

**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 September 28, 2024

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 80,066,948 shares of common stock, \$1 par value, outstanding as of October 21, 2024.

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FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements,” which are statements relating to future, not past, events. In this context, forward-looking statements 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:

- 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 direct-to-consumer 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, quality issues, price increases or other risks associated with foreign sourcing;
- the cost, including the effect of inflationary pressures 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 direct-to-consumer operations;
- risks related to expansion into new markets and complementary product categories as well as direct-to-consumer 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, including *Sweaty Betty*[®], and implementing new initiatives and ventures;
- risks related to stockholder activism;
- the potential effects of outbreaks of COVID-19 or future health crises on the Company’s business, operations, financial results and liquidity;
- 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 December 30, 2023 (the “2023 Form 10-K”), filed with the SEC on February 22, 2024. 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	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Revenue	\$ 440.2	\$ 527.7	\$ 1,260.3	\$ 1,716.2
Cost of goods sold	241.0	312.3	696.5	1,036.7
Gross profit	199.2	215.4	563.8	679.5
Selling, general and administrative expenses	171.2	203.3	514.6	610.8
Gain on sale of businesses, trademarks, and long-lived assets	(8.5)	(57.7)	(8.5)	(77.8)
Impairment of long-lived assets	—	40.2	9.3	55.8
Environmental and other related costs (income), net of recoveries	1.3	2.3	(12.8)	(28.0)
Operating profit	35.2	27.3	61.2	118.7
Other expenses:				
Interest expense, net	9.6	15.5	33.5	47.4
Other expense (income), net	(3.8)	2.4	(5.4)	3.2
Total other expense, net	5.8	17.9	28.1	50.6
Earnings before income taxes	29.4	9.4	33.1	68.1
Income tax expense	5.1	0.4	6.9	16.7
Net earnings	\$ 24.3	\$ 9.0	\$ 26.2	\$ 51.4
Less: net earnings (loss) attributable to noncontrolling interests	0.7	0.4	2.9	(0.2)
Net earnings attributable to Wolverine World Wide, Inc.	\$ 23.6	\$ 8.6	\$ 23.3	\$ 51.6
Net earnings (loss) per share (see Note 3):				
Basic	\$ 0.28	\$ 0.11	\$ 0.28	\$ 0.64
Diluted	\$ 0.28	\$ 0.11	\$ 0.28	\$ 0.64
Comprehensive income (loss)	\$ 29.7	\$ (0.2)	\$ 23.3	\$ 39.8
Less: comprehensive income (loss) attributable to noncontrolling interests	0.3	0.2	1.9	(0.2)
Comprehensive income (loss) attributable to Wolverine World Wide, Inc.	\$ 29.4	\$ (0.4)	\$ 21.4	\$ 40.0
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)	September 28, 2024	December 30, 2023	September 30, 2023
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 140.2	\$ 179.0	\$ 160.4
Accounts receivable, less allowances of \$9.3, \$18.3 and \$13.3	244.4	230.8	272.0
Finished products, net	283.9	371.6	561.7
Raw materials and work-in-process, net	1.6	2.0	2.1
Total inventories	285.5	373.6	563.8
Prepaid expenses and other current assets	92.2	81.1	84.9
Current assets held for sale	—	160.6	16.1
Total current assets	762.3	1,025.1	1,097.2
Property, plant and equipment, net of accumulated depreciation of \$231.1, \$255.2 and \$254.6	88.7	96.3	126.5
Lease right-of-use assets, net	108.0	118.2	148.7
Goodwill	430.5	427.1	465.4
Indefinite-lived intangibles	179.3	174.1	237.0
Amortizable intangibles, net	33.2	34.9	57.4
Deferred income taxes	93.1	116.4	26.3
Other assets	63.6	70.7	72.8
Total assets	<u>\$ 1,758.7</u>	<u>\$ 2,062.8</u>	<u>\$ 2,231.3</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 230.4	\$ 206.0	\$ 197.2
Accrued salaries and wages	29.7	37.1	21.8
Other accrued liabilities	190.2	252.4	210.9
Lease liabilities	33.3	34.7	38.7
Current maturities of long-term debt	10.0	10.0	10.0
Borrowings under revolving credit agreements	125.0	305.0	370.0
Current liabilities held for sale	—	24.2	3.1
Total current liabilities	618.6	869.4	851.7
Long-term debt, less current maturities	567.8	605.8	716.3
Accrued pension liabilities	76.3	78.4	71.7
Deferred income taxes	27.8	26.9	34.0
Lease liabilities, noncurrent	122.7	132.4	141.3
Other liabilities	48.8	49.9	53.6
Stockholders' equity:			
Common stock – par value \$1, authorized 320,000,000 shares; 113,461,555, 112,953,782, and 112,939,664 shares issued	113.5	113.0	112.9
Additional paid-in capital	376.5	364.0	330.7
Retained earnings	833.0	834.8	934.5
Accumulated other comprehensive loss	(144.1)	(142.2)	(144.5)
Cost of shares in treasury; 33,394,607, 33,403,280, and 33,407,203 shares	(890.8)	(891.0)	(891.2)
Total Wolverine World Wide, Inc. stockholders' equity	288.1	278.6	342.4
Noncontrolling interest	8.6	21.4	20.3
Total stockholders' equity	296.7	300.0	362.7
Total liabilities and stockholders' equity	<u>\$ 1,758.7</u>	<u>\$ 2,062.8</u>	<u>\$ 2,231.3</u>

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	
	September 28, 2024	September 30, 2023
OPERATING ACTIVITIES		
Net earnings	\$ 26.2	\$ 51.4
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	19.4	26.3
Deferred income taxes	23.5	(1.6)
Stock-based compensation expense	15.0	11.8
Pension and SERP expense	(0.5)	1.2
Impairment of long-lived assets	9.3	55.8
Environmental and other related costs, net of cash payments	(10.1)	(68.8)
Gain on sale of businesses, trademarks and long-lived assets	(8.5)	(77.8)
Other	(8.4)	(1.1)
Changes in operating assets and liabilities:		
Accounts receivable	(10.8)	(25.1)
Inventories	87.2	178.5
Other operating assets	(15.4)	(11.7)
Accounts payable	22.3	(74.7)
Income taxes payable	(4.8)	5.6
Other operating liabilities	(46.7)	(62.8)
Net cash provided by operating activities	97.7	7.0
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(12.2)	(18.5)
Proceeds from sale of businesses, intangible assets and other assets, net of cash disposed of	102.4	136.0
Proceeds from company-owned life insurance policy liquidations	7.9	—
Other	(3.0)	(1.3)
Net cash provided by investing activities	95.1	116.2
FINANCING ACTIVITIES		
Payments under revolving credit agreements	(443.0)	(620.0)
Borrowings under revolving credit agreements	263.0	565.0
Proceeds from company-owned life insurance policies	7.0	—
Payments on long-term debt	(39.2)	(7.5)
Payments of debt issuance costs	—	(0.9)
Cash dividends paid	(24.4)	(24.5)
Employee taxes paid under stock-based compensation plans	(2.0)	(5.8)
Proceeds from the exercise of stock options	—	0.1
Contributions from noncontrolling interests	—	2.1
Net cash used in financing activities	(238.6)	(91.5)
Effect of foreign exchange rate changes	1.4	(2.5)
Increase (decrease) in cash and cash equivalents	(44.4)	29.2
Cash and cash equivalents at beginning of the year	184.6	135.5
Cash and cash equivalents at end of the quarter	\$ 140.2	\$ 164.7

See accompanying notes to consolidated condensed financial statements.

Cash and cash equivalents at the beginning of fiscal year 2024, the end of the third quarter of 2023 and the beginning of fiscal year 2023 included cash and cash equivalents that were classified as held for sale of \$5.6 million, \$4.3 million and \$4.0 million, respectively.

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

Wolverine World Wide, Inc. Stockholders' Equity							
(In millions, except share and per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total
Balance at July 1, 2023	\$ 112.9	\$ 326.8	\$ 933.8	\$ (135.5)	\$ (891.2)	\$ 20.1	\$ 366.9
Net earnings			8.6			0.4	9.0
Other comprehensive loss				(9.0)		(0.2)	(9.2)
Stock-based compensation expense		4.0					4.0
Cash dividends declared (\$0.10 per share)			(7.9)				(7.9)
Issuance of treasury shares (2,374 shares)		(0.1)			—		(0.1)
Balance at September 30, 2023	<u>\$ 112.9</u>	<u>\$ 330.7</u>	<u>\$ 934.5</u>	<u>\$ (144.5)</u>	<u>\$ (891.2)</u>	<u>\$ 20.3</u>	<u>\$ 362.7</u>
Balance at June 29, 2024	\$ 113.4	\$ 371.6	\$ 817.9	\$ (149.9)	\$ (890.9)	\$ 8.3	\$ 270.4
Net earnings			23.6			0.7	24.3
Other comprehensive income (loss)				5.8		(0.4)	5.4
Shares issued, net of shares forfeited under stock incentive plans (46,944 shares)	0.1	(0.3)					(0.2)
Stock-based compensation expense		5.2					5.2
Cash dividends declared (\$0.10 per share)			(8.5)				(8.5)
Issuance of treasury shares (2,180 shares)		—			0.1		0.1
Balance at September 28, 2024	<u>\$ 113.5</u>	<u>\$ 376.5</u>	<u>\$ 833.0</u>	<u>\$ (144.1)</u>	<u>\$ (890.8)</u>	<u>\$ 8.6</u>	<u>\$ 296.7</u>

See accompanying notes to consolidated condensed financial statements.

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

Wolverine World Wide, Inc. Stockholders' Equity							
(In millions, except share and per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total
Balance at December 31, 2022	\$ 112.2	\$ 325.4	\$ 907.2	\$ (132.9)	\$ (891.3)	\$ 18.4	\$ 339.0
Net earnings (loss)			51.6			(0.2)	51.4
Other comprehensive income (loss)				(11.6)		—	(11.6)
Shares issued, net of shares forfeited under stock incentive plans (731,544 shares)	0.7	(6.5)					(5.8)
Shares issued for stock options exercised, net (6,042 shares)	—	0.1					0.1
Stock-based compensation expense		11.8					11.8
Cash dividends declared (\$0.30 per share)			(24.3)				(24.3)
Issuance of treasury shares (6,001 shares)		(0.1)			0.1		—
Capital contribution from noncontrolling interest						\$ 2.1	\$ 2.1
Balance at September 30, 2023	<u>\$ 112.9</u>	<u>\$ 330.7</u>	<u>\$ 934.5</u>	<u>\$ (144.5)</u>	<u>\$ (891.2)</u>	<u>\$ 20.3</u>	<u>\$ 362.7</u>
Balance at December 30, 2023	\$ 113.0	\$ 364.0	\$ 834.8	\$ (142.2)	\$ (891.0)	\$ 21.4	\$ 300.0
Net earnings (loss)			23.3			2.9	26.2
Other comprehensive loss				(1.9)		(1.0)	(2.9)
Shares issued, net of shares forfeited under stock incentive plans (500,067 shares)	0.5	(2.4)					(1.9)
Stock-based compensation expense		15.0					15.0
Cash dividends declared (\$0.30 per share)			(25.1)				(25.1)
Issuance of treasury shares (8,673 shares)		(0.1)			0.2		0.1
Divestiture						(14.7)	(14.7)
Balance at September 28, 2024	<u>\$ 113.5</u>	<u>\$ 376.5</u>	<u>\$ 833.0</u>	<u>\$ (144.1)</u>	<u>\$ (890.8)</u>	<u>\$ 8.6</u>	<u>\$ 296.7</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*[®], *HYTEST*[®], *Merrell*[®], *Saucony*[®], *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 through 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.

Effective February 4, 2023, the Company completed the sale of the *Keds*[®] business. See Note 18 for further discussion.

In the third quarter of fiscal 2023, the Company entered into a multi-year licensing agreement of the *Hush Puppies*[®] brand in the United States and Canada and completed the sale of the *Hush Puppies*[®] trademarks, patents, copyrights, and domains in China, Hong Kong, and Macau. The Company will continue to own the *Hush Puppies*[®] brand throughout the rest of the world. See Note 18 for further discussion.

Effective August 23, 2023, the Company completed the sale of the U.S. Leathers business and effective December 28, 2023, the Company completed the sale of the Asia-based Leathers business. See Note 18 for further discussion.

Effective January 1, 2024, the Company completed the sale of the Company's equity interest joint venture entities that sourced and marketed *Merrell*[®] and *Saucony*[®] footwear and apparel products in China. See Note 18 for further discussion.

Effective January 10, 2024, the Company completed the sale of the *Sperry*[®] business. See Note 18 for further discussion.

Effective May 4, 2024, the Company entered into global multi-year licensing agreements of the *Merrell*[®] and *Saucony*[®] kids footwear and *Merrell*[®] apparel and accessories.

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 2023 Form 10-K.

Fiscal Year

The Company's fiscal year is the 52 or 53-week period that ends on the Saturday nearest to December 31. Fiscal years 2024 and 2023 each have 52 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 fourth fiscal 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 experiences moderate fluctuations in sales volume during the year, as reflected in quarterly revenue. The Company expects current seasonal sales patterns to continue in future years. The Company also experiences some fluctuation in its levels of working capital, typically reflecting an increase in net working capital requirements near the end of the first and third fiscal quarters as inventory builds to support peak shipping periods. Historically, cash provided by operating activities is higher in the second half of the fiscal year due to collection of wholesale channel receivables and direct-to-consumer sales being higher during the holiday season. The Company meets its working capital requirements through internal operating cash flows and, as needed, borrowings under its revolving credit facility, as discussed in more detail under the caption "Liquidity and Capital Resources" in Item 2: "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Company's working capital could also be impacted by other events, including health crises.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or an asset group may not be recoverable. Each impairment test is based on a comparison of the carrying amount of the asset or asset group to the future undiscounted net cash flows expected to be generated by the asset or asset group. Assets are considered impaired if the carrying amount exceeds fair value. The impairment amount recognized is the amount by which the carrying amount of the assets exceeds their fair value.

In the first quarter of 2024, the Company incurred \$6.1 million in non-cash impairment charges on the long-lived property, plant and equipment and lease right-of-use assets at the Company's distribution center in Louisville, Kentucky to adjust the carrying amount of the assets to their estimated fair value. The Louisville distribution center impairment were related to the Company's transformation activities and actions to consolidate distribution operations. The long-lived assets are not expected to have a fair value after the Company stops using the distribution center.

The Company incurred \$3.2 million and \$15.6 million, in the second quarters of 2024 and 2023, respectively, in non-cash impairment charges on certain Corporate U.S. and Canada office long-lived property, plant and equipment and right-of-use assets, to adjust the carrying amount of the assets to estimated fair value. The impairment charges were primarily resulting from divestiture activities and consolidation of corporate office space. Fair value was estimated based on the discounted cash flows of estimated rental income from subleases net of estimated expenses.

In the third quarter of 2023, the Company incurred \$1.9 million in non-cash impairment charges on certain *Sperry*[®] retail store assets where the estimated future cash flows did not support the net book value of the assets.

The following table provides details related to asset impairment charges recorded:

(In millions)	Quarter Ended		Year-To-Date Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Lease right-of-use assets impairment	\$ —	\$ —	\$ 5.9	\$ 12.1
Property, plant and equipment impairment	—	1.9	3.4	5.4
Indefinite-lived trade name impairment ⁽¹⁾	—	38.3	—	38.3
Total impairment	\$ —	\$ 40.2	\$ 9.3	\$ 55.8

⁽¹⁾ See Note 4 for information related to the Indefinite-lived trade name impairment charge recorded in the third quarter of fiscal 2023.

2. NEW ACCOUNTING STANDARDS

The Financial Accounting Standards Board ("FASB") has issued the following Accounting Standards Updates ("ASU") that the Company has not yet adopted. The following is a summary of the new standards and anticipated impact of adopting these new standards.

Standard	Description	Effect on the Financial Statements
ASU 2023-07, Improvements to Reportable Segment Disclosures	Requires entities disclose on an annual and interim basis significant segment expense, including an amount and composition description for other segment items, and how reported measures of profit or loss are used by the chief operating decision maker in assessing segment performance and deciding how to allocate resources. The ASU is effective on a retrospective basis for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024.	The Company is evaluating the impact of the new standard on its Consolidated Financial Statements.
ASU 2023-09, Improvements to Income Tax Disclosures	Requires annual disclosures of prescribed standard categories for the components of the effective tax rate reconciliation, disclosure of income taxes paid disaggregated by jurisdiction, and other income-tax related disclosures. The ASU is effective on a prospective basis, with retrospective application permitted, for fiscal years beginning after December 15, 2024.	The Company is evaluating the impact of the new standard on its Consolidated Financial Statements.

3. EARNINGS PER SHARE

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	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Numerator:				
Net earnings attributable to Wolverine World Wide, Inc.	\$ 23.6	\$ 8.6	\$ 23.3	\$ 51.6
Adjustment for earnings allocated to non-vested restricted common stock	(0.8)	(0.2)	(0.9)	(1.2)
Net earnings used in calculating basic and diluted earnings per share	\$ 22.8	\$ 8.4	\$ 22.4	\$ 50.4
Denominator:				
Weighted average shares outstanding	80.0	79.5	79.9	79.4
Effect of dilutive stock options	—	—	—	—
Shares used in calculating diluted earnings per share	80.0	79.5	79.9	79.4
Net earnings per share				
Basic	\$ 0.28	\$ 0.11	\$ 0.28	\$ 0.64
Diluted	\$ 0.28	\$ 0.11	\$ 0.28	\$ 0.64

For the quarter and year-to-date ended September 28, 2024, 1,563,018 and 1,636,131 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 30, 2023, 1,964,421 and 2,042,094 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	
	September 28, 2024	September 30, 2023
Goodwill balance at beginning of the year	\$ 427.1	\$ 485.0
Sale of business (see Note 18)	—	(20.4)
Foreign currency translation effects	3.4	0.8
Goodwill balance at end of the quarter	\$ 430.5	\$ 465.4

Goodwill balances are net of accumulated impairment charges. Accumulated impairment charges were \$48.4 million as of September 28, 2024 and September 30, 2023, and are related to the *Sweaty Betty*[®] reporting unit, which is part of the Active segment.

The Company's indefinite-lived intangible assets, which comprise trade names and trademarks, totaled \$179.3 million, \$174.1 million, and \$237.0 million as of September 28, 2024, December 30, 2023, and September 30, 2023, respectively. The Company conducted an interim impairment assessment as of September 28, 2024 and determined that there were no triggering events indicating impairment of the Company's goodwill and indefinite-lived intangible assets.

Following the fiscal 2023 annual impairment test, the Company concluded that the estimated fair value of the *Sweaty Betty*[®] reporting unit exceeded its carrying value by 5%. The key assumptions used in the valuation were revenue growth, EBITDA margin, and the discount rate. Although the Company believes the estimates and assumptions used in the valuation were appropriate, it is possible that assumptions could change in future periods. The risk of future impairment to the *Sweaty Betty*[®] trade name and *Sweaty Betty*[®] goodwill depend on key assumptions used in the determination of the trade name's and reporting unit's fair value, such as revenue growth, earnings before interest, taxes, depreciation and amortization margin, discount rate, and assumed tax rate, or if macroeconomic conditions deteriorate and adversely affect the values of the Company's *Sweaty Betty*[®] trade name and the *Sweaty Betty*[®] reporting unit. A future impairment charge of the *Sweaty Betty*[®] trade name and the *Sweaty Betty*[®] reporting unit goodwill could have an adverse material effect on the Company's consolidated financial results. The carrying values of the Company's *Sweaty Betty*[®] trade name indefinite-lived intangible asset and the *Sweaty Betty*[®] reporting unit goodwill were \$104.7 million and \$55.8 million, respectively, as of September 28, 2024.

5. ACCOUNTS RECEIVABLE

The Company and certain of its subsidiaries sell, on a continuous basis without recourse, their trade receivables to Rockford ARS, LLC (“Rockford ARS”), a wholly-owned bankruptcy-remote subsidiary of the Company. On December 7, 2022, Rockford ARS entered into a receivables purchase agreement (“RPA”), which was subsequently amended on April 15, 2024, to sell up to \$125.0 million of receivables to certain purchasers (the “Purchasers”) on a recurring basis in exchange for cash (referred to as “capital” in the RPA) equal to the gross receivables transferred. The parties intend that the transfers of receivables to the Purchasers constitute purchases and sales of receivables. Rockford ARS has guaranteed to each Purchaser the prompt payment of sold receivables, and has granted a security interest in its assets for the benefit of the Purchasers. Under the RPA, which matures on December 5, 2025, each Purchaser’s share of capital accrues yield at a floating rate plus an applicable margin. The Company is the master servicer under the RPA, and is responsible for administering and collecting receivables.

The proceeds of the RPA are classified as operating activities in the Company’s consolidated condensed statements of cash flows. Cash received from collections of sold receivables may be used to fund additional purchases of receivables on a revolving basis or to return all or any portion of outstanding capital of the Purchasers. Subsequent collections of the pledged receivables, which have not been sold, are classified as operating cash flows at the time of collection. Total receivables sold under the RPA were \$108.1 million and \$313.1 million for the quarter and year-to-date ended September 28, 2024, respectively. Total receivables sold under the RPA were \$144.7 million and \$510.3 million for the quarter and year-to-date ended September 30, 2023, respectively. Total cash collections under the RPA were \$105.9 million and \$311.7 million in the quarter and year-to-date ended September 28, 2024, respectively. Total cash collections under the RPA were \$148.7 million and \$521.5 million in the quarter and year-to-date ended September 30, 2023, respectively. The fair value of the sold receivables approximated book value due to their credit quality and short-term nature, and as a result, no gain or loss on sale of receivables was recorded.

As of the fiscal quarters ended September 28, 2024 and September 30, 2023, the amount sold to the Purchasers under the RPA was \$95.4 million and \$131.5 million, respectively, which was derecognized from the consolidated condensed balance sheets. As collateral against sold receivables, Rockford ARS maintains a certain level of unsold receivables, which were \$56.8 million and \$61.5 million as of the fiscal quarters ended September 28, 2024 and September 30, 2023, respectively.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition and Performance Obligations

The Company reports disaggregated revenue by sales channel, including the wholesale and direct-to-consumer 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. The direct-to-consumer sales channel includes sales from the Company’s owned retail stores and from the Company’s owned eCommerce sites.

(In millions)	Quarter Ended September 28, 2024			Quarter Ended September 30, 2023		
	Wholesale	Direct-to-Consumer	Total	Wholesale	Direct-to-Consumer	Total
Active Group	\$ 217.1	\$ 101.6	\$ 318.7	\$ 225.2	\$ 103.4	\$ 328.6
Work Group	99.8	9.3	109.1	111.4	11.6	123.0
Other	10.9	1.5	12.4	54.5	21.6	76.1
Total Revenue	\$ 327.8	\$ 112.4	\$ 440.2	\$ 391.1	\$ 136.6	\$ 527.7

(In millions)	Year-To-Date Ended September 28, 2024			Year-To-Date Ended September 30, 2023		
	Wholesale	Direct-to-Consumer	Total	Wholesale	Direct-to-Consumer	Total
Active Group	\$ 616.4	\$ 298.0	\$ 914.4	\$ 800.4	\$ 297.4	\$ 1,097.8
Work Group	276.9	27.3	304.2	322.4	32.9	355.3
Other	34.8	6.9	41.7	197.9	65.2	263.1
Total Revenue	\$ 928.1	\$ 332.2	\$ 1,260.3	\$ 1,320.7	\$ 395.5	\$ 1,716.2

The Company has agreements to license symbolic intellectual property with minimum guarantees or fixed consideration. The Company was due \$41.5 million of remaining fixed transaction price under its license agreements as of September 28, 2024, which it expects to recognize per the terms of its contracts over the course of time through December 2028. 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.

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)	September 28, 2024	December 30, 2023	September 30, 2023
Product returns reserve	\$ 8.8	\$ 13.1	\$ 10.8
Customer markdowns reserve	0.5	5.1	4.6
Other sales incentives reserve	2.9	4.2	3.4
Customer rebates liability	11.4	14.7	14.0
Customer advances liability	7.5	6.8	4.9

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)	September 28, 2024	December 30, 2023	September 30, 2023
Term Facility, due October 21, 2026	\$ 32.5	\$ 71.7	\$ 182.5
Senior Notes, 4.000% interest, due August 15, 2029	550.0	550.0	550.0
Borrowings under revolving credit agreements	125.0	305.0	370.0
Unamortized deferred financing costs	(4.7)	(5.9)	(6.2)
Total debt	\$ 702.8	\$ 920.8	\$ 1,096.3

The Company's Credit Agreement provides for a term loan A facility (the "Term Facility") and for a revolving credit facility (the "Revolving Facility" and, together with the Term Facility, the "Senior Credit Facilities"). The maturity date of the loans under the Senior Credit Facilities is October 21, 2026. The Credit Agreement provides for a debt capacity of up to an aggregate debt amount (including outstanding term loan principal and revolver commitment amounts in addition to permitted incremental debt) not to exceed \$2.0 billion unless certain specified conditions set forth in the Credit Agreement are met.

The Term Facility requires quarterly principal payments with a balloon payment due on October 21, 2026. The scheduled principal payments due under the Term Facility over the next 12 months total \$10.0 million as of September 28, 2024 and are recorded as current maturities of long-term debt on the consolidated condensed balance sheets. In addition, the Company made payments towards the Term Facility in accordance with disposition proceeds language contained in the Credit Agreement.

The Revolving Facility allowed the Company to borrow up to an aggregate amount of \$1.0 billion. The Revolving Facility also includes a \$100.0 million swingline subfacility and a \$50.0 million letter of credit subfacility. The Company had outstanding letters of credit under the Revolving Facility of \$7.1 million, \$6.6 million and \$6.6 million as of September 28, 2024, December 30, 2023 and September 30, 2023, respectively. These outstanding letters of credit reduce the borrowing capacity under the Revolving Facility.

The interest rates applicable to amounts outstanding under Term Facility and to U.S. dollar denominated amounts outstanding under the Revolving 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 Credit Agreement). At September 28, 2024, the Term Facility and the Revolving Facility had a weighted-average interest rate of 6.00%.

The obligations of the Company pursuant to the Credit Agreement 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 Senior Credit Facilities also contain 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 Senior Credit Facilities require 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 Senior Credit Facilities). As of September 28, 2024, the Company was in compliance with all covenants and performance ratios under the Senior Credit Facilities.

On December 21, 2023, the Company entered into the fifth amendment (the "Fifth Amendment") to its Credit Agreement, dated as of July 31, 2012. The Fifth Amendment provides the Company with additional allowable disposition capacity in fiscal 2023 and fiscal 2024 to support the Company's transformation.

The Company's \$550.0 million 4.000% senior notes issued on August 26, 2021 are due on August 15, 2029. Related interest payments are due semi-annually. The senior notes are guaranteed by substantially all of the Company's domestic subsidiaries.

The Company has a foreign revolving credit facility with aggregate available borrowings of \$1.0 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 September 28, 2024, December 30, 2023 and September 30, 2023.

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 28, 2024, respectively. The Company included in interest expense the amortization of deferred financing costs of \$0.6 million and \$1.6 million for the quarter and year-to-date ended September 30, 2023, respectively.

8. LEASES

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

(In millions)	Quarter Ended		Year-To-Date Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Operating lease cost	\$ 7.6	\$ 10.0	\$ 24.5	\$ 30.5
Variable lease cost	2.9	3.9	8.8	10.9
Short-term lease cost	0.4	0.7	1.5	2.6
Sublease income	(1.8)	(1.3)	(4.6)	(4.5)
Total lease cost	\$ 9.1	\$ 13.3	\$ 30.2	\$ 39.5

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

(In millions)	Quarter Ended		Year-To-Date Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Cash paid for operating lease liabilities	\$ 9.2	\$ 10.0	\$ 35.5	\$ 32.6
Operating lease assets obtained in exchange for lease liabilities	8.3	4.2	13.2	9.6

The Company did not enter into any real estate leases with commencement dates subsequent to September 28, 2024.

9. DERIVATIVE FINANCIAL INSTRUMENTS

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, 531 days, and 531 days as of September 28, 2024, December 30, 2023 and September 30, 2023, 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.

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 has an interest rate swap arrangement, which unless otherwise terminated, will mature on May 30, 2025. This agreement, which exchanges floating rate interest payments for fixed rate interest payments over the life of the agreement without the exchange of the underlying notional amounts, has been designated as a cash flow hedge of the underlying debt. The notional amount of the interest rate swap arrangement is used to measure interest to be paid or received and does not represent the amount of exposure to credit loss. The differential paid or received on the interest rate swap arrangement is recognized as interest expense, net. In accordance with FASB Accounting Standards Codification ("ASC") Topic 815, *Derivatives and Hedging*, the Company has formally documented the relationship between the interest rate swap and the variable rate borrowing, as well as its risk management objective and strategy for undertaking the hedge transactions. This process included linking the derivative to the specific liability or asset on the balance sheet. The Company also assessed at the inception of the hedge, and continues to assess on an ongoing basis, whether the derivative used in the hedging transaction is highly effective in offsetting changes in the cash flows of the hedged item.

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

(Dollars in millions)	September 28, 2024	December 30, 2023	September 30, 2023
Foreign exchange hedge contracts	\$ 258.6	\$ 269.0	\$ 267.8
Interest rate swap	38.0	75.3	109.6

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

(In millions)	September 28, 2024	December 30, 2023	September 30, 2023
Financial assets:			
Foreign exchange hedge contracts	\$ 0.2	\$ —	\$ 4.3
Interest rate swap	0.5	1.8	3.0
Financial liabilities:			
Foreign exchange hedge contracts	\$ (6.1)	\$ (5.1)	\$ (0.3)

Foreign exchange hedge contract financial assets are recorded to prepaid expenses and other current assets and financial liabilities are recorded to other accrued liabilities on the consolidated condensed balance sheets. Interest rate swap financial assets are recorded to other assets and financial liabilities are recorded to other liabilities on the consolidated condensed balance sheets.

10. STOCK-BASED COMPENSATION

The Company recognized compensation expense of \$5.2 million and \$15.0 million, and related income tax benefits of \$1.0 million and \$2.9 million, for grants under its stock-based compensation plans for the quarter and year-to-date ended September 28, 2024, respectively. The Company recognized compensation expense of \$4.0 million and \$11.8 million, and related income tax benefits of \$0.8 million and \$2.3 million, for grants under its stock-based compensation plans for the quarter and year-to-date ended September 30, 2023, 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 September 28, 2024		Year-To-Date Ended September 30, 2023	
	Company Shares Issued	Weighted-Average Grant Date Fair Value	Company Shares Issued	Weighted-Average Grant Date Fair Value
Restricted Awards	1,945,347	\$ 8.70	1,412,030	\$ 14.90
Performance Awards	1,241,836	\$ 8.60	680,737	\$ 15.16

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	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Service cost pertaining to benefits earned during the period	\$ 0.7	\$ 0.7	\$ 2.1	\$ 2.3
Interest cost on projected benefit obligations	4.5	4.4	13.4	13.3
Expected return on pension assets	(4.9)	(4.6)	(14.7)	(13.9)
Net amortization loss	(0.5)	(0.1)	(1.3)	(0.5)
Net pension expense (income)	\$ (0.2)	\$ 0.4	\$ (0.5)	\$ 1.2

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 September 28, 2024 were 17.7% and 21.1%, respectively. The Company’s effective tax rates for the quarter and year-to-date ended September 30, 2023 were 4.6% and 24.5%, respectively. The increase in the effective tax rate between 2024 and 2023 for the quarter-to-date period is due to discrete tax expenses recognized in the current year compared to discrete tax benefits in the prior year period. The decrease in the effective tax rate between 2024 and 2023 for the year-to-date period is primarily driven by lower discrete tax expenses in the current year.

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 2020 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 September 28, 2024 and September 30, 2023 is as follows:

(In millions)	Foreign currency translation	Derivatives	Pension	Total
Balance at July 1, 2023	\$ (125.0)	\$ (8.5)	\$ (2.0)	\$ (135.5)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	(13.1)	8.9	—	(4.2)
Amounts reclassified from accumulated other comprehensive loss	—	(6.1) ⁽²⁾	(0.1) ⁽³⁾	(6.2)
Income tax expense	—	1.4	—	1.4
Net reclassifications	—	(4.7)	(0.1)	(4.8)
Net current-period other comprehensive income (loss) ⁽¹⁾	(13.1)	4.2	(0.1)	(9.0)
Balance at September 30, 2023	<u>\$ (138.1)</u>	<u>\$ (4.3)</u>	<u>\$ (2.1)</u>	<u>\$ (144.5)</u>
Balance at June 29, 2024	\$ (127.0)	\$ (13.4)	\$ (9.5)	\$ (149.9)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	12.8	(6.2)	—	6.6
Amounts reclassified from accumulated other comprehensive loss	—	(0.7) ⁽²⁾	(0.5) ⁽³⁾	(1.2)
Income tax expense	—	0.2	0.2	0.4
Net reclassifications	—	(0.5)	(0.3)	(0.8)
Net current-period other comprehensive income (loss) ⁽¹⁾	12.8	(6.7)	(0.3)	5.8
Balance at September 28, 2024	<u>\$ (114.2)</u>	<u>\$ (20.1)</u>	<u>\$ (9.8)</u>	<u>\$ (144.1)</u>

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

⁽²⁾ Amounts related to foreign currency derivatives deemed to be highly effective 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 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-date periods ended September 28, 2024 and September 30, 2023 is as follows:

(In millions)	Foreign currency translation	Derivatives	Pension	Total
Balance at December 31, 2022	\$ (133.1)	\$ 1.9	\$ (1.7)	\$ (132.9)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	(9.2)	6.0	—	(3.2)
Amounts reclassified from accumulated other comprehensive income (loss)	4.2	(16.2) ⁽²⁾	(0.5) ⁽³⁾	(12.5)
Income tax expense	—	4.0	0.1	4.1
Net reclassifications	4.2	(12.2)	(0.4)	(8.4)
Net current-period other comprehensive income (loss) ⁽¹⁾	(5.0)	(6.2)	(0.4)	(11.6)
Balance at September 30, 2023	<u>\$ (138.1)</u>	<u>\$ (4.3)</u>	<u>\$ (2.1)</u>	<u>\$ (144.5)</u>
Balance at December 30, 2023	\$ (116.3)	\$ (17.1)	\$ (8.8)	\$ (142.2)
Other comprehensive income (loss) before reclassifications ⁽¹⁾	1.9	(0.3)	—	1.6
Amounts reclassified from accumulated other comprehensive income (loss)	0.2	(3.6) ⁽²⁾	(1.3) ⁽³⁾	(4.7)
Income tax expense	—	0.9	0.3	1.2
Net reclassifications	0.2	(2.7)	(1.0)	(3.5)
Net current-period other comprehensive income (loss) ⁽¹⁾	2.1	(3.0)	(1.0)	(1.9)
Balance at September 28, 2024	<u>\$ (114.2)</u>	<u>\$ (20.1)</u>	<u>\$ (9.8)</u>	<u>\$ (144.1)</u>

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

⁽²⁾ Amounts related to foreign currency derivatives deemed to be highly effective 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 are included in interest expense.

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

14. FAIR VALUE MEASUREMENTS

The Company measures certain financial assets and liabilities at fair value on a recurring basis. For additional information regarding the Company's fair value policies, refer to Note 1 in the Company's 2023 Form 10-K.

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)		
	September 28, 2024	December 30, 2023	September 30, 2023
Financial assets:			
Derivatives	\$ 0.7	\$ 1.8	\$ 7.3
Financial liabilities:			
Derivatives	\$ (6.1)	\$ (5.1)	\$ (0.3)

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.

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)	September 28, 2024	December 30, 2023	September 30, 2023
Carrying value	\$ 702.8	\$ 920.8	\$ 1,096.3
Fair value	641.4	813.3	971.9

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, which the EPA reduced in June 2022 to 0.004 ppt and 0.02 ppt for PFOA and PFOS, respectively. 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 either the drinking water standards that became effective on August 3, 2020, or the EPA's revised advisory levels issued in June 2022.

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 the activities required by the AOC.

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. The owner of another former landfill filed notice threatening suit and sent a demand letter to the Company seeking recovery for damages allegedly caused by the Company’s disposal of tannery waste containing PFAS (this notice, the former landfill and gravel mining suit collectively with the individual lawsuits and putative class action, the “Litigation Matters”).

On January 11, 2022, the Company and 3M Company entered into a master settlement agreement with the law firm representing certain of the plaintiffs in the individual lawsuits included in the Litigation Matters, and each of these plaintiffs subsequently agreed to participate in the settlement. These plaintiffs’ lawsuits were dismissed with prejudice on or around April 25, 2022.

On December 9, 2021, the Company and 3M Company reached a settlement in principle to resolve certain of the remaining individual lawsuits included in the Litigation Matters, and the parties entered into definitive settlement agreements in March 2022. These plaintiffs’ lawsuits were dismissed with prejudice on June 14, 2022. The last remaining individual action was dismissed without prejudice on June 24, 2022.

In addition, in September 2022, the parties to the putative class action filed a motion for preliminary approval of a proposed class action settlement seeking to resolve the putative class action plaintiffs’ claims. On March 29, 2023, the court presiding over the putative class action granted final approval of the proposed settlement and dismissed the lawsuit with prejudice.

The last remaining Litigation Matter, the lawsuit filed by the current owner of a former landfill and gravel mining operations, was pending in Michigan state court but has been administratively stayed by the Court.

For certain of the Litigation Matters described above, and as a result of developments during the first three quarters of 2024, the Company increased its accrual by \$6.0 million. The Company made no payments in connection with the Litigation Matters described above during the first three quarters of 2024. As of September 28, 2024, the Company had recorded liabilities of \$11.1 million for certain of the Litigation Matters described above which are recorded as other accrued liabilities and other liabilities in the consolidated condensed balance sheets.

In December 2018, the Company filed a lawsuit against certain of its historic liability insurers, seeking to compel them to provide a defense against the Litigation Matters on the Company’s behalf and coverage for remediation efforts undertaken by, and indemnity provided by, the Company. The Company recognized certain recoveries from legacy insurance policies in 2024 and 2023 and continues pursuing additional recoveries through the 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 consumer related 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	
	September 28, 2024	September 30, 2023
Remediation liability at beginning of the year	\$ 57.9	\$ 74.1
Changes in estimate	5.2	(21.0)
Amounts paid	(22.5)	(9.5)
Remediation liability at the end of the quarter	\$ 40.6	\$ 43.6

The reserve balance as of September 28, 2024 includes \$18.8 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 \$21.8 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 operations or 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 September 28, 2024 are as follows:

(In millions)	2024	2025	2026	2027	2028	Thereafter
Minimum royalties	\$ 0.2	\$ —	\$ —	\$ —	\$ —	\$ —
Minimum advertising	—	3.0	3.1	3.2	3.3	—

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 \$0.5 million and \$1.1 million for the quarter and year-to-date ended September 28, 2024, respectively. For the quarter and year-to-date ended September 30, 2023, the Company incurred royalty expense in accordance with these agreements of \$0.5 million and \$1.2 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 \$1.5 million and \$3.7 million for the quarter and year-to-date ended September 28, 2024, respectively. For the quarter and year-to-date ended September 30, 2023, the Company incurred advertising expense in accordance with these agreements of \$1.3 million and \$5.0 million, respectively.

16. BUSINESS SEGMENTS

The Company's portfolio of brands is organized into the following reportable segments.

- **Active Group**, consisting of *Merrell*[®] footwear and apparel, *Saucony*[®] footwear and apparel, *Sweaty Betty*[®] activewear, and *Chaco*[®] footwear; and
- **Work Group**, consisting of *Wolverine*[®] footwear and apparel, *Cat*[®] footwear, *Bates*[®] uniform footwear, *Harley-Davidson*[®] footwear and *HYTEST*[®] safety footwear;

The Company's operating segments are the Active Group, Work Group, and *Sweaty Betty*[®]. *Sweaty Betty*[®] and the Active Group were evaluated and combined into one reportable segment because they meet the similar economic characteristics and qualitative aggregation criteria set forth in the relevant accounting guidance.

Kids' footwear offerings from *Saucony*[®], *Sperry*[®], *Keds*[®], *Merrell*[®], *Hush Puppies*[®] and *Cat*[®] are included with the applicable brand.

The Company also reports "Other" and "Corporate" categories. The Other category consists of *Sperry*[®] footwear, *Keds*[®] footwear, *Hush Puppies*[®] footwear and apparel, the Company's leather marketing operations, sourcing operations that include third-party commission revenues, multi-branded direct-to-consumer retail stores and the *Stride Rite*[®] licensed business. The Corporate category consists of gains on the sale of businesses and trademarks, unallocated corporate expenses, such as corporate employee costs, corporate facility costs, reorganization activities, impairment of long-lived assets and environmental and other related costs.

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 direct-to-consumer businesses. The Company's reportable segments are determined based on how the Company internally reports and evaluates financial information used to make operating decisions.

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 the respective fiscal periods indicated.

(In millions)	Quarter Ended		Year-to-Date Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Revenue:				
Active Group	\$ 318.7	\$ 328.6	\$ 914.4	\$ 1,097.8
Work Group	109.1	123.0	304.2	355.3
Other	12.4	76.1	41.7	263.1
Total	\$ 440.2	\$ 527.7	\$ 1,260.3	\$ 1,716.2
Segment operating profit (loss):				
Active Group	\$ 53.3	\$ 32.7	\$ 131.6	\$ 124.6
Work Group	16.3	15.4	43.6	45.7
Other	8.3	8.2	20.7	27.9
Corporate	(42.7)	(29.0)	(134.7)	(79.5)
Operating profit	35.2	27.3	61.2	118.7
Interest expense, net	9.6	15.5	33.5	47.4
Other expense (income), net	(3.8)	2.4	(5.4)	3.2
Earnings before income taxes	\$ 29.4	\$ 9.4	\$ 33.1	\$ 68.1

(In millions)	September 28, 2024	December 30, 2023	September 30, 2023
Total assets:			
Active Group	\$ 1,106.7	\$ 1,183.9	\$ 1,270.0
Work Group	290.5	288.4	322.4
Other	85.4	250.8	401.0
Corporate	276.1	339.7	237.9
Total	\$ 1,758.7	\$ 2,062.8	\$ 2,231.3
Goodwill:			
Active Group	\$ 320.4	\$ 317.7	\$ 314.9
Work Group	61.0	60.3	59.8
Other	49.1	49.1	90.7
Total	\$ 430.5	\$ 427.1	\$ 465.4

17. VARIABLE INTEREST ENTITIES AND RELATED PARTY TRANSACTIONS

Assets and Liabilities of Consolidated VIEs

The Company had equity interests in *Merrell*[®] and *Saucony*[®] joint ventures that sourced *Merrell*[®] and *Saucony*[®] footwear and apparel products in China. Based upon the criteria set forth in FASB ASC 810, *Consolidation*, the Company had determined that two of the joint ventures were variable interest entities (VIEs) of which the Company was the primary beneficiary and, as a result, the Company consolidated these VIEs. The *Merrell*[®] and *Saucony*[®] joint ventures were divested effective January 1, 2024.

The following is a summary of these VIEs' assets and liabilities included in the Company's consolidated condensed balance sheets.

(In millions)	December 30, 2023	September 30, 2023
Cash	\$ —	\$ 4.1
Accounts receivable	—	8.4
Inventory	—	36.1
Other current assets	—	4.0
Noncurrent assets	—	0.9
Assets held for sale	51.6	—
Total assets	\$ 51.6	\$ 53.5
Current liabilities	\$ —	\$ 11.8
Noncurrent liabilities	—	0.1
Liabilities held for sale	15.4	—
Total liabilities	\$ 15.4	\$ 11.9

Nonconsolidated VIEs

The Company also had equity interests in two *Merrell*[®] and *Saucony*[®] joint ventures that marketed the Company's *Merrell*[®] and *Saucony*[®] footwear and apparel products in China that were VIEs that are not consolidated as the Company did not have the power to direct the most significant activities that impact the VIEs' economic performance. The following is a summary of carrying amounts of assets included in the Company's consolidated condensed balance sheets as of December 30, 2023 and September 30, 2023, respectively, related to VIEs for which the Company was not the primary beneficiary.

The following is a summary of the carrying amounts of assets included in the Company's consolidated condensed balance sheets.

(In millions)	December 30, 2023	September 30, 2023
Equity method investments ⁽¹⁾	\$ —	\$ 7.9

⁽¹⁾ Equity method investments are included in "Other Assets" on the consolidated condensed balance sheets.

Related Party Transactions

In the normal course of business, the Company entered into transactions with related party equity affiliates. Related party transactions consist of the sale of goods, made at arm's length, and other arrangements. For the quarter and year-to-date ended September 30, 2023, the Company recognized net sales to equity affiliates totaling \$16.8 million and \$41.1 million, respectively. The Company did not recognize any sales to equity affiliates for the quarter and year-to-date ended September 28, 2024.

The following table summarizes related party transactions included in the consolidated condensed balance sheets.

(In millions)	December 30, 2023	September 30, 2023
Accounts receivable due from related parties	\$ 15.4	\$ 8.4
Long term liabilities due to related parties	1.4	—

18. DIVESTITURES AND ASSETS AND LIABILITIES HELD FOR SALE

Sale-Leaseback of Courtland Drive Facility

On September 17, 2024, the Company completed a sale and leaseback transaction with an independent third party for the land, building and related fixed assets of the Company's Courtland Drive facility located in Rockford, Michigan for a sale price of \$10.5 million. The independent third party leased back the facility to the Company under a seven-year lease agreement, which includes a five-year renewal option. The transaction qualifies for sales recognition under the sale leaseback accounting requirements, and the Company recorded a gain of \$8.5 million in the third quarter of 2024.

Divestiture of Sperry® Business

On January 10, 2024, the Company entered into a Purchase Agreement with ABG Intermediate Holdings 2 LLC, an affiliate of Authentic Brands Group LLC. (the "ABG Buyer"), pursuant to which the ABG Buyer agreed to purchase all of the outstanding equity of certain subsidiaries of the Company that own or hold for use intellectual property used by the Company exclusively in the footwear, apparel, and accessories business conducted by the Company under the *Sperry*® brand. In addition, on January 10, 2024 the Company entered into an Inventory Purchase Agreement with Aldo U.S. Inc., an affiliate of the Aldo Group (the "Aldo Buyer"), pursuant to which the Aldo Buyer agreed to purchase certain inventory and other assets of the *Sperry*® business, and to assume certain contracts of the *Sperry*® business, including *Sperry*® retail store leases. The sale was effective January 10, 2024, in accordance with the terms and conditions of the Purchase Agreement.

The aggregate purchase price under these two purchase agreements was \$97.4 million in cash. As of December 30, 2023, the Company recognized an impairment charge of \$95.0 million which included \$6.0 million for disposal costs. In determining the amount of the impairment loss for the assets of this transaction during the fourth quarter of 2023, the Company included \$1.0 million of accumulated foreign currency translation gains, which were classified within accumulated other comprehensive income ("AOCI").

The Company determined that the divestiture of the *Sperry*® business did not represent a strategic shift that had or will have a major effect on the consolidated condensed results of operations, and therefore results of this business were not classified as discontinued operations.

Divestiture of Merrell® and Saucony® China Joint Venture Entities

On December 17, 2023, the Company and Xtep entered into a Purchase Agreement pursuant to which Xtep agreed to purchase the Company's equity interest in the Merrell and Saucony joint venture entities that sourced and marketed *Merrell*® and *Saucony*® footwear and apparel products in China (Saucony Brand Operations Ltd., Saucony Distribution Operations Ltd., Merrell Brand Operations Ltd. and Merrell Distribution Operations Ltd.), transitioning the business from a joint venture model to a license and distribution rights model under which Xtep will exclusively carry out the development, marketing and distribution of footwear, apparel and accessories for the Saucony and Merrell brands in China. The sale was effective January 1, 2024, in accordance with the terms and conditions of the Purchase Agreement and the purchase price was \$22.0 million in cash. As of December 30, 2023, the Company recognized an impairment charge of \$1.8 million. In determining the amount of the impairment loss for the assets of this transaction during the fourth quarter of 2023, the Company included \$0.8 million of accumulated foreign currency translation losses, which were classified within AOCI.

Divestiture of Asia-based Leathers Business

On December 14, 2023, the Company completed the sale of its Asia-based performance leathers business to Interhides Public Company Limited, a current materials vendor of the Company. The Company received \$8.2 million in cash for the sale. The assets sold, which were included in the Other segment category, consist of \$8.2 million in inventory.

Sale-Leaseback of Louisville Distribution Facility

On December 28, 2023, the Company completed a sale and leaseback transaction with an independent third party for the land, building and related fixed assets of the Company's distribution center located in Louisville, Kentucky for a sale price of \$23.5 million. The distribution center was leased back to the Company under a two-year lease agreement, which includes a one year renewal option. The transaction qualifies for sales recognition under the sale leaseback accounting requirements and the Company recorded a gain of \$12.6 million in the fourth quarter of 2023.

Divestiture of Hush Puppies® intellectual property in China, Hong Kong, and Macau

On September 1, 2023, the Company entered into an asset purchase agreement to sell the *Hush Puppies*® trademarks, patents, copyrights and domains in China, Hong Kong and Macau to its current sublicensee, Beijing Jiaman Dress Co., Ltd. for cash of

\$58.8 million and recognized a gain on sale of \$55.8 million in the third quarter of 2023. The gain on sale is net of transaction related fees of \$3.0 million. The transaction closed on September 14, 2023. The Company will continue to own the *Hush Puppies*[®] brand throughout the rest of the world.

Divestiture of U.S. Wolverine Leathers Business

On August 23, 2023, the Company completed the sale of its U.S. Wolverine Leathers business to its long-time customer, New Balance. The Company received \$4.0 million in cash for the sale and recognized a gain on sale of \$1.9 million. The assets sold, which were included in the Other segment category, consist of \$2.1 million in inventory.

Divestiture of Keds[®] Business

On February 7, 2023 the Company entered into an Asset Purchase Agreement with Designer Brands, Inc. (the "Buyer") pursuant to which the Buyer agreed to purchase the global *Keds*[®] business. The sale was effective February 4, 2023, in accordance with the terms and conditions of the Asset Purchase Agreement.

The following table summarizes the net gain recognized in the first quarter of 2023 in connection with the divestiture:

<i>(In millions)</i>	
Net proceeds	\$ 83.4
Net assets disposed	(65.9)
Direct costs to sell	(1.6)
AOCI reclassification adjustment, foreign currency translation	4.2
Gain on sale of business	<u>\$ 20.1</u>

The Company determined that the divestiture of the *Keds*[®] business did not represent a strategic shift that had or will have a major effect on the Consolidated Results of Operations, and therefore results were not classified as discontinued operations. The proceeds from the sales were used to reduce outstanding revolver borrowings.

Assets and Liabilities Held for Sale

The *Sperry*[®] business and the *Merrell*[®] and *Saucony*[®] China joint venture entities met the criteria to be classified as held for sale as of December 30, 2023, and therefore the Company reclassified the related assets and liabilities as held for sale on the consolidated condensed balance sheets as of December 30, 2023.

The performance leathers business met the criteria to be classified as held for sale as of September 30, 2023, and therefore the Company reclassified the related assets and liabilities as held for sale on the consolidated condensed balance sheets as of September 30, 2023.

The following is a summary of the major categories of assets and liabilities that have been classified as held for sale on the consolidated condensed balance sheets:

(In millions)	December 30, 2023	September 30, 2023
Cash and cash equivalents	\$ 5.6	\$ 4.3
Accounts receivables, net	15.4	3.0
Inventories	83.3	8.8
Other current assets	2.9	—
Property, plant and equipment, net	3.8	—
Lease right-of-use assets	7.6	—
Goodwill	43.0	—
Indefinite-lived intangibles	67.0	—
Amortizable intangibles, net	21.0	—
Other assets	7.8	—
Impairment of carrying value	(96.8)	—
Total assets held for sale	<u>\$ 160.6</u>	<u>\$ 16.1</u>
Accounts payable	\$ 4.8	\$ 2.8
Lease liabilities	9.0	—
Accrued liabilities	9.0	0.3
Other liabilities	1.4	—
Total liabilities held for sale	<u>\$ 24.2</u>	<u>\$ 3.1</u>

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 strategic vision is to build and grow high-energy footwear, apparel and accessories brands that inspire and empower consumers to explore and enjoy their active lives. 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 direct-to-consumer footprint; and delivering supply chain excellence.

The Company's brands are marketed in approximately 170 countries and territories at September 28, 2024, 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 September 28, 2024, the Company operated 120 retail stores in the U.S., Europe and Canada and 39 direct-to-consumer eCommerce sites.

Effective February 4, 2023, the Company completed the sale of the *Keds*[®] business.

In the third quarter of fiscal 2023, the Company entered into a multi-year licensing agreement of the *Hush Puppies*[®] brand in the United States and Canada. In addition, the Company completed the sale of the *Hush Puppies*[®] trademarks, patents, copyrights, and domains in China, Hong Kong, and Macau. The Company will continue to own the *Hush Puppies*[®] brand throughout the rest of the world.

Effective August 23, 2023, the Company completed the sale of the U.S. Leathers business and effective December 28, 2023, the Company completed the sale of the Asia-based Leathers business.

Effective January 1, 2024, the Company completed the sale of the Company's equity interest in the *Merrell*[®] and *Saucony*[®] joint venture entities.

Effective January 10, 2024, the Company completed the sale of the *Sperry*[®] business.

Effective May 4, 2024, the Company entered into global multi-year licensing agreements of the *Merrell*[®] and *Saucony*[®] kids footwear and *Merrell*[®] apparel and accessories.

2024 FINANCIAL OVERVIEW

- Revenue was \$440.2 million for the third quarter of 2024, representing a decrease of 16.6% compared to the third quarter of 2023.
- Gross margin was 45.3% in the third quarter of 2024 compared to 40.8% in the third quarter of 2023.
- The effective tax rates in the third quarters of 2024 and 2023 were 17.7% and 4.6%, respectively.
- Diluted earnings per share for the third quarter of 2024 were \$0.28 per share compared to diluted earnings per share of \$0.11 per share for the third quarter of 2023.
- The Company declared cash dividends of \$0.10 per share in the third quarters of both 2024 and 2023.
- Cash flow provided by operating activities was \$97.7 million for the first three quarters of 2024 compared to cash flow provided by operating activities of \$7.0 million for the first three quarters of 2023.
- Compared to the third quarter of 2023, inventory as of the third quarter of 2024 decreased \$278.3 million, or 49.4%.

RESULTS OF OPERATIONS

(In millions, except per share data)	Quarter Ended			Year-To-Date Ended		
	September 28, 2024	September 30, 2023	Percent Change	September 28, 2024	September 30, 2023	Percent Change
Revenue	\$ 440.2	\$ 527.7	(16.6)%	\$ 1,260.3	\$ 1,716.2	(26.6)%
Cost of goods sold	241.0	312.3	(22.8)%	696.5	1,036.7	(32.8)%
Gross profit	199.2	215.4	(7.5)%	563.8	679.5	(17.0)%
Selling, general and administrative expenses	171.2	203.3	(15.8)%	514.6	610.8	(15.7)%
Gain on sale of businesses, trademarks, and long-lived assets	(8.5)	(57.7)	85.3 %	(8.5)	(77.8)	89.1 %
Impairment of long-lived assets	—	40.2	(100.0)%	9.3	55.8	(83.3)%
Environmental and other related costs (income), net of recoveries	1.3	2.3	(43.5)%	(12.8)	(28.0)	54.3 %
Operating profit	35.2	27.3	28.9 %	61.2	118.7	(48.4)%
Interest expense, net	9.6	15.5	(38.1)%	33.5	47.4	(29.3)%
Other expense (income), net	(3.8)	2.4	(258.3)%	(5.4)	3.2	(268.8)%
Earnings before income taxes	29.4	9.4	212.8 %	33.1	68.1	(51.4)%
Income tax expense	5.1	0.4	*	6.9	16.7	(58.7)%
Net earnings	24.3	9.0	170.0 %	26.2	51.4	(49.0)%
Less: net earnings (loss) attributable to noncontrolling interests	0.7	0.4	75.0 %	2.9	(0.2)	*
Net earnings attributable to Wolverine World Wide, Inc.	\$ 23.6	\$ 8.6	174.4 %	\$ 23.3	\$ 51.6	(54.8)%
Diluted earnings per share	\$ 0.28	\$ 0.11	154.5 %	\$ 0.28	\$ 0.64	(56.3)%

* Percentage change not meaningful

REVENUE

Revenue was \$440.2 million for the third quarter of 2024, representing a decrease of \$87.5 million compared to the third quarter of 2023. The change in revenue reflected a \$9.9 million, or 3.0%, decrease from the Active Group, a \$13.9 million, or 11.3%, decrease from the Work Group, and a \$63.7 million, or 83.7%, decrease from Other. The Active Group's revenue decrease was primarily driven by a decrease of \$11.5 million from *Saucony*[®] and \$2.0 million from *Chaco*[®] partially offset by an increase of \$2.2 million from *Merrell*[®] and \$1.4 million from *Sweaty Betty*[®]. The Work Group's revenue decrease was primarily driven by a decrease of \$6.9 million from *Wolverine*[®], \$4.6 million from *Cat*[®], and \$0.9 million from *Bates*[®]. The decrease in Other revenue was primarily driven by a decrease in revenue from businesses that were sold in 2023 and 2024 and the licensing of the *Hush Puppies*[®] business, which includes decreases of \$45.8 million from *Sperry*[®], \$8.2 million from the performance leathers business and \$7.7 million from *Hush Puppies*[®]. Changes in foreign exchange rates increased revenue by \$1.9 million during the third quarter of 2024. Direct-to-consumer revenue decreased during the third quarter of 2024 by \$24.2 million, or 17.7%, compared to the third quarter of 2023.

Revenue was \$1,260.3 million for the first three quarters of 2024, representing a decrease of \$455.9 million compared to the first three quarters of 2023. The change in revenue reflected a \$183.4 million, or 16.7%, decrease from the Active Group, a \$51.1 million, or 14.4%, decrease from the Work Group, and a \$221.4 million, or 84.2%, decrease from Other. The Active Group's revenue decrease was primarily driven by a decrease of \$83.8 million from *Saucony*[®], \$79.0 million from *Merrell*[®], and \$19.7 million from *Chaco*[®]. The Work Group's revenue decrease was primarily driven by a decrease of \$18.7 million from *Wolverine*[®], \$18.7 million from *Cat*[®], \$6.4 million from *HYTEST*[®], \$4.0 million from *Harley-Davidson*[®] and \$3.3 million from *Bates*[®]. The decrease in Other revenue was primarily driven by a decrease in revenue from businesses that were sold in 2023 and 2024 and the licensing of the *Hush Puppies*[®] business, which includes decreases of \$162.0 million from *Sperry*[®], \$31.5 million from the performance leathers business, \$24.1 million from *Hush Puppies*[®] and \$6.5 million from *Keds*[®]. Changes in foreign exchange rates increased revenue by \$4.3 million during the first three quarters of 2024. Direct-to-consumer revenue decreased during the first three quarters of 2024 by \$63.3 million, or 16.0%, compared to the first three quarters of 2023.

GROSS MARGIN

Gross margin was 45.3% in the third quarter of 2024 compared to 40.8% in the third quarter of 2023. The gross margin increase in the third quarter was primarily driven by less end-of-life inventory sales and lower supply chain costs.

Gross margin was 44.7% in the first three quarters of 2024 compared to 39.6% during the first three quarters of 2023. The gross margin increase in the first three quarters of 2024 was primarily driven by favorable distribution channel mix, less end-of-life inventory sales, lower supply chain costs and lower product costs.

OPERATING EXPENSES

Operating expenses decreased \$24.1 million, from \$188.1 million in the third quarter of 2023 to \$164.0 million in the third quarter of 2024. The decrease was primarily driven by lower impairment of long-lived and intangible assets (\$40.2 million), lower selling costs (\$12.6 million), lower advertising costs (\$7.3 million), lower distribution costs (\$7.2 million), lower general and administrative costs (\$6.5 million), lower reorganization costs (\$3.7 million), lower product development costs (\$1.7 million), and lower environmental and other related costs, net of insurance recoveries (\$1.0 million), partially offset by lower gains on the sale of businesses, trademarks, and intangible assets (\$49.2 million) and higher incentive compensation costs (\$8.2 million). Environmental and other related costs were \$2.2 million and \$2.3 million in the third quarter of 2024 and 2023, respectively.

Operating expenses decreased \$58.2 million, from \$560.8 million in the first three quarters of 2023 to \$502.6 million in the first three quarters of 2024. The decrease was primarily driven by lower impairment of long-lived and intangible assets (\$46.5 million), lower selling costs (\$35.2 million), lower advertising costs (\$27.5 million), lower general and administrative costs (\$27.0 million), lower distribution costs (\$20.7 million), and lower product development costs (\$5.9 million), partially offset by lower gains on the sale of businesses, trademarks, and intangible assets (\$69.3 million), higher incentive compensation costs (\$17.0 million), higher environmental and other related costs, net of insurance recoveries (\$15.2 million), and higher reorganization costs (\$4.3 million). Environmental and other related costs were \$15.0 million and \$6.0 million in the first three quarters of 2024 and 2023, respectively.

INTEREST, OTHER AND INCOME TAXES

Net interest expense was \$9.6 million in the third quarter of 2024 compared to \$15.5 million in the third quarter of 2023. Net interest expense was \$33.5 million in the first three quarters of 2024 compared to \$47.4 million in the first three quarters of 2023. The decrease in interest expense for both the quarter-to-date and year-to-date periods is due to lower average principal balances of variable rate debt and lower weighted average interest rates on variable rate debt.

Other income was \$3.8 million in the third quarter of 2024, compared to other expense of \$2.4 million in the third quarter of 2023. Other income was \$5.4 million in the first three quarters of 2024, compared to other expense of \$3.2 million in the first three quarters of 2023.

The effective tax rates in the third quarter of 2024 and 2023 were 17.7% and 4.6%, respectively. The effective tax rates in the first three quarters of 2024 and 2023 were 21.1% and 24.5%, respectively. The increase in the effective tax rate between 2024 and 2023 for the quarter-to-date period is due to discrete tax expenses recognized in the current year compared to discrete tax benefits in the prior year period. The decrease in the effective tax rate between 2024 and 2023 for the year-to-date period is primarily driven by lower discrete tax expenses in the current year.

REPORTABLE SEGMENTS

The Company's portfolio of brands is organized into the following reportable segments.

- **Active Group**, consisting of *Merrell*[®] footwear and apparel, *Saucony*[®] footwear and apparel, *Sweaty Betty*[®] activewear, and *Chaco*[®] footwear; and
- **Work Group**, consisting of *Wolverine*[®] footwear and apparel, *Cat*[®] footwear, *Bates*[®] uniform footwear, *Harley-Davidson*[®] footwear and *HYTEST*[®] safety footwear;

Kids' footwear offerings from *Saucony*[®], *Sperry*[®], *Keds*[®], *Merrell*[®], *Hush Puppies*[®] and *Cat*[®] are included with the applicable brand.

The Company also reports "Other" and "Corporate" categories. The Other category consists of *Sperry*[®] footwear, *Keds*[®] footwear, *Hush Puppies*[®] footwear and apparel, the Company's leather marketing operations, sourcing operations that include third-party commission revenues, multi-branded direct-to-consumer retail stores and the *Stride Rite*[®] licensed business. The Corporate category consists of gains on the sale of businesses and trademarks, unallocated corporate expenses, such as corporate employee costs, corporate facility costs, reorganization activities, impairment of long-lived assets and environmental and other related costs.

The reportable segment results are as follows:

(In millions)	Quarter Ended				Year-To-Date Ended			
	September 28, 2024	September 30, 2023	Change	Percent Change	September 28, 2024	September 30, 2023	Change	Percent Change
REVENUE								
Active Group	\$ 318.7	\$ 328.6	\$ (9.9)	(3.0)%	\$ 914.4	\$ 1,097.8	\$ (183.4)	(16.7)%
Work Group	109.1	123.0	(13.9)	(11.3)%	304.2	355.3	(51.1)	(14.4)%
Other	12.4	76.1	(63.7)	(83.7)%	41.7	263.1	(221.4)	(84.2)%
Total	<u>\$ 440.2</u>	<u>\$ 527.7</u>	<u>\$ (87.5)</u>	<u>(16.6)%</u>	<u>\$ 1,260.3</u>	<u>\$ 1,716.2</u>	<u>\$ (455.9)</u>	<u>(26.6)%</u>
OPERATING PROFIT (LOSS)								
Active Group	\$ 53.3	\$ 32.7	\$ 20.6	63.0 %	\$ 131.6	\$ 124.6	\$ 7.0	5.6 %
Work Group	16.3	15.4	0.9	5.8 %	43.6	45.7	(2.1)	(4.6)%
Other	8.3	8.2	0.1	1.2 %	20.7	27.9	(7.2)	(25.8)%
Corporate	(42.7)	(29.0)	(13.7)	(47.2)%	(134.7)	(79.5)	(55.2)	(69.4)%
Total	<u>\$ 35.2</u>	<u>\$ 27.3</u>	<u>\$ 7.9</u>	<u>28.9 %</u>	<u>\$ 61.2</u>	<u>\$ 118.7</u>	<u>\$ (57.5)</u>	<u>(48.4)%</u>

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

Active Group

The Active Group's revenue decreased \$9.9 million, or 3.0%, in the third quarter of 2024 compared to the third quarter of 2023. The revenue decrease was primarily driven by decreases of \$11.5 million from *Saucony*[®] and \$2.0 million from *Chaco*[®], partially offset by increases of \$2.2 million from *Merrell*[®] and \$1.4 million from *Sweaty Betty*[®]. The *Saucony*[®] decrease was primarily driven by the divestiture of the China joint venture entity, effective January 1, 2024 and lower *Saucony*[®] kids revenue resulting from licensing the brand in the United States and Canada starting in the second quarter of 2024. The *Chaco*[®] decrease was primarily due to softer consumer demand. The *Merrell*[®] increase was primarily due to new products including Moab Speed and Speed Strike partially offset by lower *Merrell*[®] kids revenue resulting from licensing the brand in the United States and Canada starting in the second quarter of 2024. The *Sweaty Betty*[®] increase was primarily driven by U.K. market customer growth and foreign exchange benefits, partially offset by declines in the U.S. direct-to-consumer and wholesale channels.

The Active Group's revenue decreased \$183.4 million, or 16.7%, in the first three quarters of 2024 compared to the first three quarters of 2023. The revenue decrease was primarily driven by decreases of \$83.8 million from *Saucony*[®], \$79.0 million from *Merrell*[®], and \$19.7 million from *Chaco*[®]. The *Saucony*[®] decrease was primarily driven by lower end of life inventory sales compared to the prior year, the divestiture of the China joint venture entity, effective January 1, 2024, and lower *Saucony*[®] kids revenue resulting from licensing the brand in the United States and Canada starting in the second quarter of 2024. The *Merrell*[®] decrease was primarily due to lower end of life inventory sales compared to the prior year, softer consumer demand in the U.S. wholesale and International channels and lower *Merrell*[®] kids revenue resulting from licensing the brand in the United States and Canada starting in the second quarter of 2024. The *Chaco*[®] decrease was primarily due to lower closeout and end of life inventory sales compared to the prior year and softer consumer demand.

The Active Group's operating profit increased \$20.6 million, or 63.0%, in the third quarter of 2024 compared to the third quarter of 2023. The operating profit increase was due to a 320 basis point increase in gross margin and a \$14.5 million decrease in selling, general and administrative expenses, partially offset by revenue decreases. The Active Group's operating profit increased \$7.0 million, or 5.6%, in the first three quarters of 2024 compared to the first three quarters of 2023. The operating profit increase was due to a 420 basis point increase in gross margin and a \$45.3 million decrease in selling, general and administrative expenses, partially offset by revenue decreases. The increase in gross margin in the current year period was due to decreased closeout sales, lower product costs, and lower supply chain costs. The decrease in selling, general and administrative expenses in the current year periods was primarily due to lower advertising costs, selling expenses and distribution costs.

Work Group

The Work Group's revenue decreased \$13.9 million, or 11.3%, during the third quarter of 2024 compared to the third quarter of 2023. The revenue decrease was primarily driven by decreases of \$6.9 million from *Wolverine*[®], \$4.6 million from *Cat*[®], and \$0.9 million from *Bates*[®]. The Work Group's revenue decreased \$51.1 million, or 14.4%, during the first three quarters of 2024 compared to the first three quarters of 2023. The revenue decrease was primarily driven by decreases of \$18.7 million from *Wolverine*[®], \$18.7 million from *Cat*[®], \$6.4 million from *HYTEST*[®], \$4.0 million from *Harley-Davidson*[®] and \$3.3 million from *Bates*[®]. The *Wolverine*[®] decrease was primarily due to softer consumer demand in the U.S. wholesale channel, inventory

shortages resulting from supply chain constraints, and lower closeout sales compared to the prior year. The *Cat*[®] decrease was primarily due to timing of shipments in the U.S. and international channels, lower closeout sales versus the prior year and softer consumer demand in the international wholesale and direct-to-consumer channels. The *HYTEST*[®] decrease was primarily due to lower closeout sales compared to the prior year. The *Harley-Davidson*[®] decrease was primarily due to declines in top dealer accounts. The *Bates*[®] decrease was primarily due to softer consumer demand in the U.S. direct-to-consumer channels, high inventory levels at certain retail customers, and lower closeout sales versus the prior year.

The Work Group's operating profit increased \$0.9 million, or 5.8%, in the third quarter of 2024 compared to the third quarter of 2023. The operating profit increase was due to a 140 basis point increase in gross margin and a \$4.2 million decrease in selling, general and administrative expenses, partially offset by revenue decreases. The Work Group's operating profit decreased \$2.1 million, or 4.6%, in the first three quarters of 2024 compared to the first three quarters of 2023. The operating profit decrease was due to revenue decreases, partially offset by a 190 basis point increase in gross margin and a \$9.5 million decrease in selling, general and administrative expenses. The increase in gross margin in the current year periods was due to decreased closeout sales, product mix and favorable average selling price. The decrease in selling, general and administrative expenses in the current year periods was primarily due to lower advertising costs and selling expenses.

Other

The Other category's revenue decreased \$63.7 million, or 83.7%, in the third quarter of 2024 compared to the third quarter of 2023. The revenue decrease was primarily driven by decreases of \$45.8 million from *Sperry*[®], \$8.2 million from the performance leathers business and \$7.7 million from *Hush Puppies*[®]. The Other category's revenue decreased \$221.4 million, or 84.2%, in the first three quarters of 2024 compared to the first three quarters of 2023. The revenue decrease was primarily driven by decreases of \$162.0 million from *Sperry*[®], \$31.5 million from the performance leathers business, \$24.1 million from *Hush Puppies*[®] and \$6.5 million from *Keds*[®]. The *Sperry*[®] decrease is due to the divestiture of the business effective January 10, 2024. The performance leathers business decrease is due to the divestiture of the U.S. leathers business, effective August 23, 2023 and the Asia-based leathers business, effective December 28, 2023. The *Hush Puppies*[®] decrease is due to the licensing of the brand in the United States and Canada starting in the third quarter of 2023. The *Keds*[®] decrease is due to the divestiture of the business, effective February 4, 2023.

Other operating profit increased \$0.1 million, or 1.2%, in the third quarter of 2024 compared to the third quarter of 2023. The operating profit increase was due to a \$21.1 million decrease in selling, general and administrative costs, partially offset by revenue decreases. Other operating profit decreased \$7.2 million, or 25.8%, in the first three quarters of 2024 compared to the first three quarters of 2023. The operating profit decrease was due to revenue decreases, partially offset by a \$71.0 million decrease in selling, general and administrative costs. The decrease in selling, general and administrative expenses in the current year period was primarily due to the divestiture of the *Sperry*[®] business, performance leathers business, and *Keds*[®] business, along with the licensing of the *Hush Puppies*[®] business.

Corporate

Corporate expenses increased \$13.7 million in the third quarter of 2024 compared to the third quarter of 2023, primarily due to lower gains on the sale of businesses, trademarks, and intangible assets (\$49.2 million) and higher incentive compensation costs (\$6.4 million) and higher corporate general and administrative costs (\$4.1 million), partially offset by lower impairment of long-lived and intangible assets (\$40.2 million), lower reorganization activities (\$3.7 million), lower employee costs (\$2.6 million) and lower environmental and other related costs (\$1.0 million).

Corporate expenses increased \$55.2 million in the first three quarters of 2024 compared to the first three quarters of 2023, primarily due to lower gains on the sale of businesses, trademarks, and intangible assets (\$69.3 million), higher incentive compensation costs (\$16.2 million), higher environmental and other related costs (\$15.2 million), and higher reorganization costs (\$4.3 million), partially offset by lower impairment of long-lived and intangible assets (\$46.5 million) and lower employee costs (\$6.0 million).

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	September 28, 2024	December 30, 2023	September 30, 2023
Cash and cash equivalents ⁽¹⁾	\$ 140.2	\$ 184.6	\$ 164.7
Debt	702.8	920.8	1,096.3
Available revolving credit facility ⁽²⁾	867.9	688.4	623.4

⁽¹⁾ Cash and cash equivalents at December 30, 2023 and September 30, 2023 includes \$5.6 million and \$4.3 million, respectively, of cash and cash equivalents that are classified as held for sale that are not included in cash and cash equivalents in the consolidated condensed balance sheets.

⁽²⁾ 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 \$140.2 million as of September 28, 2024 were \$24.5 million lower compared to September 30, 2023. The decrease is due primarily to repayments less borrowings of debt of \$395.0 million, cash dividends paid of \$32.5 million, and additions to property, plant and equipment of \$8.3 million, partially offset by cash provided by operating activities of \$212.5 million, proceeds from divestitures of \$155.3 million, contributions from noncontrolling interests of \$29.1 million, proceeds from company-owned life insurance policy liquidations of \$7.9 million and financing proceeds from company-owned life insurance policies of \$7.0 million. The Company had \$867.9 million of borrowing capacity available under the revolving facility as of September 28, 2024. Cash and cash equivalents located in foreign jurisdictions totaled \$130.1 million as of September 28, 2024.

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 and for general corporate purposes.

The Company did not repurchase shares during the first three quarters of both 2024 and 2023.

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 September 28, 2024, the Company had a reserve of \$40.6 million, of which \$18.8 million is expected to be paid in the next 12 months and is recorded as a current obligation in other accrued liabilities, and the remaining \$21.8 million is recorded in other liabilities and is expected to be paid over the course of up to 25 years. 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.

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.

Financing Arrangements

The Company's Credit Agreement provides for a term loan A facility (the "Term Facility") and for a revolving credit facility (the "Revolving Facility" and, together with the Term Facility, the "Senior Credit Facilities"). The maturity date of the loans under the Senior Credit Facilities is October 21, 2026. The Credit Agreement provides for a debt capacity of up to an aggregate debt amount (including outstanding term loan principal and revolver commitment amounts in addition to permitted incremental debt) not to exceed \$2.0 billion unless certain specified conditions set forth in the Credit Agreement are met. The Revolving Facility allowed the Company to borrow up to an aggregate amount of \$1.0 billion.

The Company's \$550.0 million 4.0% senior notes issued on August 26, 2021 are due on August 15, 2029. Related interest payments are due semi-annually. The senior notes are guaranteed by substantially all of the Company's domestic subsidiaries.

As of September 28, 2024, the Company was in compliance with all covenants and performance ratios under the Credit Agreement.

The Company's debt at September 28, 2024 totaled \$702.8 million compared to \$920.8 million at December 30, 2023. The reduced debt position primarily resulted from repayments of debt using net cash provided by operating activities and proceeds received from the sale of the *Sperry*[®] business and Courtland Drive facility.

Cash Flows

The following table summarizes cash flow activities:

(In millions)	Year-To-Date Ended	
	September 28, 2024	September 30, 2023
Net cash provided by operating activities	\$ 97.7	\$ 7.0
Net cash provided by investing activities	95.1	116.2
Net cash used in financing activities	(238.6)	(91.5)
Additions to property, plant and equipment	(12.2)	(18.5)
Depreciation and amortization	19.4	26.3

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 2024, a decrease in net working capital represented a source of cash of \$31.8 million. Working capital balances were favorably impacted by a decrease in inventories of \$87.2 million and an increase in accounts payable of \$22.3 million, partially offset by a decrease in other operating liabilities of \$46.7 million, an increase in other operating assets of \$15.4 million, an increase in accounts receivable of \$10.8 million and a decrease in income taxes payable of \$4.8 million. Operating cash flows included depreciation and amortization expense adjustment of \$19.4 million, impairment of long-lived assets of \$9.3 million, stock-based compensation expense adjustment of \$15.0 million, environmental and other related costs, net of cash payments and recoveries received cash outflow of \$10.1 million, gain on sale of business of \$8.5 million, and deferred income taxes of \$23.5 million.

Investing Activities

The Company made capital expenditures of \$12.2 million and \$18.5 million in the first three quarters of 2024 and 2023, respectively, for corporate headquarters improvements, eCommerce sites, distribution operations improvements and information systems and technology. The current year investing activity includes proceeds from divestitures of \$102.4 million.

Financing Activities

The current year activity includes net payments under the Revolving Facility of \$180.0 million. The Company paid \$39.2 million and \$7.5 million in principal payments associated with its financing arrangements during the first three quarters of 2024 and 2023, respectively. The Company paid \$2.0 million and \$5.8 million during the first three quarters of 2024 and 2023, respectively, in connection with shares or units withheld to pay employee taxes related to awards under stock incentive plans. The Company did not repurchase shares in the first three quarters of 2024 or 2023.

The Company declared cash dividends of \$0.30 per share during the first three quarters of 2024 and 2023. Dividends paid in the first three quarters of 2024 and 2023 totaled \$24.4 million and \$24.5 million, respectively. A quarterly dividend of \$0.10 per share was declared on October 30, 2024 to shareholders of record on January 2, 2025.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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. For information regarding our critical accounting policies refer to Part II, Item 7: "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in the Company's 2023 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 Financial Accounting Standards Board Accounting Standards Codification Topic 815, *Derivatives and Hedging*, 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, Hong Kong, China and Mexico where the functional currencies are primarily the Canadian dollar, euro, British pound, 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 September 28, 2024 and September 30, 2023, the Company had outstanding forward currency exchange contracts to purchase primarily U.S. dollars in the amounts of \$258.6 million and \$267.8 million, respectively, with maturities ranging up to 538 and 531 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 September 28, 2024, a weaker U.S. dollar compared to certain foreign currencies increased the value of these investments in net assets by \$1.9 million from their value as of December 30, 2023. As of September 30, 2023, a stronger U.S. dollar compared to certain foreign currencies decreased the value of these investments in net assets by \$9.2 million from their value as of December 31, 2022.

The Company is exposed to interest rate changes primarily as a result of interest expense on the term loan borrowings and any borrowings under the Revolving Facility. The Company's total variable-rate debt was \$157.5 million at September 28, 2024 and the Company held a forward-dated interest rate swap agreement, denominated in U.S. dollars, that effectively converts \$38.0 million of this amount to fixed-rate debt.

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. There have been no changes during the quarter ended September 28, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

The Company is involved in litigation and various legal matters arising in the normal course of business, including certain environmental compliance activities. For a discussion of legal matters, refer to Note 15 to the Company’s consolidated condensed financial statements.

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 December 30, 2023, filed with the SEC on February 22, 2024.

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 2024.

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 (June 30, 2024 to August 3, 2024)				
Common Stock Repurchase Program ⁽¹⁾	—	—	—	\$ 150,000,000
Employee Transactions ⁽²⁾	22,826	14.49	—	
Period 8 (August 4, 2024 to August 31, 2024)				
Common Stock Repurchase Program ⁽¹⁾	—	—	—	\$ 150,000,000
Employee Transactions ⁽²⁾	—	—	—	
Period 9 (September 1, 2024 to September 28, 2024)				
Common Stock Repurchase Program ⁽¹⁾	—	—	—	\$ 150,000,000
Employee Transactions ⁽²⁾	—	—	—	
Total for the Third Quarter Ended September 28, 2024				
Common Stock Repurchase Program ⁽¹⁾	—	—	—	\$ 150,000,000
Employee Transactions ⁽²⁾	22,826	14.49	—	

⁽¹⁾ On March 7, 2024, the Company’s Board of Directors approved a common stock repurchase program that authorized the repurchase of \$150.0 million of common stock over a three-year period. Since that date, the Company has not repurchased any common stock.

⁽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 5. Other Information

(c) During the quarter ended September 28, 2024, no director or Section 16 officer of the Company adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement, in each case, as defined in Item 408(a) of Regulation S-K.

ITEM 6. Exhibits

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

Exhibit Number	Document
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 November 7, 2022.</u>
31.1	<u>Certification of Chief Executive Officer and President under Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of 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 September 28, 2024, 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 September 28, 2024, 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 7, 2024

Date

/s/ Christopher E. Hufnagel

Christopher E. Hufnagel
President and Chief Executive Officer
(Principal Executive Officer and Duly Authorized Signatory for Registrant)

November 7, 2024

Date

/s/ Taryn L. Miller

Taryn L. Miller
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer and Duly Authorized Signatory for Registrant)

CERTIFICATION

I, Christopher E. Hufnagel, 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 7, 2024

/s/ Christopher E. Hufnagel

Christopher E. Hufnagel
President and Chief Executive Officer
Wolverine World Wide, Inc.

CERTIFICATION

I, Taryn L. Miller, 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 7, 2024

/s/ Taryn L. Miller

Taryn L. Miller
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 September 28, 2024 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 7, 2024

/s/ Christopher E. Hufnagel

Christopher E. Hufnagel
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Taryn L. Miller

Taryn L. Miller
Chief Financial Officer and Treasurer
(Principal Financial Officer)