, expenses and other liabilities (together with any VAT thereon) payable by a Warrantor in connection with the satisfaction, settlement or determination of any Claim.

3. Mitigation

- 3.1 Nothing in the Transaction Documents is to be construed as relieving the Purchaser from any duty it may have at law to mitigate any loss or damage.

4. Remedial Action

- 4.1 The Warrantors shall not be liable for any breach of Warranty to the extent that the breach is remedied in full (at no cost to any member of the Group) within 90 days following receipt by the Warrantors of a written notice from the Purchaser pursuant to Paragraph 1 above.

5. Recovery from third parties

- 5.1 Where the Purchaser or any member of the Purchaser's Group is at any time entitled to recover from some other person any sum in respect of any matter which would give rise to a claim under any provision of this Deed, the Purchaser shall, and shall procure that the relevant member of the Purchaser's Group shall, undertake all necessary steps to enforce and make such recovery prior to taking any action (other than notifying the Warrantors of the potential Claim) against the Warrantors and in the event that the Purchaser or other member of the Purchaser's Group shall recover any amount from such other person, the amount of such claim shall be reduced by the amount recovered, less all reasonable direct costs, charges and expenses properly incurred by the Purchaser or other member of the Purchaser's Group in recovering that sum from such other person and less any tax attributable to the recovery.

6. Changes in Legislation

- 6.1 The Warrantors shall not be liable for any Claim to the extent that it would not have arisen but for, or has been increased as a result of, any change in any Applicable Law or published practice (or the interpretation thereof), any judgment, an increase in the rate of Tax or any change in any accounting basis, policy or practice of the Group, in each case made on or after the date of this Deed (save for any change made voluntarily by the Group before Completion).

7. Taxation

- 7.1 The Warrantors shall not be liable for any Tax Warranty Claim, if and to the extent that:

- (a) a liability, allowance, provision or reserve has been made in the Locked-Box Accounts or included in the EV to Equity Bridge (as defined in the SPA) in respect of the matter or thing giving rise to such Tax Warranty Claim;
- (b) the liability arises or is increased as a result of any change in the accounting reference date, or in the accounting basis, policy or practice (including in respect of the valuation of assets), or any change in the way any of the foregoing is adapted for Tax purposes of a Group Company after Completion;
- (c) a Relief has been received by the relevant Group Company to relieve or mitigate that liability, other than:
 - (i) any Relief arising to any member of the Purchaser Tax Group; or
 - (ii) any Relief arising to a Group Company as a consequence of any Event occurring after Completion or in respect of any income, profits or gains earned, accrued or received by a Group Company after Completion;
- (d) such liability is attributable to any Event occurring in the period from the Locked-Box Date to Completion or by reference to any income, profits or gains earned, accrued or received in the period from the Locked-Box Date to Completion, which, in either case, arises in the ordinary course of business of a Group Company since the Locked-Box Date to Completion; or

- (e) such liability would not have arisen but for any act, transaction or omission carried out or effected by (or on behalf of) any of the Purchaser, a Group Company, any member of the Purchaser Tax Group or any other person connected with any of them, at any time after Completion, provided that this Paragraph 7.1(e) shall not apply where any such action, transaction or omission is:
 - (i) required by Applicable Law;
 - (ii) carried out or effected by the relevant Group Company under a legally binding obligation of the Group Company entered into or created on or before Completion; or
 - (iii) carried out at the express written request of the Warrantors.

8. Purchaser actions

The Warrantors shall not be liable in respect of any Claim to the extent that the Claim arises, or is increased, as a result of any matter or thing done, or omitted to be done, which is expressly authorised by the terms of any Transaction Document, caused by any failure by the Purchaser to comply with any of its obligations thereunder, or is at the prior written request or written direction of, or with the prior written consent of, the Purchaser (or any of its respective directors, officers, employees or agents or advisers, or carried out by any such person or any of its or their successors in title or assigns on or after the Completion Date).

9. Single recovery

The Purchaser shall not be entitled to recover under any of the Transaction Documents or otherwise more than once in respect of the same liability, loss, cost, shortfall, damage, deficiency or amount for which the Purchaser would otherwise be entitled to claim and no amount (or part of any amount) shall be taken into account, set off or credited more than once under the Transaction Documents or otherwise, with the intent, in each case, that there will be no double counting under any of the Transaction Document or otherwise.

10. Purchaser's knowledge

The Warrantors shall not be liable in respect of a Claim to the extent that the Purchaser has knowledge of the Claim prior to or on the date of this Deed. For the purposes of this Clause, Purchaser's knowledge means the actual knowledge of Jim Zwiers, Kyle Hanson and Ileana McAlary following due and reasonable enquiry of the Purchaser's professional advisers and legal representatives in relation to the Proposed Transaction.

11. General limitations

The Warrantors shall not be liable in respect of a Claim against them for breach of any provision of this Deed to the extent that any amount has been paid by them under any other claim against them for breach of any provision of this Deed and/or the SPA in respect of the same shortfall, damage, deficiency or breach, and for this purpose recovery by the Purchaser or any Group Company shall be deemed to be a recovery by each of them.

12. Fraud

Notwithstanding anything to the contrary in this Deed or any other Transaction Document, nothing in this Deed or any other Transaction Document will interfere with, limit or otherwise affect any claims or liability of a Warrantor with respect to fraud or fraudulent misrepresentation by such Warrantor.

13. **Limitation of specific Warranties**

The only Warranties which shall apply in relation to Tax are the Tax Warranties. Where any matter would or may give rise to a breach of any Warranty other than the Tax Warranties, or would do so but for an express exclusion from, or qualification or limitation to, the terms of that other Warranty (whether such qualification or limitation is in relation to the awareness of the Warrantors materiality, financial or otherwise), such matter shall be deemed not to give rise to any breach or liability in respect of any of the Tax Warranties.

SCHEDULE 4

Warrantors

(1) Warrantor	(2) Warrantor's Address	(3) Email
Julia Straus		
Mark Smith		

SIGNATURES

EXECUTED and **DELIVERED** as a deed by
JULIA STRAUS acting by her duly appointed
attorney **MARK SMITH**

/s/ Mark Smith

in the presence of:

Witness signature

/s/ Natalie Harris

Name

Natalie Harris

Address

2-4 Temple Avenue,
London, EC4Y 0HB

EXECUTED and **DELIVERED** as a deed by **MARK SMITH**

/s/ Mark Smith

in the presence of:

Witness signature

/s/ Natalie Harris

Name

Natalie Harris

Address

2-4 Temple Avenue,
London, EC4Y 0HB

[Management Warranty Deed Signature Page]

EXECUTED and DELIVERED a deed by **WOLVERINE OUTDOORS, INC.**

/s/ Michael D. Stornant

Michael D. Stornant
President and Treasurer

in the presence of:

Witness signature

/s/ Ileana McAlary

Name

Ileana McAlary

Address

9341 Courtland Dr. NE Rockford, MI 49351

[Management Warranty Deed Signature Page]

CERTIFICATION

I, Blake W. Krueger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wolverine World Wide, 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(s) 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(s) 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: November 10, 2021

/s/ Blake W. Krueger

Blake W. Krueger
Chairman and Chief Executive Officer
Wolverine World Wide, Inc.

CERTIFICATION

I, Michael D. Stornant, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wolverine World Wide, 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(s) 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(s) 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: November 10, 2021

/s/ Michael D. Stornant

Michael D. Stornant
Senior Vice President, Chief Financial Officer and Treasurer
Wolverine World Wide, Inc.

CERTIFICATIONS

Solely for the purpose of complying with 18 U.S.C. § 1350, each of the undersigned hereby certifies in his capacity as an officer of Wolverine World Wide, Inc. (the "Company") that the Quarterly Report of the Company on Form 10-Q for the year-to-date ended October 2, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition of the Company at the end of such period and the results of operations of the Company for such period.

Date: November 10, 2021

/s/ Blake W. Krueger

Blake W. Krueger
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ Michael D. Stornant

Michael D. Stornant
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)