

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K**

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

For the fiscal year ended **December 31, 2022**

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-06024

**WOLVERINE WORLD WIDE, INC.**

(Exact name of registrant as specified in its charter)

<u>Delaware</u> State or other jurisdiction of incorporation or organization	<u>38-1185150</u> (I.R.S. Employer Identification No.)
<b>9341 Courtland Drive N.E.</b> <b>Rockford, Michigan</b>	<b>49351</b>
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **(616) 866-5500**

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

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

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

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

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

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

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

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

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

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

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant based on the closing price on the New York Stock Exchange on July 1, 2022, the last business day of the registrant's most recently completed second fiscal quarter: \$1,520,484,722. Number of shares outstanding of the registrant's Common Stock, \$1 par value as of February 10, 2023: 78,933,602.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive proxy statement for the registrant's annual stockholders' meeting expected to be held May 3, 2023 are incorporated by reference into Part III of this report.

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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 due to disruption from the effects of the COVID-19 pandemic, 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*<sup>®</sup>, and implementing new initiatives and ventures;
- risks related to stockholder activism;
- the potential effects of the COVID-19 pandemic 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 this Annual Report on Form 10-K. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company does not undertake an obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise. Any standards of measurement and performance made in reference to our environmental, social, governance and other sustainability plans and goals are developing and based on assumptions, and no assurance can be given that any such plan, initiative, projection, goal, commitment, expectation or prospect can or will be achieved.

## PART I

### Item 1. Business

#### General

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 boots and apparel, and uniform shoes and boots. The Company's products are marketed worldwide in approximately 170 countries and territories through owned operations in the United States (“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.

Today, the Company sources and markets a broad range of footwear and apparel styles, including shoes, boots and sandals under many recognizable brand names, including *Bates*<sup>®</sup>, *Cat*<sup>®</sup>, *Chaco*<sup>®</sup>, *Harley-Davidson*<sup>®</sup>, *Hush Puppies*<sup>®</sup>, *HYTEST*<sup>®</sup>, *Merrell*<sup>®</sup>, *Saucony*<sup>®</sup>, *Sperry*<sup>®</sup>, *Sweaty Betty*<sup>®</sup> and *Wolverine*<sup>®</sup>. The Company licenses its *Stride Rite*<sup>®</sup> brand under a global license arrangement. The Company also markets *Merrell*<sup>®</sup> and *Wolverine*<sup>®</sup> brand apparel and accessories and licenses some of its brands for use on non-footwear products, including *Hush Puppies*<sup>®</sup> apparel, eyewear, watches, socks, handbags and plush toys; *Wolverine*<sup>®</sup> eyewear and gloves; *Saucony*<sup>®</sup> apparel and *Sperry*<sup>®</sup> apparel. *Cat*<sup>®</sup> is a registered trademark of Caterpillar Inc. and *Harley-Davidson*<sup>®</sup> is a registered trademark of H-D U.S.A., LLC.

The Company's products generally feature contemporary styling with proprietary technologies designed to provide maximum comfort and performance. The Company believes that its primary competitive advantages are its well-recognized brand names, patented proprietary designs, diverse product offerings and comfort technologies, wide range of distribution channels and diversified manufacturing and sourcing base. The Company combines quality materials and skilled workmanship to produce footwear according to its specifications at both Company-owned and third-party manufacturing facilities. The Company's products are sold at various price points targeting a wide range of consumers of casual, work, outdoor and athletic footwear and apparel.

During the 2022 fiscal year, the Company's portfolio of brands was organized into the following three reportable segments.

- **Active Group**, consisting of *Merrell*<sup>®</sup> footwear and apparel, *Saucony*<sup>®</sup> footwear and apparel, *Sweaty Betty*<sup>®</sup> activewear, and *Chaco*<sup>®</sup> footwear;
- **Work Group**, consisting of *Wolverine*<sup>®</sup> footwear and apparel, *Cat*<sup>®</sup> footwear, *Bates*<sup>®</sup> uniform footwear, *Harley-Davidson*<sup>®</sup> footwear and *HYTEST*<sup>®</sup> safety footwear; and
- **Lifestyle Group**, consisting of *Sperry*<sup>®</sup> footwear, *Keds*<sup>®</sup> footwear, and *Hush Puppies*<sup>®</sup> footwear and apparel.

Kids' footwear offerings from *Saucony*<sup>®</sup>, *Sperry*<sup>®</sup>, *Keds*<sup>®</sup>, *Merrell*<sup>®</sup>, *Hush Puppies*<sup>®</sup> and *Cat*<sup>®</sup> are included with the applicable brand.

The Company also reports “Other” and “Corporate” categories. The Other category consists of 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*<sup>®</sup> licensed business. The Corporate category consists of the gain on the sale of the Champion trademarks in 2022 and unallocated corporate expenses, such as corporate employee costs, costs related to the COVID-19 pandemic, impairment of intangible assets and goodwill, reorganization activities, 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 distributors, licensees and joint ventures; 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.

The Company's reportable segments and related brands are described in more detail below.

#### 1. **Active Group**

**Merrell**<sup>®</sup>: *Merrell*<sup>®</sup> believes in sharing the simple power of being outside – no matter who you are, where you come from, who you love, or how you move. With a persistent focus on innovation, thoughtful design and rigorous testing, *Merrell*<sup>®</sup> has become a global leader in hiking footwear, with a rapidly growing following in trail running and lifestyle. All of this is fueled by a desire to build a world where everyone can safely enjoy the benefits of being outdoors. *Merrell*<sup>®</sup> can be found across the globe, on *Merrell.com*, in key outdoor and sporting goods retail stores and in Company owned *Merrell*<sup>®</sup> stores.

**Saucony®:** *Saucony®* is a purpose driven performance running brand with roots dating back to 1898. *Saucony®* targets both elite and casual runners through award winning design, innovation and performance technology. The brand is focused on meeting the functional biomechanical needs of runners while delivering on their emotional style needs as well. Saucony innovations include Powerrun+, a cushioning technology system; PWRFOAM midsole, PWRTRAC outsole, and FormFit, an adaptive fit system. *Saucony®* offers five categories of performance footwear products; Competition, Road, Trail, Train and Walking; as well as the Originals lifestyle footwear inspired by *Saucony®* products of the 1970's to 2000's. *Saucony®* also offers a complete line of performance running apparel and select lifestyle apparel pieces. Through *Saucony's®* Run For Good brand platform and charitable foundation, *Saucony®* is strengthening connections with consumers and elevating the positioning of the brand. The brand's products are distributed primarily through leading run specialty and sporting goods retailers, as well as in Company owned *Saucony®* retail stores and an eCommerce site.

**Sweaty Betty®:** *Sweaty Betty®* is a global women's activewear and lifestyle brand that has been on a mission to empower women through fitness and beyond since 1998. Famous for its "bum-sculpting" leggings and innovative designs, *Sweaty Betty®* fuses performance and style with technical, high-performance fabrics and responsibly sourced materials. The brand services its loyal, fast-growing community worldwide through SweatyBetty.com, complemented by retail locations across the United Kingdom, Europe and Asia and the world's best luxury retailers, including Selfridges, Harrods, Neiman Marcus and Nordstrom. Through the Sweaty Betty Foundation, the brand aims to give more girls access to activities they love, helping the next generation get and stay active for life.

**Chaco®:** *Chaco®* has a rich, 30+ year history of creating footwear that's "Fit For Adventure" of any kind, whether that's exploring rivers, trails or swerving city streets. Originating as an innovation in the whitewater rafting world, *Chaco®* now designs footwear for all walks of life in the outdoor and lifestyle communities. The brand's mission is to help people find their way, providing access to new people, places, and experiences that make them more confident in who they are and where they're headed. That's why *Chaco®* creates footwear that comes with all-terrain versatility, a unique 360° fit, unmatched durability and signature LUVSEAT™ footbed arch support. The MyChacos custom sandal program provides customers an opportunity to express their funky individuality, while the ReChaco program helps reduce their impact on the places they explore by repairing used sandals. *Chaco®* products are distributed primarily through specialty footwear retailers, the *Chaco®* eCommerce site, and other leading online and brick and mortar retailers.

## 2. **Work Group**

**Wolverine®:** For more than 135 years, *Wolverine®* has existed to support people who forge their own path: men and women who stop at nothing to build the future they want. *Wolverine®* designs and creates footwear, apparel and accessories across three strategic territories: Work, Outdoor and Casual. The brand is best known for DuraShocks and Ultraspring comfort technology, as well as the *Wolverine®* 1000 Mile collection of premium lifestyle boots handcrafted in the USA from archival patterns. *Wolverine®* products can be found online at Wolverine.com and across a variety of retail channels including online retail, farm & fleet, work specialty, outdoor specialty, department stores and national family stores.

**Cat® Footwear:** *Cat® Footwear* is driven by the belief that generations of builders, makers and creators can turn challenge into enduring greatness. The Company is the exclusive global footwear licensee of Caterpillar Inc., and for over two decades, *Cat® Footwear* has been living up to the hardworking spirit of both the Caterpillar® trademark and the millions of consumers who trust the brand. *Cat® Footwear* originally created a small collection of rugged work boots designed to provide workers with the comfort and durability that met the challenges of the worksite. Today, *Cat® Footwear* offers a wide range of footwear, including work boots and casual shoes for men, women and children, sold through a global distribution network. CAT®, CATERPILLAR, their respective logos, "Caterpillar Corporate Yellow", as well as corporate product identity used herein, are registered trademarks of Caterpillar Inc.

**Bates®:** *Bates® Footwear* is a leading supplier of tactical and uniform footwear for first responders, U.S. Military members and military members of several foreign countries. Civilian uniform users include police officers, fire fighters, security and emergency medical services workers, and others in light industrial occupations. *Bates®* products are distributed through sporting goods chains, department stores, uniform specialty retailers, catalog retailers and online retailers.

**Harley-Davidson® Footwear:** Pursuant to a license arrangement with the Harley-Davidson Motor Company, Inc., the Company has footwear marketing and distribution rights for *Harley-Davidson®* branded footwear. *Harley-Davidson®* branded footwear products include motorcycle, casual, fashion, work and western footwear for men, women and kids.

*Harley-Davidson*<sup>®</sup> footwear is sold globally through a network of independent *Harley-Davidson*<sup>®</sup> dealerships and other retail outlets. *Harley-Davidson*<sup>®</sup> is a registered trademark of H-D U.S.A., LLC.

***HYTEST*<sup>®</sup> Safety Footwear:** The *HYTEST*<sup>®</sup> product line consists of high-quality work boots and shoes that incorporate various specialty safety features designed to protect against hazards of the workplace, including steel toe, composite toe, nano toe, metatarsal guards, electrical hazard protection, static dissipating and conductive footwear. *HYTEST*<sup>®</sup> footwear is distributed primarily through a network of independently-owned *Shoemobile*<sup>®</sup> mobile truck retail outlets providing direct sales of the Company's occupational and work footwear brands to workers at industrial facilities and also through direct sales arrangements with large industrial customers.

### 3. **Lifestyle Group**

***Sperry*<sup>®</sup>:** *Sperry*<sup>®</sup> was founded in 1935 by avid sailor, inventor and intrepid explorer Paul Sperry. The brand is fully rooted in the history of American style and continues to craft the tools for life's memorable experiences on, off and by the water. From the invention of the world's first boat shoe, *Sperry*<sup>®</sup> is a market leader in both boat shoes and wet weather boots, and has expanded its business into casuals and sneakers. The brand is primarily distributed through Sperry.com and in Company owned *Sperry*<sup>®</sup> retail stores, as well as leading premium and better lifestyle retailers.

***Keds*<sup>®</sup>:** For over 100 years, *Keds*<sup>®</sup> has been making timeless, comfortable, accessible footwear for consumers to step out into the world their way. Ever since the creation of the iconic *Keds*<sup>®</sup> Champion "sneaker" back in 1916, *Keds*<sup>®</sup> has held the belief that when we feel comfortable inside and out, we can leap forward and make our marks on the world. This belief continues to inspire and drive us every day. *Keds*<sup>®</sup> designs every product to support everyone—to give them the versatility, comfort, and style they need to confidently live as their truest selves. *Keds*<sup>®</sup> is focused on driving unique marketing and product stories through Keds.com and distributing footwear at leading footwear retailers worldwide. Effective February 4, 2023 the Company sold the global *Keds*<sup>®</sup> business to Designer Brands, Inc. (the "Buyer") pursuant to an Asset Purchase Agreement between the Company and the Buyer dated February 7, 2023.

***Hush Puppies*<sup>®</sup>:** Launched in 1958, *Hush Puppies*<sup>®</sup> has a history of bringing color and optimism to a boring, brown shoe category. Today, *Hush Puppies*<sup>®</sup> exists to inspire consumers to live life on the bright side. The Company believes that optimism is contagious and that by encouraging positivity it can help shape a better world. *Hush Puppies*<sup>®</sup> footwear is distributed through wholesale and licensed channels, and through eCommerce sites. In addition, the *Hush Puppies*<sup>®</sup> brand is licensed to third parties engaged in the manufacturing, marketing and distribution of apparel, handbags, eyewear, socks, watches and plush toys sold around the world. *Hush Puppies*<sup>®</sup>, with its basset hound icon, is one of the most well-known and loved brands worldwide.

### **Other Businesses**

In addition to its reportable segments, the Company operates a performance leather business, sourcing operations, a multi-brand direct-to-consumer business, and the licensing of its *Stride Rite*<sup>®</sup> brand.

**Wolverine Leathers Division:** The Wolverine Leathers Division markets pigskin leather for use primarily in the footwear industry. The Company believes pigskin leather offers superior performance and other advantages over cowhide leather. The Company's waterproof and stain resistant leathers are featured in some of the Company's footwear lines and also sold to external footwear brands.

**Sourcing Division:** The sourcing division earns third-party commission revenue by providing consulting services related to product development, production control, quality assurance, materials procurement, compliance and other services.

**Multi-brand Direct-to-Consumer Division:** The multi-brand direct-to-consumer division includes retail stores that sell footwear and apparel from the Company's brand portfolio and other brands.

***Stride Rite*<sup>®</sup> Licensed Business:** With a history dating back to 1919, *Stride Rite*<sup>®</sup> is an industry leader in kids' footwear. The Company signed a multi-year license agreement in 2017 to license the *Stride Rite*<sup>®</sup> brand.

### **Marketing**

The Company's marketing strategy is to develop brand-specific plans and related promotional materials that foster a consistent message for each of the Company's brands across the globe. Marketing campaigns and strategies vary by brand and are generally designed to target consumers in order to increase awareness of, and affinity for, the Company's brands. The Company's marketing typically emphasizes compelling brand stories and brand recognition associated with new and existing products, the performance, comfort and quality features and styles of our products within each of the Company's brands, as well as raising global brand relevance and awareness. The Company's brand marketing has an omni-channel approach and

includes various means of delivery, such as print and radio advertising, search engine optimization, social networking sites, event sponsorships, in-store point-of-purchase displays, promotional materials and sales and technical assistance.

The Company operates branded eCommerce sites that the Company believes are effective marketing tools to consumers. The Company maintains an active presence on a variety of global social media platforms, and the Company's digital marketing seeks to create demand among new consumers as well as connecting consumers to brand content and products.

In addition to the Company's internal marketing efforts, each brand provides its third-party licensees and distributors with creative direction, brand images and other materials to convey globally consistent brand messaging. The Company believes its brand names represent a competitive advantage, and the Company, its licensees and its distributors make significant marketing investments to promote and enhance the market positions of its products and drive brand awareness.

### **Domestic Sales and Distribution**

The Company uses a variety of means to support sales to a variety of domestic distribution channels:

- The Company uses a dedicated sales force and customer service team, third party sales representatives and point-of-purchase materials to support domestic sales.
- The Company maintains core in-stock inventories to service department stores, national chains, specialty retailers, catalog retailers, independent retailers, uniform outlets and its own direct-to-consumer business.
- The Company uses volume direct programs to ship products to retail customers and to provide products at competitive prices to service major retail, catalog, mass merchant and government customers.
- The Company also operates brick and mortar retail stores and eCommerce sites.

### **International Operations and Global Licensing**

The Company's foreign-sourced revenue is generated from a combination of (i) sales of branded footwear and apparel through the Company's owned operations in Canada, the United Kingdom and certain countries in continental Europe and Asia-Pacific; (ii) revenue from third-party distributors for certain markets and businesses; (iii) revenue from a network of third-party licensees; and (iv) revenue and income from joint ventures that market the Company's branded products in Mexico and China. The Company's international owned operations are located in markets where the Company believes it can gain a strategic advantage by directly controlling the sale of its products into retail accounts. License and distribution arrangements enable the Company to generate sales in other markets without the capital commitment required to maintain related foreign operations, employees, inventories or localized marketing programs. The Company believes that joint ventures provide it with a more meaningful ownership stake and near-term brand impact in fast-growing markets than its traditional licensee and distributor arrangements.

The Company continues to develop its international network of third-party licensees and distributors to market its branded products. The Company assists its licensees in designing products that are appropriate to each foreign market, yet consistent with global brand positioning. Pursuant to license or distribution agreements, third-party licensees and distributors either purchase goods directly from the Company and authorized third-party manufacturers or manufacture branded products themselves, consistent with Company standards. Distributors and licensees are responsible for independently marketing and distributing the Company's branded products in their respective territories, with product and marketing support from the Company.

### **Manufacturing and Sourcing**

The Company directly controls the majority of the units of footwear and apparel sourced under the Company's brand names. The Company's licensees directly control the balance. Substantially all of the units sourced by the Company are procured from numerous third-party manufacturers in the Asia Pacific region. The Company maintains offices in the Asia Pacific region to develop and facilitate sourcing strategies. The Company has established guidelines for each of its third-party manufacturers in order to monitor product quality, labor practices and financial viability. The Company has adopted "Engagement Criteria for Partners and Sources," a policy that requires the Company's domestic and foreign manufacturers, licensees and distributors to use ethical business standards, comply with all applicable health and safety laws and regulations, commit to use environmentally safe practices, treat employees fairly with respect to wages, benefits and working conditions and not use child or prison labor. The Company's third-party sourcing strategy allows the Company to (i) benefit from lower manufacturing costs and state-of-the-art manufacturing facilities; (ii) source high quality raw materials from around the world; and (iii) avoid capital expenditures necessary for additional owned factories. The Company believes that its overall global manufacturing strategy provides the flexibility to properly balance the need for timely shipments, high quality products and competitive pricing.



The Company's principal raw material is quality leather, which it purchases from a select group of domestic and foreign suppliers. The widespread availability of common upper materials and specialty leathers eliminates reliance by the Company on a single supplier.

The Company has a diversified supply base of raw pigskins and currently purchases a majority of the raw pigskins used for its Wolverine Leathers Division from one domestic source, which has been a reliable and consistent supplier to the Company for over 50 years. The Company purchases all of its other raw materials and component parts from a variety of sources and does not believe that any of these sources are a dominant supplier.

#### **Trademarks, Licenses and Patents**

The Company holds a significant portfolio of registered and common law trademarks that identify its branded products and technologies. The Company's owned trademarks include *Hush Puppies*®, *Wolverine*®, *Bates*®, *Bounce*®, *Chaco*®, *HYTEST*®, *Merrell*®, *Sperry*®, *Saucony*®, *Stride Rite*®, *Sweaty Betty*®, and related logos and design marks. The Company's Wolverine Leathers Division markets its pigskin leathers under trademarks such as *Silkee*® and *Weather-Tight*®. The Company has footwear marketing and distribution rights under the *Cat*® and *Harley-Davidson*® trademarks pursuant to license arrangements with the respective trademark owners. The *Cat*® license was recently renewed and the license term runs through December 31, 2028 and the *Harley-Davidson*® license term runs through December 31, 2023. Both licenses are subject to early termination for breach.

The Company believes that consumers identify its products by the Company's trademarks and that its trademarks are valuable assets. The Company has a policy of registering its primary trademarks and vigorously defending its trademarks against infringement or other threats whenever practicable. The Company also holds many design and utility patents, copyrights and various other proprietary rights. The Company protects its proprietary rights under applicable laws.

#### **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 the Company builds inventory 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 higher direct-to-consumer sales 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 7: "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 pandemics.

#### **Competition**

The Company markets its footwear and apparel lines in a highly competitive and fragmented environment. The Company competes with numerous domestic and international footwear and apparel designers and marketers, some of whom are larger and have greater resources than the Company. Product performance and quality, including technological improvements, product identity, competitive pricing, ability to control costs and ability to adapt to style changes are all important elements of competition in the footwear and apparel markets served by the Company. The footwear and apparel industries are subject to changes in consumer preferences. The Company strives to maintain its competitive position through promotions designed to increase brand awareness, manufacturing and sourcing efficiencies, and the style, comfort and value of its products. Future sales by the Company will be affected by its continued ability to sell its products at competitive prices and to meet shifts in consumer preferences.

Because of the lack of reliable published statistics, the Company is unable to state with certainty its competitive position in the overall footwear and apparel industries. The non-athletic footwear and apparel markets are highly fragmented and no one company has a dominant market position.

#### **Environmental Matters**

The Company uses and generates certain substances and wastes that are regulated or may be deemed hazardous to the environment under certain federal, state and local regulations. The Company works with foreign and domestic federal, state and local agencies from time to time to resolve cleanup issues at various affected sites and other regulatory issues. Financial information regarding the Company's environmental remediation activities is found in Note 17 to the Company's Consolidated Financial Statements.

## **Human Capital Resources**

*Employee Profile:* As of December 31, 2022, the Company had approximately 4,300 domestic and foreign production, office and sales employees. One of the Company's Core Values is "Our People Are the Difference," and the Company works to maximize the engagement and contribution of its current workforce and to attract the best talent available from outside the organization when needed.

*Talent Recruitment, Retention and Development:* The Company's talent strategy is focused on attracting top talent and continually developing, engaging, investing in and retaining top employees through a variety of retention and development efforts and world class corporate amenities. We strive to hire world class talent, while ensuring opportunities for growth and development for team members. We maintain an engaging modern recruitment marketing website to tell the Company's compelling story of opportunity and inclusion. Development starts on day one with an enriching day one experience designed to help employees start off on the right foot from the moment they begin their career with the Company. The Company strives to be one of the best places to work.

The Company seeks to maximize engagement and contribution of team members and the Company stays connected with team members across many experience touchpoints throughout the employee lifecycle, including a day one survey, a survey 90 days after they begin their career at the Company, regular pulse and check in surveys, and exit surveys. Insights from these surveys have been especially valuable as the COVID-19 pandemic evolves to understand employees' needs and to develop solutions to maintain a positive employee well-being. The Company's annual talent planning process provides invaluable data to help retain top talent through career planning and leadership continuity by using that data to identify and mitigate succession gaps through hiring and development.

The Company benchmarks its benefits regularly and keeps abreast of the most up-to-date and effective strategies in order to offer a comprehensive and competitive compensation and benefits package that is specific to the Company's employees' respective geographic region of employment including annual incentive programs, long-term incentive programs and health and wellness benefits, such as the corporate headquarters' on-site, state-of-the-art fitness center, child care, and doggie day care facilities for employees.

The Company believes that leaders should be developed at every stage of their career, from new managers to executives. We have a global leadership development program for all people leaders in which we partner with top educational institutions. This program focuses on sharpening participants' business leadership capabilities needed to grow the Company's businesses and people leadership capabilities needed to build, retain, and inspire top performing teams. As we continue to evolve and transform, the continued development of leaders is critical to our future success. To enhance employees career development, the Company offers a wide variety of virtual learning courses, instructor led classes, video libraries, and quick reference documents and provides tuition reimbursement to help employees achieve higher education goals.

*Diversity, Equity, and Inclusion:* The Company's commitment to a diverse and inclusive workforce is reflected in the wide range of cultures, religions, ethnicities and nationalities, as well as varied professional and educational backgrounds currently represented in the Company's workforce. Because the Company believes in cultivating a well-rounded, diverse workforce, the Company continuously seeks out individuals who reflect and support this goal. We have further prioritized diversity and inclusion by hiring an expert partner to help us build a framework to promote an inclusive environment today and into the future in order to make the Company an even greater place to work. Over the past two years, the Company's major development focus has been implementing a comprehensive diversity, equity, and inclusion learning program which includes learning on inclusive teams, inclusive leadership, and inclusive selection.

*Health and Safety:* The health and safety of the Company's employees is one of its highest priorities. The Company has developed safety protocols to enhance the health and safety of all employees. The Environmental, Health, & Safety Council is composed of representatives from across the Company and coordinates health and safety matters on a real time basis. The Company's focus on the health and safety of its workforce is also evidenced by the actions it has taken in response to the COVID-19 pandemic around the globe, including:

- Increasing employees' work from home flexibility;
- Adjusting attendance policies to encourage those who are sick to stay home; and
- Increasing cleaning protocols.

## **Available Information**

Information about the Company, including the Company's Code of Business Conduct, Corporate Governance Guidelines, Director Independence Standards, Accounting and Finance Code of Ethics, Audit Committee Charter, Compensation Committee Charter and Governance Committee Charter, is available at its website at [www.wolverineworldwide.com/investor-](http://www.wolverineworldwide.com/investor-)

*relations/corporate-governance*. Printed copies of the documents listed above are available upon request, without charge, by writing to the Company at 9341 Courtland Drive, N.E., Rockford, Michigan 49351, Attention: General Counsel.

The Company also makes available on or through its website at [www.wolverineworldwide.com/investor-relations](http://www.wolverineworldwide.com/investor-relations), free of charge, the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to those reports (along with certain other Company filings with the Securities and Exchange Commission ("SEC")), as soon as reasonably practicable after electronically filing such material with, or furnishing it to, the SEC. These materials are also accessible on the SEC's website at [www.sec.gov](http://www.sec.gov).

## **Item 1A. Risk Factors**

### **Business and Operational Risks**

*The Company's operating results could be adversely affected if it is unable to maintain its brands' positive images with consumers or anticipate, understand and respond to changing footwear and apparel trends and consumer preferences.*

Consumer preferences and, as a result, the popularity of particular designs and categories of footwear and apparel, generally change over time. The Company's success depends in part on its ability to maintain its brands' positive images, and the ability to anticipate, understand and respond to changing footwear and apparel trends and consumer preferences in a timely manner. The Company's efforts to maintain and improve its competitive position by monitoring and timely and appropriately responding to changes in consumer preferences, increasing brand awareness and enhancing the style, comfort and perceived value of its products may not be successful. If the Company is unable to maintain or enhance the images of its brands or if it is unable to timely and appropriately respond to new competition, changing consumer preferences and evolving footwear and apparel trends, consumers may consider its brands' images to be outdated and associate its brands with styles that are no longer popular, which would decrease demand for its products. Such failures could result in loss of market share, reduced sales, excess inventory, trade name impairments, lower gross margin and other adverse impacts on the Company's operating results.

*Significant capacity constraints, production disruptions, inventory management, quality issues, price increases and other risks associated with foreign sourcing could increase the Company's operating costs and adversely impact the Company's business and reputation.*

The Company currently sources a substantial majority of its products from third-party manufacturers in foreign countries, predominantly in the Asia Pacific region. As is common in the footwear and apparel industry, the Company does not have long-term contracts with its third-party manufacturers. The Company may experience difficulties with such manufacturers, including reductions in the availability of production capacity, failures to meet production deadlines, inventory management, failure to make products that meet applicable quality standards, or increases in labor and other manufacturing costs. The Company's future results depend partly on its ability to maintain its relationships with third-party manufacturers.

Foreign manufacturing is subject to a number of risks, including work stoppages, transportation delays and interruptions, political instability, foreign currency exchange rate fluctuations, changing economic conditions, expropriation, nationalization, the imposition of tariffs, import and export controls and other non-tariff barriers and changes in governmental policies. Various factors could significantly interfere with the Company's ability to source its products, including adverse developments in trade or political relations with China or other countries where it sources its products, or a shift in these countries' manufacturing capacities away from footwear and apparel to other industries. Other adverse developments, such as pandemics or other health crises, could cause significant production and shipping delays. Any of these events could have an adverse effect on the Company's business, results of operations and financial position and, in particular, on the Company's ability to meet customer demands and produce its products in a cost-effective manner.

The Company's ability to import products in a timely and cost-effective manner may also be affected by conditions at ports or issues that otherwise affect transportation and warehousing providers, such as fluctuations in freight costs, port and shipping capacity, labor disputes or severe weather due to climate change. These issues have in the past and may in the future delay importation of products or require the Company to locate alternative ports or warehousing providers to avoid disruption to customers. These alternatives may not be available on short notice or could result in higher costs, which could have an adverse impact on the Company's business and financial condition.

*Infectious disease outbreaks that are considered pandemics, such as the COVID-19 pandemic, have had and could continue to have a material adverse effect on the company's business.*

The Company's business could be adversely affected by infectious disease outbreaks, such as the COVID-19 pandemic. The COVID-19 pandemic has negatively affected the global economy, disrupted consumer spending and global supply chains, and significantly increased the volatility and disruption of financial markets both globally and in the U.S. These conditions following the onset of the COVID-19 pandemic led to a decline in discretionary spending by consumers that had a negative

effect on the Company's financial condition and results of operations in 2020. There can be no assurance that these conditions will not recur and negatively affect the Company's financial condition and results of operations in future periods. The extent to which the COVID-19 pandemic, or other health crises impacts the Company's business, operations and financial results, including the duration and magnitude of such effects, will depend on numerous factors outside of the Company's control, such as, the duration and scope of the pandemic or other health crisis and effectiveness of containment efforts; the negative impact on global and regional economies and economic activity, including the duration and magnitude of its impact on unemployment rates, consumer discretionary spending and levels of consumer confidence; and actions governments, businesses and individuals may take in response to the pandemic or other health crisis. Potential impacts to the Company's business can be materially adversely affected by several factors related to the COVID-19 pandemic or another health crisis, including, but not limited to:

- The inability of employees, suppliers and other business providers to carry out tasks at ordinary levels of performance as a result of safety measures taken to limit the spread of infectious disease outbreaks.
- Outbreaks requiring the closure of retail stores operated by the Company or the Company's wholesale customers;
- Decreased retail traffic resulting from social distancing measures, store closures, reduced operating hours, and/or changes in consumer behavior.
- Negative effects on consumer spending due to general macroeconomic conditions, decreased disposable income and increased unemployment.
- Wholesale and distributor customer order cancellations due to lower consumer demand.
- Decline in the performance or financial condition of the Company's major wholesale customers as a result of retail store closures, bankruptcy or liquidation.
- Consumer demand for our products may be adversely impacted by economic conditions.
- Disruption to the operations of the Company's distribution centers and its third-party manufacturers because of facility closures, reductions in operating hours, labor or material shortages, travel limitations or mass transit disruptions.
- Additional expenses related to mitigating the pandemic's impact on regular operations.
- Supply chain disruption effecting the Company's ability to receive and distribute goods as well as increases in supply chain costs. Disruptions in the supply chain related to the COVID-19 pandemic have had an adverse effect and may continue to have an adverse effect on the Company's ability to meet consumer demand and financial results.
- Increased cyber security risk due to the increase in the number of employees working remotely.
- Volatility in the availability and prices for commodities for raw materials used in the Company's products and related inflationary pressures.

The COVID-19 pandemic or another health crisis may also affect the Company's operating and financial results in a manner that is not presently known to the Company or that the Company does not currently believe presents significant risks to its operations.

*Labor disruptions could adversely affect the Company's business.*

The Company's business depends on its ability to source and distribute products in a timely and cost-effective manner. Labor disputes at or that affect independent factories where the Company's goods are produced, shipping ports, tanneries, transportation carriers, retail stores or distribution centers create significant risks for the Company's business, particularly if these disputes result in work slowdowns, stoppages, lockouts, strikes or other disruptions. Any such disruption may have an adverse effect on the Company's business by potentially resulting in inventory shortages, delayed or canceled orders by customers and unanticipated inventory accumulation, and may negatively impact the Company's results of operations and financial position.

*If the Company is unable to hire qualified persons for, or retain and continue to develop, its workforce, its results of operations could be adversely affected.*

The future success of the Company also depends on its ability to attract and retain qualified personnel, including in its product, eCommerce, and leadership teams. Competition for such personnel in the Company's industry is intense. If the Company fails to attract and retain such employees, it may not be successful in developing and implementing its business strategies. The Company's ability to hire and retain qualified personnel may be affected by a number of factors, including: the ability to attract and motivate employees; the competition the Company faces from other companies in hiring and retaining qualified personnel; and the Company's ability to offer employees remote work opportunities. If the Company is unable to hire and retain employees capable of performing at a high level, its business, including cash flows, results of operations, employee satisfaction, and reputation, could be adversely affected.

*A significant reduction in wholesale customer purchases of the Company's products, wholesale customers seeking more favorable terms or canceling orders, or the failure of wholesale customers to pay for the Company's products in a timely manner could adversely affect the Company's business.*

The Company's financial success depends on its wholesale customers continuing to purchase its products. The Company does not typically have long-term contracts with its wholesale customers. Sales to the Company's wholesale customers are generally on an order-to-order basis and are subject to rights of cancellation and rescheduling by the wholesale customers. In fiscal 2022, the Company experienced a higher rate of wholesale customer cancellations as retail customers sought to manage higher inventory levels and supply chain disruption. Failure to fill wholesale customers' orders in a timely manner could harm the Company's relationships with its wholesale customers. Furthermore, if any of the Company's major wholesale customers experiences a significant downturn in its business, or fails to remain committed to the Company's products or brands, these wholesale customers may reduce or discontinue purchases from the Company, which could have an adverse effect on the Company's results of operations and financial position.

The Company sells its products to wholesale customers and extends credit based on an evaluation of each wholesale customer's financial condition. The financial difficulties of a wholesale customer could cause the Company to stop doing business with that wholesale customer or reduce its business with that wholesale customer. The Company's inability to collect from its wholesale customers or a cessation or reduction of sales to certain wholesale customers because of credit concerns could have an adverse effect on the Company's business, results of operations and financial position.

Retail consolidation could lead to fewer wholesale customers, wholesale customers seeking more favorable price, payment or other terms from the Company and a decrease in the number of stores that carry the Company's products. In addition, changes in the channels of distribution, such as the continued growth of eCommerce and related competitive pressures, and the sale of private label products by major retailers, could have an adverse effect on the Company's results of operations and financial position.

*The Company's direct-to-consumer operations continue to require substantial investment and commitment of resources and are subject to numerous risks and uncertainties.*

The Company's direct-to-consumer operations, including its brick and mortar locations as well as its eCommerce and mobile channels, require substantial fixed investment in equipment and leasehold improvements, information systems, cyber-security infrastructure, inventory and personnel. The Company also has substantial operating lease commitments for retail space. Due to the high fixed-cost structure associated with the Company's brick and mortar direct-to-consumer operations, a decline in sales or the closure or poor performance of individual or multiple stores could result in significant lease termination costs, write-offs of equipment and leasehold improvements and employee-related costs. The success of its direct-to-consumer operations also depends on the Company's ability to identify and adapt to changes in consumer spending patterns and retail shopping preferences, including the shift from brick and mortar to eCommerce and mobile channels, reductions in mall traffic and the Company's ability to effectively develop its eCommerce and mobile channels. The Company has made and will continue to make significant investments in building technologies and digital capabilities. As omni-channel retailing continues to evolve, the Company's customers are increasingly more likely to shop across multiple channels that work in tandem to meet their needs. The Company's failure to successfully respond to these factors could adversely affect the Company's direct-to-consumer business, as well as limit the Company's ability to successfully develop and expand the omni-channel experience for customers, damage its reputation and brands, and have an adverse effect on the Company's results of operations and financial position.

*The Company's reputation and competitive position depend on its third-party manufacturers, distributors, licensees and others complying with applicable laws and ethical standards.*

The Company cannot ensure that its independent contract manufacturers, third-party distributors, third-party licensees and others with which it does business comply with all applicable laws and ethical standards relating to working conditions and other matters. If a party with which the Company does business is found to have violated applicable laws or ethical standards, the Company could be subject to negative publicity that could damage its reputation, negatively affect the value of its brands and subject the Company to legal risks.

In addition, the Company relies on its third-party licensees to help preserve the value of the Company's brands. The Company's attempts to protect its brands through approval rights over design, production processes, quality, packaging, merchandising, distribution, advertising and promotion of its licensed products may not be successful as the Company cannot completely control the use by its licensees of its licensed brands. The misuse of a brand by a licensee could adversely affect the value of such brand.

*Disruption of the Company's eCommerce platform or other information technology systems could adversely affect the Company's business.*

The Company's information technology systems, including its eCommerce platform, are critical to the operations of its business. Any future material interruption, unauthorized access, impairment or loss of data integrity or malfunction of these systems could severely impact the Company's business, including delays in product fulfillment and reduced efficiency in operations. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems, or with maintenance or adequate support of existing systems, could disrupt or reduce the efficiency of the Company's operations. Disruption to the Company's information technology systems may be caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, denial-of-service attacks, computer viruses, physical or electronic break-ins, or similar events or disruptions. System redundancy may be ineffective or inadequate, and the Company's disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could prevent access to the Company's online services and preclude store transactions. System failures and disruptions could also impede the manufacturing and shipping of products, transactions processing and financial reporting. Additionally, the Company may be adversely affected if it is unable to improve, upgrade, maintain, and expand its technology systems.

*If the Company encounters problems affecting its logistics and distribution systems, its ability to deliver its products to the market could be adversely affected.*

The Company relies on owned or independently operated distribution facilities to transport, warehouse and ship products to its customers. The Company's logistics and distribution systems include computer-controlled and automated equipment, which are subject to a number of risks related to computer system upgrades, data accuracy, security or computer viruses, the proper operation of software and hardware, power interruptions or other system failures. Substantially all of the Company's products are distributed from a relatively small number of locations. These operations could be interrupted by earthquakes, floods, fires or other natural disasters near its distribution centers or other events over which the Company has no control, such as pandemics. The Company's business interruption insurance may not adequately protect the Company from the adverse effects that could be caused by significant disruptions affecting its distribution facilities, such as the long-term loss of customers or an erosion of brand image. In addition, the Company's distribution capacity depends upon the timely performance of services by third parties, including the transportation of products to and from the Company's distribution facilities. If the Company encounters problems affecting its distribution system, its results of operations and its ability to meet customer expectations, manage inventory, complete sales and achieve operating efficiencies could be adversely affected.

*The Company faces risks associated with its growth strategies including acquiring and disposing of businesses.*

The Company has expanded its products and markets in part through strategic acquisitions, including the acquisition of the *Sweaty Betty*® brand in the third quarter of fiscal 2021, and it may continue to do so in the future, depending on its ability to identify and successfully pursue suitable acquisition candidates. Acquisitions involve numerous risks, including risks inherent in entering new markets in which the Company may not have prior experience; potential loss of significant customers or key personnel of the acquired business; not obtaining the expected benefits of the acquisition on a timely basis or at all; managing geographically-remote operations; and potential diversion of management's attention from other aspects of the Company's business operations. Acquisitions may also cause the Company to incur debt or result in dilutive issuances of its equity securities, write-offs of goodwill and substantial amortization expenses associated with other intangible assets. The Company may not be able to obtain financing for future acquisitions on favorable terms, making any such acquisitions more expensive. Any such financing may have terms that restrict the Company's operations. The Company may not be able to successfully integrate the operations of any acquired businesses into its operations and achieve the expected benefits of any acquisitions. In addition, the Company may not consummate a potential acquisition for a variety of reasons, but still incur material costs in connection with an acquisition that it cannot recover. The failure to successfully integrate newly acquired businesses or achieve the expected benefits of strategic acquisitions in the future, or consummate a potential acquisition after incurring material costs, could have an adverse effect on the Company's business, results of operations and financial position.

From time to time, the Company may seek to sell one or more businesses, or sell or license one or more brands. As part of the Company's strategy to ensure that it is investing in parts of its business that offer the greatest opportunities to achieve growth, the Company is currently seeking to sell its Wolverine Leathers Division, and the Company on February 7, 2023 closed the sale of the *Keds*® business. These transactions may involve challenges and risks. There can be no assurance that future divestitures will occur, or if a transaction does occur, there can be no assurance as to the potential value created by the transaction. The process of exploring strategic alternatives or selling a business could cause uncertainty and negatively impact our ability to attract, retain and motivate key employees. In addition, the Company expends costs and management resources to complete divestitures and manage post-closing arrangements. Any failures or delays in completing divestitures could have an adverse effect on the Company's financial results and ability to execute its strategy.

*The Company's international operations may be affected by legal, regulatory, political and economic risks.*

The Company's ability to conduct business in new and existing international markets is subject to legal, regulatory, political and economic risks. These include:

- the burdens of complying with foreign laws and regulations, including trade and labor restrictions;
- compliance with U.S. and other countries' laws relating to foreign operations, including the U.S. Foreign Corrupt Practices Act ("FCPA"), which prohibits U.S. companies from making improper payments to foreign officials for the purpose of obtaining or retaining business;
- unexpected changes in regulatory requirements; and
- new tariffs or other barriers in some international markets, including China.

The Company is also subject to general political and economic risks in connection with its international operations, including:

- political instability, war and terrorist attacks;
- differences in business culture;
- different laws governing relationships with employees and business partners;
- changes in diplomatic and trade relationships, including with China; and
- general economic fluctuations in specific countries or markets.

The Company cannot predict whether quotas, duties, taxes, or other similar restrictions will be imposed by the U.S. or foreign countries upon the import or export of the Company's products in the future, or what effect any of these actions would have, if any, on the Company's business, financial condition or results of operations. Changes in regulatory, geopolitical, social or economic policies and other factors may have an adverse effect on the Company's business in the future or may require the Company to exit a particular market or significantly modify the Company's current business practices.

*Foreign currency exchange rate fluctuations could adversely impact the Company's business.*

Foreign currency exchange rate fluctuations affect the Company's revenue and profitability. Changes in foreign currency exchange rates may impact the Company's financial results positively or negatively in any given period, which may make it difficult to compare the Company's operating results from different periods. Foreign currency exchange rate fluctuations may also adversely impact third parties that manufacture the Company's products by increasing their costs of production and raw materials and making such costs more difficult to finance, thereby raising prices for the Company, its distributors and its licensees. The Company's hedging strategy may not successfully mitigate the Company's foreign currency exchange rate risk. For a more detailed discussion of the risks related to foreign currency exchange rate fluctuations, see Item 7A: "Quantitative and Qualitative Disclosures About Market Risk."

In addition, the Company's foreign subsidiaries purchase products in U.S. dollars and the cost of those products will vary depending on the applicable foreign currency exchange rate, which will impact the price charged to customers. The Company's foreign distributors also purchase products in U.S. dollars and sell in local currencies, which impacts the price to foreign consumers and in turn, impacts the amount of royalties paid to the Company in U.S. dollars. When the U.S. dollar strengthens relative to foreign currencies, the Company's revenues and profits denominated in foreign currencies are reduced when converted into U.S. dollars and the Company's margins may be negatively impacted by the increase in product costs. The Company may seek to mitigate the negative impacts of foreign currency exchange rate fluctuations through price increases and further actions to reduce costs, but the Company may not be able to fully offset the impact, if at all. The Company's success depends, in part, on its ability to manage these various foreign currency impacts as changes in the value of the U.S. dollar relative to other currencies could have an adverse effect on the Company's business and results of operations.

*The Company's quarterly sales and earnings may fluctuate, and the Company or securities analysts may not accurately estimate the Company's financial results, which may result in volatility in, or a decline in, the Company's stock price. Decreases in the returns provided to our stockholders may ultimately adversely affect our business, results of operations and financial condition.*

The Company's quarterly sales and earnings can vary due to a number of factors, many of which are beyond the Company's control, including the following:

- In the wholesale business, sales of footwear depend on orders from major customers, who may change delivery schedules, change the mix of products they order or cancel orders without penalty.
- Changes to the Company's estimated annual tax rate which is based on projections of its domestic and international operating results for the year, which the Company reviews and revises as necessary each quarter.

- The Company's earnings are also sensitive to a number of factors that are beyond the Company's control, including certain manufacturing and transportation costs, changes in product sales mix, geographic sales trends, weather conditions, customer demand, consumer sentiment and currency exchange rate fluctuations.

As a result of these specific and other general factors, the Company's operating results will vary from quarter to quarter and the results for any particular quarter may not be indicative of results for the full year. In addition, various securities analysts follow the Company's financial results and issue reports. These reports include information about the Company's historical financial results as well as the analysts' estimates of future performance. The analysts' estimates are based upon their own opinions and are often different from the Company's estimates or expectations. Any shortfall in sales or earnings from the levels expected by investors or securities analysts could cause a decrease in the trading price of the Company's common stock.

Decreases in the trading price of our stock may adversely affect the returns our stockholders realize from ownership of our stock. Such adverse effects, as well as other factors, may cause stockholders to take actions to involve themselves in the strategic direction and governance of the Company, including through private engagement, publicity campaigns, stockholder proposals and proxy contests. Responding to these actions can be costly and time-consuming and could divert the attention of our board and senior management from managing our operations and pursuing our business strategies.

*Changes in general economic conditions and other factors affecting consumer spending could adversely affect the Company's sales, costs, operating results or financial position.*

The Company's results of operations depend on factors affecting consumer disposable income and spending patterns. These factors include general economic conditions, employment rates, business conditions, interest rates and tax policy in each of the markets and regions in which the Company or its third-party distributors and licensees operates. Customers may defer or cancel purchases of the Company's products due to uncertainty about global, regional or local economic conditions, and how such conditions may impact them. Disposable income and consumer spending may decline due to inflation, recessionary economic cycles, high interest rates on consumer or business borrowings, restricted credit availability, high levels of unemployment or consumer debt, high tax rates, declines in consumer confidence or other factors. A decline in disposable income and consumer spending has adversely affected demand for the Company's products, and could further adversely affect demand and Company's results of operations.

*The Company operates in competitive industries and markets.*

The Company competes with a large number of wholesalers, and retailers of footwear and apparel, and direct-to-consumer footwear and apparel companies. Many of the Company's competitors have greater resources and larger customer and consumer bases, are able, or elect, to sell their products at lower prices, or have greater financial, technical or marketing resources than the Company, particularly its competitors in the apparel and direct-to-consumer businesses. The Company's competitors may own or license brands with greater name recognition; implement more effective marketing campaigns; adopt more aggressive pricing policies; make more attractive offers to potential employees, distribution partners and manufacturers; or respond more quickly to changes in consumer preferences. The Company's continued ability to sell its products at competitive prices and to meet shifts in consumer preferences quickly will affect its future sales. If the Company is unable to respond effectively to competitive pressures, its results of operations and financial position may be adversely affected.

*Unseasonable or extreme weather conditions could adversely affect the Company's results of operations.*

The Company markets and sells footwear and apparel suited for specific seasons, such as sandals and flats for the summer season and boots for the winter season. If the weather conditions for a particular season vary significantly from those typical for that season, such as an unusually cold and rainy summer or an unusually warm and dry winter, consumer demand for seasonally appropriate products could be adversely affected. Lower demand for seasonally appropriate products may result in excess inventory, forcing the Company to sell these products at significantly discounted prices, which would adversely affect the Company's results of operations. Conversely, if weather conditions permit the Company to sell seasonal products early in the season, this may reduce inventory levels needed to meet customers' needs later in that same season. Consequently, the Company's results of operations are dependent on future weather conditions and its ability to react to changes in weather conditions.

Extreme weather conditions can also adversely impact the Company's business, results of operations and financial position. If extreme weather events forced closures of, or disrupted operations at, distribution centers maintained by the Company or third parties, the Company could incur higher costs and experience longer lead times to distribute its products on a timely basis to the Company's retail stores, wholesale customers or eCommerce consumers. In addition, consumer traffic may be reduced as a result of extreme weather conditions and a decrease in shopping traffic could have an adverse effect on the Company's results of operations and financial position.



*Changes in general economic conditions and/or the credit markets affecting the Company's distributors, suppliers and retailers could adversely affect the Company's results of operations and financial position.*

Changes in general economic conditions and/or the credit markets could have an adverse impact on the Company's future results of operations and financial position. Negative trends in global economic conditions may adversely impact the Company's third-party distributors', suppliers' and retailers' ability to meet their obligations to provide the Company with the materials and services it needs at the prices, terms or levels as such third-parties have historically, which could adversely impact the Company's ability to meet consumers' demands and, in turn, the Company's results of operations and financial position.

In addition, if the Company's third-party distributors, suppliers and retailers are not able to obtain financing on favorable terms, or at all, they may delay or cancel orders for the Company's products or fail to meet their obligations to the Company in a timely manner, either of which could adversely impact the Company's sales, cash flow and operating results.

*Global political and economic uncertainty could adversely impact the Company's business.*

The Company's products are marketed in approximately 170 countries and territories, and the Company sources a substantial majority of its products from foreign countries. Concerns regarding acts of terrorism or regional and international conflicts and concerns regarding public health threats, such as the COVID-19 pandemic, have created and may in the future create significant global economic and political uncertainties that may have adverse effects on consumer demand, acceptance of U.S. brands in international markets, foreign sourcing of products, shipping and transportation, product imports and exports and the sale of products in foreign markets, any of which could adversely affect the Company's ability to source, manufacture, distribute and sell its products.

In addition, an economic downturn, whether actual or perceived, a further decrease in economic growth rates or an otherwise uncertain economic outlook in markets in which the Company operates could have an adverse effect on the Company. The Company cannot predict the timing, strength or duration of any economic slowdown or subsequent economic recovery, worldwide, in markets in which the Company operates, or in its industry.

The Company is also subject to risks related to doing business in developing countries and economically volatile areas. These risks include social, political and economic instability; nationalization by local governmental authorities of the Company's, its distributors', or its licensees' assets and operations; slower payment of invoices; and restrictions on the Company's ability to repatriate foreign currency or receive payment of amounts owed by third-party distributors and licensees. In addition, commercial laws in these areas may not be well developed or consistently administered, and new unfavorable laws may be retroactively applied. Any of these risks could have an adverse impact on the Company's prospects and results of operations in these areas.

## **Financial Risks**

*The Company's operating results depend on effectively managing inventory levels.*

The Company's ability to effectively manage its inventories and accurately forecast demand are important factors in its operations. Inventory shortages can impede the Company's ability to meet demand, adversely affect the timing of shipments to customers and, consequently, adversely affect business relationships with retail customers, diminish brand loyalty and decrease sales.

Conversely, excess inventory can result in lower gross margins if the Company lowers prices in order to liquidate inventory. In addition, inventory may become obsolete as a result of changes in consumer preferences over time. The Company's business, results of operations and financial position could be adversely affected if it is unable to effectively manage its inventory.

*Increases or changes in duties, quotas, tariffs and other trade restrictions could adversely impact the Company's sales and profitability.*

All of the Company's products manufactured overseas and imported into the U.S., Canada, the European Union and other countries are subject to customs duties collected by customs authorities. The customs information submitted by the Company is routinely subject to review by customs authorities and any such review might result in the assessment of additional duties or penalties. Additional U.S. or foreign customs duties, quotas, tariffs, anti-dumping duties, safeguard measures, cargo restrictions, the loss of most favored nation trading status or other trade restrictions, including those due to changes in trade relations between the U.S. and other countries, may be imposed on the importation of the Company's products in the future. The imposition of such costs or restrictions in countries where the Company operates, as well as in countries where its third-party distributors and licensees operate, could result in increases in the cost of the Company's products generally and adversely affect its sales and profitability.

*Increases in the cost of raw materials, labor and services could adversely affect the Company's results of operations.*

The Company's ability to competitively price its products depends on the prices of commodities, such as cotton, leather, rubber, petroleum, cattle, pigskin hides, and other raw materials, used to make and transport its products, as well as the prices of equipment, labor, transportation and shipping, insurance and health care. The cost of commodities, equipment, services and materials is subject to change based on availability and general economic and market conditions that are difficult to predict. Various conditions, such as diseases affecting the availability of leather, affect the cost of the footwear marketed by the Company. Increases in costs for commodities, equipment, services and materials used in production could have a negative impact on the Company's results of operations and financial position.

The Company purchases a majority of the pigskin hides used in its leathers operations from a single domestic source pursuant to short-term contracts. If this source fails to continue to supply the Company with raw pigskin or supplies the Company with raw pigskin on less favorable terms, the Company's cost of raw materials for its leathers operations could increase and, as a result, have a negative impact on the Company's results of operations and financial position.

*An increase in the Company's effective tax rate or negative determinations by domestic or foreign tax authorities could have an adverse effect on the Company's results of operations and financial position.*

A significant amount of the Company's earnings are generated by its Canadian, European and Asia Pacific subsidiaries and, to a lesser extent, in jurisdictions that are not subject to income tax. As a result, the Company's income tax expense has historically differed from the tax computed at the U.S. statutory income tax rate due to discrete items and because the Company did not provide for U.S. taxes on non-cash undistributed earnings that it intends to permanently reinvest in foreign operations. The Company's future effective tax rates could be unfavorably affected by a number of factors, including, but not limited to, changes in the tax rates in jurisdictions in which the Company generates income; changes in, or in the interpretation of, tax rules and regulations in the jurisdictions in which the Company does business; or decreases in the amount of earnings in countries with low statutory tax rates. An increase in the Company's effective tax rate could have an adverse effect on its results of operations and financial position.

In addition, the Company's income tax returns are subject to examination by the Internal Revenue Service and other domestic and foreign tax authorities. The Company regularly assesses the likelihood of outcomes resulting from these examinations to determine the adequacy of its provision for income taxes and establishes reserves for potential adjustments that may result from these examinations. The final determination of any of these examinations could have an adverse effect on the Company's results of operations and financial position.

*An impairment of goodwill or other intangibles could have an adverse impact to the Company's results of operations.*

The carrying value of goodwill represents the fair value of acquired businesses in excess of identifiable assets and liabilities as of the acquisition date. The carrying value of other intangibles represents the fair value of trade names and other acquired intangibles as of the acquisition date. Goodwill and other acquired intangibles expected to contribute indefinitely to the Company's cash flows are not amortized but must be evaluated by the Company at least annually for impairment. If the carrying amounts of one or more of these assets are not recoverable based upon discounted cash flow and market-approach analyses, the carrying amounts of such assets are impaired by the estimated difference between the carrying value and estimated fair value. An impairment charge could adversely affect the Company's results of operations, such as the impairments recorded associated with the *Sweaty Betty*<sup>®</sup> trade name and goodwill in fiscal 2022 and the *Sperry*<sup>®</sup> trade name in fiscal 2022 and 2020.

*The Company's current level of indebtedness could adversely affect the Company by decreasing business flexibility and increasing borrowing costs.*

The Company's current level of indebtedness could adversely affect the Company by decreasing its business flexibility and increasing its borrowing costs. The Company has debt outstanding under a senior secured credit agreement ("Credit Agreement") and senior notes. The Credit Agreement and the indenture governing the senior notes contain customary restrictive covenants imposing operating and financial restrictions on the Company, including restrictions that may limit the Company's ability to engage in acts that may be in its long-term best interests. These covenants restrict the ability of the Company and certain of its 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. In addition, the restrictive covenants in the Credit Agreement require the Company to maintain specified financial ratios and satisfy other financial condition tests.

These restrictive covenants may limit the Company's ability to finance future operations or capital needs or to engage in other business activities. The Company's ability to comply with any financial covenants could be materially affected by events beyond its control and the Company may be unable to satisfy any such requirements. If the Company fails to comply with these covenants, it may need to seek waivers or amendments of such covenants, seek alternative or additional sources of financing or

reduce its expenditures. The Company may be unable to obtain such waivers, amendments or alternative or additional financing on favorable terms or at all.

### **Legal and Regulatory Risks**

*If the Company is unsuccessful in establishing and protecting its intellectual property, the value of its brands could be adversely affected.*

The Company's ability to remain competitive depends upon its continued ability to secure and protect trademarks, patents and other intellectual property rights in the U.S. and internationally for all of the Company's lines of business. The Company relies on a combination of trade secret, patent, trademark, copyright and other laws, license agreements and other contractual provisions and technical measures to protect its intellectual property rights; however, some countries' laws do not protect intellectual property rights to the same extent U.S. laws do.

The Company's business could be significantly harmed if it is not able to protect its intellectual property or if a court found it to be infringing on other persons' intellectual property rights. Any intellectual property lawsuits or threatened lawsuits in which the Company is involved, either as a plaintiff or as a defendant, could cost the Company a significant amount of time and money and distract management's attention from operating the Company's business. If the Company does not prevail on any intellectual property claims, then the Company may have to change its manufacturing processes, products or trade names, any of which could reduce its profitability.

In addition, some of the Company's branded footwear operations are operated pursuant to licensing agreements with third-party trademark owners. These agreements are subject to early termination for breach. These agreements also expire by their terms and as the agreements expire, the Company may be forced to stop selling the related products. Expiration or early termination by the licensor of any of these license agreements could have an adverse effect on the Company's business, results of operations and financial position.

*Changes in employment laws and regulations and other related changes may lead to higher employment and pension costs for the Company.*

Changes in employment laws and regulations in the countries and territories in which the Company operates and other factors could increase the Company's overall employment costs. The Company's employment costs include costs relating to health care and retirement benefits, including U.S.-based defined benefit pension plans. The annual cost of benefits can vary significantly depending on a number of factors, including changes in the assumed or actual rate of return on pension plan assets, a change in the discount rate or mortality assumptions used to determine the annual service cost related to the defined benefit plans, a change in the method or timing of meeting pension funding obligations and the rate of health care cost inflation. Increases in the Company's overall employment and pension costs could have an adverse effect on the Company's business, results of operations and financial position.

*Increasing scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to the Company's environmental, social and governance ("ESG") practices may impose additional costs on the Company or expose it to new or additional risks.*

Companies are facing increasing and frequently evolving scrutiny globally from customers, regulators, investors, employees and other stakeholders related to their ESG practices and disclosure. Investor advocacy groups, investment funds and influential investors are also increasingly focused on these practices, especially as they relate to the environment, health and safety, board and workforce diversity, labor conditions, human rights, and cybersecurity and data privacy. Third parties have also developed proprietary ratings or analyses of companies based on certain ESG metrics. Increased ESG-related compliance costs could result in increases to the Company's overall operational costs. Failure to adapt to or comply with regulatory requirements or investor or other stakeholder expectations and standards could negatively impact the Company's reputation, ability to do business with certain partners, and stock price. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure. The Company's ESG initiatives and goals may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve and assumptions that are subject to change in the future. As we report on our ESG initiatives or goals, we may be subject to heightened reputational and operational risk and compliance costs related to these matters. Complying with increased regulations could increase the Company's costs and adversely impact results of operations. The Company's inability or failure to meet, or the perceived failure to meet, such stakeholders' expectations, as well as adverse incidents, could negatively impact the Company's stock price, results of operations, or reputation and increase the cost of capital.

*The Company's and its vendors' databases containing personal information and payment card data of the Company's customers, employees and other third parties could be breached, which could subject the Company to adverse publicity, litigation, fines and expenses. If the Company is unable to comply with bank and payment card industry standards, its operations could be adversely affected.*

The protection of the Company's customer, associate and Company data is critically important to the Company. The Company relies on its networks, databases, systems and processes, as well as those of third parties such as vendors, to protect its proprietary information and information about its customers, employees and vendors. The Company's customers and associates have a high expectation that the Company will adequately safeguard and protect their sensitive personal information. The Company's operations have become increasingly centralized and dependent upon automated information technology processes. In addition, a portion of the Company's business operations is conducted electronically, increasing the risk of attack or interception that could cause loss or misuse of data, system failures or disruption of operations. If unauthorized parties gain access to these networks or databases, they may be able to steal, publish, delete or modify the Company's private and sensitive third-party or employee information. Improper activities by third parties, exploitation of encryption technology, new data-hacking tools and discoveries and other events or developments may result in a future compromise or breach of the Company's networks, payment card terminals or other payment systems. In particular, the techniques used by criminals to obtain unauthorized access to sensitive data change frequently and often are not recognized until launched against a target; accordingly, the Company may be unable to anticipate these techniques or implement adequate preventative measures. Any failure to maintain the security of the Company's customers' sensitive information, or data belonging to it or its suppliers, could put it at a competitive disadvantage, result in deterioration of its customers' confidence in it, and subject it to potential litigation, liability, fines and penalties, resulting in a possible adverse impact on its financial condition and results of operations. The Company's insurance coverage may be insufficient to cover all losses and would not remedy damage to the Company's reputation. In addition, employees may intentionally or inadvertently cause data or security breaches that result in unauthorized release of personal or confidential information. In such circumstances, the Company could be held liable to its customers, other parties or employees, be subject to regulatory or other actions for breaching privacy laws or failing to adequately protect such information or respond to a breach. This could result in costly investigations and litigation, civil or criminal penalties, operational changes and negative publicity that could adversely affect the Company's reputation and its results of operations and financial position. In addition, if the Company is unable to comply with bank and PCI security standards, it may be subject to fines, restrictions and expulsion from card acceptance programs, which could adversely affect the Company's direct-to-consumer operations.

*The Company's operations are subject to environmental and workplace safety laws and regulations, and costs or claims related to these requirements could adversely affect the Company's business.*

The Company's operations are subject to various federal, state and local laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants into the air, soil and water, the management and disposal of solid and hazardous materials and wastes, employee exposure to hazards in the workplace, and the investigation and remediation of contamination resulting from releases of hazardous materials. Failure to comply with legal requirements could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. Various third parties have brought, and in the future could bring actions against the Company alleging health-related or other harm arising from non-compliance. The Company may incur investigation, remediation or other costs related to releases of hazardous materials or other environmental conditions at its currently or formerly owned or operated properties, regardless of whether such environmental conditions were created by the Company or a third-party, such as a prior owner or tenant. The Company has incurred, and continues to incur, costs to address soil and groundwater contamination at some locations. If such issues become more expensive to address, or if new issues arise, they could increase the Company's expenses, generate negative publicity, or otherwise adversely affect the Company.

*The disruption, expense and potential liability associated with existing and future litigation against the Company could adversely affect its reputation, financial position or results of operations.*

The Company may be named as a defendant from time to time in lawsuits and regulatory actions relating to its business. For example, regulatory actions, punitive class actions lawsuits and individual lawsuits have been filed against the Company alleging claims relating to property damage, remediation and human health effects, among other claims, arising from the Company's operations, including its handling, storage, treatment, transportation and/or disposal of waste. These claims are discussed in more detail in Note 17 to the Company's Consolidated Financial Statements. Due to the inherent uncertainties of litigation and regulatory proceedings, the Company cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have an adverse impact on the Company's business, results of operations and financial position. In addition, regardless of the outcome of any litigation or regulatory proceedings, such proceedings are expensive and may require that the Company devote substantial resources and executive time to the defense of such proceedings.

*Provisions of Delaware law and the Company's certificate of incorporation and bylaws could prevent or delay a change in control or change in management that could be beneficial to the Company's stockholders.*

Provisions of the Delaware General Corporation Law, as well as the Company's certificate of incorporation and bylaws, could discourage, delay or prevent a merger, acquisition or other change in control of the Company that might benefit the Company's stockholders. These provisions are intended to provide the Company's Board of Directors with continuity and also serve to encourage negotiations between the Company's Board of Directors and any potential acquirer. Such provisions include a Board of Directors that is classified so that only one-third of directors stand for election each year. These provisions could also discourage proxy contests and make it more difficult for stockholders to replace the majority of the Company's directors and take other corporate actions that may be beneficial to the Company's stockholders.

*The Company's marketing programs, eCommerce initiatives and use of consumer information are governed by an evolving set of laws, industry standards and enforcement trends and unfavorable changes in those laws, standards or trends, or the Company's failure to comply with existing or future laws, could negatively impact the Company's business and results of operations.*

The Company collects, maintains and uses data provided to it through its online activities and other consumer interactions in its business. The Company's current and future marketing programs depend on its ability to collect, maintain and use this information, and its ability to do so is subject to certain contractual restrictions in third party contracts as well as evolving international, federal and state laws, industry standards and enforcement trends. The Company is subject to a broad array of applicable laws and other legal obligations relating to privacy, data protection and consumer protection, including those relating to the use of data for marketing purposes. These requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, may conflict with other rules or may conflict with the Company's practices. If the Company is not able to comply with any applicable requirements, the Company's reputation could be negatively impacted and the Company may be subject to proceedings or actions against it by governmental entities or others.

In addition, as data privacy and marketing laws change, the Company may incur additional costs to remain in compliance. If applicable data privacy and marketing laws become more restrictive at the federal or state level, the Company's compliance costs may increase, and the Company's ability to effectively engage customers via personalized marketing may decrease which could potentially impact growth.

Because the Company processes and transmits payment card information, the Company is subject to the Payment Card Industry ("PCI") Data Security Standard (the "Standard"), and card brand operating rules ("Card Rules"). The Standard is a comprehensive set of requirements for enhancing payment account data security that was developed by the PCI Security Standards Council to help facilitate the broad adoption of consistent data security measures. The Company is required by payment card network rules to comply with the Standard, and the Company's failure to do so may result in fines or restrictions on its ability to accept payment cards. Under certain circumstances specified in the payment card network rules, the Company may be required to submit to periodic audits, self-assessments or other assessments of its compliance with the Standard. Such activities may reveal that the Company has failed to comply with the Standard. If an audit, self-assessment or other test determines that the Company needs to take steps to remediate any deficiencies, the Company may be required to undertake remediation efforts, which may be costly or could result in periods of time during which the Company cannot accept payment cards. In addition, even if the Company complies with the Standard, there is no assurance that it will be protected from a security breach. Further, changes in technology and processing procedures may result in changes in the Card Rules. Such changes may require the Company to make significant investments in operating systems and technology that may impact business. Failure to keep up with changes in technology could impact growth opportunities. Failure to comply with the Standard or Card Rules could result in losing certification under the PCI standards and an inability to process payments.

The Company is also subject to U.S. and international data privacy and cybersecurity laws and regulations, which may impose fines and penalties for noncompliance and may have an adverse effect on the Company's operations. For example, the General Data Protection Regulation ("GDPR"), which applies in all European Union member states, introduced new data protection requirements in the European Union and substantial fines for breaches of the data protection rules. GDPR increases our responsibility and potential liability in relation to personal data that we collect, process and transfer, and we have put in place additional mechanisms designed to ensure compliance with the new data protection rules. Any failure to comply with these rules and related national laws of European Union member states, could lead to government enforcement actions and significant penalties against us, and could adversely affect our business, financial condition, cash flows and results of operations. In addition, the California Consumer Privacy Act ("CCPA") limits how we may collect and use personal data. The effects of the CCPA governs the Company's data processing practices and policies. Additionally, other states have adopted, or are considering enacting, similar laws that may affect the Company's data processing practices and policies.

*The Company operates in many different international markets and could be adversely affected by violations of the FCPA and similar worldwide anti-corruption laws.*

The FCPA and similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. The Company's internal policies mandate compliance with these anti-corruption laws. Despite training and compliance programs, the Company's internal control policies and procedures may not protect it from reckless or criminal acts committed by its employees or agents.

The Company's continued expansion internationally, including in developing countries, could increase the risk of FCPA violations in the future. Violations of these laws, or allegations of such violations, could disrupt the Company's business and result in an adverse effect on the results of operations or financial condition.

#### **Item 1B. Unresolved Staff Comments**

None.

#### **Item 2. Properties**

The Company operates its domestic administration, sales and marketing operations primarily from an owned facility of approximately 307,000 square feet in Rockford, Michigan, as well as leased facilities of approximately 102,000 square feet in Waltham, Massachusetts and 80,000 square feet in the United Kingdom. The Company operates its distribution operations primarily through a leased distribution facility of approximately 720,000 square feet in Beaumont, California; an owned distribution facility of approximately 520,000 square feet in Louisville, Kentucky; a leased distribution center of approximately 468,000 square feet in Howard City, Michigan; a leased distribution center of approximately 242,000 square feet in Ontario, Canada and a leased distribution center of approximately 125,000 square feet in Heerhugowaard, Netherlands.

The Company also leases or owns offices, showrooms and other facilities throughout the U.S., Canada, the United Kingdom, continental Europe, Hong Kong and China to meet its operational requirements. In addition, the Company operates 154 retail stores primarily through leases with various third-party landlords in the U.S., United Kingdom, and Canada that collectively occupy approximately 350,000 square feet. The Company believes that its current facilities are suitable and adequate to meet its current needs.

#### **Item 3. 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, see Note 17 to the Company's Consolidated Financial Statements.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

#### **Supplemental Item. Information about our Executive Officers**

The following table lists the names and ages of the Executive Officers of the Company and their positions held with the Company as of January 31, 2023. The information provided below the table lists the business experience of each such Executive Officer for at least the past five years. All Executive Officers serve at the pleasure of the Board of Directors of the Company, or, if not appointed by the Board of Directors, at the pleasure of management.

<b>Name</b>	<b>Age</b>	<b>Positions held with the Company</b>
Brendan L. Hoffman	54	President and Chief Executive Officer
Christopher E. Hufnagel	50	President, Active Group
Amy M. Klimek	49	Executive Vice President, Global Human Resources
Reginald M. Rasch	52	Senior Vice President, General Counsel and Secretary
Isabel Soriano	52	President, International
Michael D. Stornant	56	Executive Vice President, Chief Financial Officer and Treasurer
James D. Zwiers	55	Executive Vice President and President, Global Operations Group

Brendan L. Hoffman has served the Company as Chief Executive Officer since January 2022 and as President since September 2020. From October 2015 through August 2020, he was the Chief Executive Officer and President of Vince Holding Corp., a publicly-traded global apparel brand and retailer.

Christopher E. Hufnagel has served the Company as President, Active Group since November 2022, and has served as President of the Merrell brand since September 2019. From July 2018 through September 2019, he served as President, CAT Footwear. From January 2013 through July 2018, he served as Senior Vice President and Head of Corporate Strategy.

Amy M. Klimek has served the Company as Executive Vice President, Global Human Resources since May 2016. From October 2014 to May 2016, she served as Vice President of Human Resources.

Reginald M. Rasch has served the Company as Senior Vice President, General Counsel and Secretary since January 2023. From May 2021 through November 2022, he was the Chief Legal Officer and Corporate Secretary of Party City Holdco Inc., a publicly traded party goods company in North America. Mr. Rasch was employed by Rakuten, a global technology conglomerate that focuses heavily on eCommerce, digital advertising and data intelligence, from 2005 to May 2021, where he held positions of increasing responsibilities in Rakuten Americas including Head of Legal and Secretary from 2016 to May 2021.

Isabel Soriano has served the Company as President, International since June 2021. From June 2018 to May 2021, she served as Vice President and Managing Director of EMEA. From April 2014 to June 2018, she served as Vice President and General Manager for Vans, Timberland and Kipling in South America at VF Corporation, a publicly traded footwear and apparel retailer.

Michael D. Stornant has served the Company as Executive Vice President, Chief Financial Officer and Treasurer since June 2015. From January 2013 through June 2015, he served as Vice President, Corporate Finance.

James D. Zwiers has served the Company as Executive Vice President since February 2017 and President, Global Operations Group since January 2021. From February 2016 through February 2017, he served as President, Wolverine Outdoor & Lifestyle Group. From June 2014 through February 2016, he served as Senior Vice President and President, International Group.

## **PART II**

### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

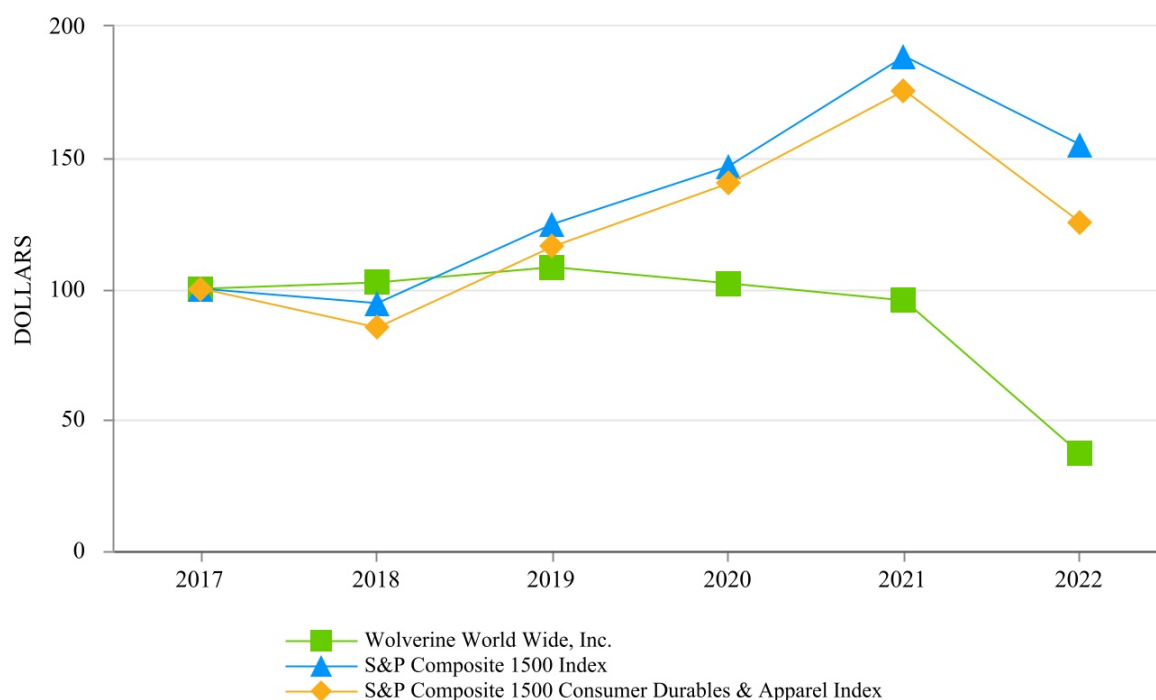
The Company's common stock is traded on the New York Stock Exchange under the symbol "WWW." The number of stockholders of record on February 10, 2023, was 673.

A quarterly dividend of \$0.10 per share was declared on February 8, 2023. The Company currently expects that comparable cash dividends will be paid in future quarters in fiscal 2023.

#### **Stock Performance Graph**

The following graph compares the five-year cumulative total stockholder return on the Company's common stock to the Standard & Poor's 1500 Index and the Standard & Poor's 1500 Consumer Durables & Apparel Index, assuming an investment of \$100 at the beginning of the period indicated. The Company is part of both the Standard & Poor's 1500 Index and the Standard & Poor's 1500 Consumer Durables & Apparel Index. This Stock Performance Graph shall not be deemed to be incorporated by reference into the Company's SEC filings and shall not constitute soliciting material or otherwise be considered filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

### Five-Year Cumulative Total Return Summary



The following table provides information regarding the Company's purchases of its own common stock during the fourth quarter of fiscal 2022.

#### 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
<b>Period 10 (October 2, 2022 to November 5, 2022)</b>				
Common Stock Repurchase Program <sup>(1)</sup>	—	\$ —	—	\$ 366,524,492
Employee Transactions <sup>(2)</sup>	16,581	\$ 17.18		
<b>Period 11 (November 6, 2022 to December 3, 2022)</b>				
Common Stock Repurchase Program <sup>(1)</sup>	—	\$ —	—	\$ 366,524,492
Employee Transactions <sup>(2)</sup>	193	\$ 11.20		
<b>Period 12 (December 4, 2022 to December 31, 2022)</b>				
Common Stock Repurchase Program <sup>(1)</sup>	—	\$ —	—	\$ 366,524,492
Employee Transactions <sup>(2)</sup>	3,424	\$ 10.74		
<b>Total for the Fourth Quarter Ended December 31, 2022</b>				
Common Stock Repurchase Program <sup>(1)</sup>	—	\$ —	—	\$ 366,524,492
Employee Transactions <sup>(2)</sup>	20,198	\$ 16.03		

<sup>(1)</sup> On September 11, 2019, the Company's Board of Directors approved a common stock repurchase program that authorized the repurchase of \$400.0 million of common stock over a four-year period, incremental to the \$113.4 million available as of that date for repurchases under the previous program. Since that date, the Company repurchased \$146.9 million of common stock. The annual amount of any stock repurchases is restricted under the terms of the Company's amended senior credit facility and senior notes indenture.

<sup>(2)</sup> Employee transactions include: (1) shares delivered or attested to in satisfaction of the exercise price and/or tax withholding obligations by holders of employee stock options who exercised options, and (2) restricted shares and units withheld to offset statutory minimum tax withholding that occurs upon vesting of restricted shares and units. The



Company's employee stock compensation plans provide that the shares delivered or attested to, or withheld, shall be valued at the closing price of the Company's common stock on the date the relevant transaction occurs.

## **Item 6. Reserved**

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **OVERVIEW**

#### **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 December 31, 2022, 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 December 31, 2022, the Company operated 154 retail stores in the U.S., United Kingdom, and Canada and 63 direct-to-consumer eCommerce sites.

On July 31, 2021, the Company entered into a definitive agreement to acquire 100% of the outstanding shares of Lady of Leisure InvestCo Limited. The acquisition was completed on August 2, 2021 for \$417.4 million, net of acquired cash of \$7.4 million. Lady of Leisure InvestCo Limited owns the *Sweaty Betty*<sup>®</sup> brand and activewear business, a premium women's activewear brand. The acquisition was funded with cash on hand and borrowings under the Company's Revolving Facility, as defined below.

The following discussion includes a comparison of the Company's results of operations and liquidity and capital resources for fiscal 2022 and 2021. A discussion of a comparison of the Company's results of operations and liquidity and capital resources for fiscal 2021 and 2020 has been omitted from this Form 10-K but may be found in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the fiscal year ended January 1, 2022, filed with the SEC on February 24, 2022. Additional information about the reorganization of the Company's reportable segments can be found in the Company's Current Report on Form 8-K/A filed with the SEC on November 10, 2022.

#### **Known Trends Impacting Our Business**

Macroeconomic conditions and supply chain disruptions and the COVID-19 pandemic continue to have an impact on the Company's business results. During fiscal 2021 and the first half of fiscal 2022, disruption in the global supply chain due to vessel shortages, labor and container shortages, and U.S. port congestion resulted in transportation delays that interrupted the flow of the Company's inventory and delayed shipments to wholesale partners. As a result, the Company planned fiscal 2022 product purchases based on the assumption that extended inventory transit times would continue throughout the year. However, during the third quarter of 2022, inventory transit times improved ahead of plan, resulting in challenges managing the timing of inventory flow. As of December 31, 2022, the Company had \$146.8 million of inventory in-transit, which includes both inventory in-transit to the Company's distribution centers and inventory not yet able to be processed due to processing capacity pressures at the Company's distribution centers. As a result, the Company's inventory levels as of December 31, 2022 were elevated compared to the prior fiscal year. The inventory in-transit balance has declined from a balance of \$280.9 million at October 1, 2022. The Company increased promotional activity in the third and fourth quarters of fiscal 2022 and expects this increased level of promotional activity to continue during the first half of 2023 to reduce inventory levels.

The Company incurred higher logistics costs, including freight and labor costs, during 2022 as a result of the supply chain disruption as well as inflationary pressures. The Company implemented selective price increases by brand and product to partially offset the effects of inflation on the Company's financial results. The Company expects to continue to evaluate future pricing of its products. In addition to inflationary headwinds, the strengthening of the U.S. dollar relative to other major currencies also negatively impacted the Company's financial results in 2022 and is expected to have a negative impact on the Company's 2023 financial results.

In March 2022, the Company temporarily suspended all business operations in Russia due to the Russia-Ukraine conflict. The Company has no assets or employees in Russia or Ukraine. The Company's business operations in Russia represent less than 1 percent of revenue. Please refer to Item 1A, "Risk Factors" for a more complete discussion of the risks the Company encounters in our business.

## 2022 FINANCIAL OVERVIEW

- Revenue was \$2,684.8 million for 2022, representing an increase of 11.2% compared to the prior year's revenue of \$2,414.9 million.
- Gross margin for 2022 was 39.9%, a decrease of 270 basis points from 2021.
- The effective tax rate in 2022 was 25.2%, compared to 16.6% in 2021.
- Diluted loss per share in 2022 was \$2.37, compared to diluted earnings per share of \$0.81 in 2021.
- The Company declared cash dividends of \$0.40 per share in 2022 and 2021.
- Cash flow used in operating activities was \$178.9 million for 2022 and cash flow provided by operating activities was \$86.8 million for 2021.
- Compared to the prior year, inventory increased \$379.7 million, or 103.9%.

## 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 financial statements and related notes, which are included in Item 8 of this Annual Report on Form 10-K.

(In millions, except per share data)	Fiscal Year		
	2022	2021	Percent Change
Revenue	\$ 2,684.8	\$ 2,414.9	11.2 %
Cost of goods sold	1,614.4	1,385.0	16.6 %
Gross profit	1,070.4	1,029.9	3.9 %
Selling, general and administrative expenses	906.4	817.8	10.8 %
Gain on sale of trademarks	(90.0)	—	—
Impairment of goodwill and intangible assets	428.7	—	—
Environmental and other related costs, net of recoveries	33.7	56.4	(40.2)%
Operating profit (loss)	(208.4)	155.7	(233.8)%
Interest expense, net	47.3	37.4	26.5 %
Debt extinguishment and other costs	—	34.3	(100.0)%
Other expense (income), net	(2.8)	3.7	(175.7)%
Earnings (loss) before income taxes	(252.9)	80.3	(414.9)%
Income tax expense (benefit)	(63.8)	13.3	(579.7)%
Net earnings (loss)	(189.1)	67.0	(382.2)%
Less: net loss attributable to noncontrolling interests	(0.8)	(1.6)	50.0 %
Net earnings (loss) attributable to Wolverine World Wide, Inc.	\$ (188.3)	\$ 68.6	(374.5)%
Diluted earnings (loss) per share	\$ (2.37)	\$ 0.81	(392.6)%

## REVENUE

Revenue was \$2,684.8 million for 2022, representing an increase of 11.2% compared to the prior year's revenue of \$2,414.9 million. The change in revenue reflected a 19.0% increase from the Active Group, a 7.6% increase from the Work Group and a 6.2% decline from the Lifestyle Group. The Active Group's revenue increase was driven by an increase of \$116.9 million from *Merrell*<sup>®</sup>, \$94.3 million from *Sweaty Betty*<sup>®</sup>, \$29.1 million from *Saucony*<sup>®</sup>, and \$10.3 million from *Chaco*<sup>®</sup>. The Work Group's revenue increase was driven by an increase of \$32.1 million from *Cat*<sup>®</sup> and \$20.1 million from *Wolverine*<sup>®</sup>, partially offset by a decrease of \$9.2 million from *Bates*<sup>®</sup>. The Lifestyle Group's revenue decline was driven by a decrease of \$33.4 million from *Sperry*<sup>®</sup> and \$7.8 million from *Keds*<sup>®</sup>, partially offset by an increase of \$11.7 million from *Hush Puppies*<sup>®</sup>. International revenue represented 41.8%, and 34.8% of total reported revenues in 2022 and 2021, respectively. Changes in foreign exchange rates decreased revenue by \$70.0 million during 2022. Direct-to-consumer revenue increased by \$64.1 million, or 10.2% during 2022 compared to 2021.

## GROSS MARGIN

For 2022, the Company's gross margin was 39.9%, compared to 42.6% in 2021. The gross margin decrease was driven by unfavorable product mix and higher promotional activity in the Company's direct to consumer channel (150 basis points), increased closeout sales and closeout reserves (90 basis points) and unfavorable product mix and higher promotional activity across the Company's brands (30 basis points).

## OPERATING EXPENSES

Operating expenses increased \$404.6 million in 2022, to \$1,278.8 million. The increase was driven by higher impairment of intangible assets (\$428.7 million), *Sweaty Betty*<sup>®</sup> operating expenses included contribution through the one-year anniversary of the acquisition (\$60.2 million), higher general and administrative costs (\$26.6 million), higher selling costs (\$10.4 million), higher distribution costs (\$9.5 million), higher advertising costs (\$6.0 million), higher *Sweaty Betty*<sup>®</sup> integration costs (\$2.0 million), and higher product development costs (\$1.1 million), partially offset by the gain recorded on the sale of the *Champion* trademarks for footwear in the United States and Canada (\$90.0 million), lower environmental and other related costs, net of recoveries (\$22.7 million), lower incentive compensation costs (\$20.0 million), and lower acquisition costs (\$7.5 million). Environmental and other related costs were \$56.3 million and \$73.9 million in 2022 and 2021, respectively. See Note 17 to the Company's Consolidated Financial Statements for further discussion.

## INTEREST, OTHER AND TAXES

Net interest expense was \$47.3 million in 2022 compared to \$37.4 million in 2021. Interest expense increased in the current year due to higher average principal balances of variable rate debt and higher average interest rates on the Company's variable rate debt, partially offset by lower interest rates on the Company's senior notes. The Company redeemed and replaced the 6.375% senior notes due in 2025 and the 5.000% senior notes due in 2026 with the 4.000% senior notes in August 2021 due in 2029.

The effective tax rate in 2022 was 25.2%, compared to 16.6% in 2021. The Company recognized tax benefits in 2022 which increased the tax benefit recognized from the pretax loss, resulting in a higher effective tax rate. In 2021, the Company also recognized tax benefits which reduced the tax expense on pretax income, resulting in a lower effective tax rate.

Other income was \$2.8 million in 2022 compared to other expense of \$3.7 million in 2021. The decrease in expense was driven by lower non-service pension costs (\$3.0 million), higher sublease income (\$1.8 million), and lower losses from equity method investments (\$1.6 million).

## REPORTABLE SEGMENTS

The Company's portfolio of brands are organized into the following three reportable segments. During the fourth quarter of 2022, the Company announced changes to its reportable segments as a result of changes in how its Chief Operating Decision Maker, the Company's Chief Executive Officer, allocates resources to and assess performance of the Company's operating segments. All prior period disclosures have been retrospectively adjusted to reflect the new reportable segments.

- **Active Group**, consisting of *Merrell*<sup>®</sup> footwear and apparel, *Saucony*<sup>®</sup> footwear and apparel, *Sweaty Betty*<sup>®</sup> activewear, and *Chaco*<sup>®</sup> footwear;
- **Work Group**, consisting of *Wolverine*<sup>®</sup> footwear and apparel, *Cat*<sup>®</sup> footwear, *Bates*<sup>®</sup> uniform footwear, *Harley-Davidson*<sup>®</sup> footwear and *HYTEST*<sup>®</sup> safety footwear; and;
- **Lifestyle Group**, consisting of *Sperry*<sup>®</sup> footwear, *Keds*<sup>®</sup> footwear, and *Hush Puppies*<sup>®</sup> footwear and apparel.

Kids' footwear offerings from *Saucony*<sup>®</sup>, *Sperry*<sup>®</sup>, *Keds*<sup>®</sup>, *Merrell*<sup>®</sup>, *Hush Puppies*<sup>®</sup> and *Cat*<sup>®</sup> are included with the applicable brand.

The Company also reports "Other" and "Corporate" categories. The Other category consists of 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*<sup>®</sup> licensed business. The Corporate category consists of the gain on the sale of the *Champion* trademarks in 2022 and unallocated corporate expenses, such as corporate employee costs, costs related to the COVID-19 pandemic, impairment of intangible assets and goodwill, reorganization activities, and environmental and other related costs.

The reportable segment results for years 2022 and 2021 are as follows:

(In millions)	Fiscal Year			
	2022	2021	Change	Percent Change
<b>REVENUE</b>				
Active Group	\$ 1,570.2	\$ 1,319.6	\$ 250.6	19.0 %
Work Group	590.5	548.8	41.7	7.6 %
Lifestyle Group	447.5	477.0	(29.5)	(6.2)%
Other	76.6	69.5	7.1	10.2 %
Total	\$ 2,684.8	\$ 2,414.9	\$ 269.9	11.2 %
<b>OPERATING PROFIT (LOSS)</b>				
Active Group	\$ 198.4	\$ 229.5	\$ (31.1)	(13.6)%
Work Group	102.5	103.8	(1.3)	(1.3)%
Lifestyle Group	48.1	67.5	(19.4)	(28.7)%
Other	11.8	8.1	3.7	45.7 %
Corporate	(569.2)	(253.2)	(316.0)	(124.8)%
Total	\$ (208.4)	\$ 155.7	\$ (364.1)	(233.8)%

Further information regarding the reportable segments can be found in Note 18 to the Company's Consolidated Financial Statements.

### Active Group

The Active Group's revenue increased \$250.6 million, or 19.0%, in 2022 compared to 2021. The revenue increase was driven by an increase of \$116.9 million from *Merrell*<sup>®</sup>, \$94.3 million from *Sweaty Betty*<sup>®</sup>, \$29.1 million from *Saucony*<sup>®</sup>, and \$10.3 million from *Chaco*<sup>®</sup>. The *Merrell*<sup>®</sup> increase was primarily due to the strength of the hike product category, which includes the industry leading Moab franchise as well as strong performance across all regions, specifically the international channel. The *Sweaty Betty*<sup>®</sup> increase included contribution through the one-year anniversary of the acquisition. The *Saucony*<sup>®</sup> increase was primarily driven by the strength and expanded sales of core technical road and trail product franchises which include the Ride, Guide, Kinvara, Triumph, Peregrine and Endorphin series. The *Chaco*<sup>®</sup> increase was primarily the result of improved inventory positions in the current period versus the prior period which was negatively impacted by supply chain constraints.

The Active Group's operating profit decreased \$31.1 million, or 13.6%, in 2022 compared to 2021. The operating profit decrease was due to a 320 basis point decrease in gross margin and a \$97.0 million increase in selling, general and administrative costs, partially offset by revenue increases. The decrease in gross margin in the current year period was due to unfavorable product mix and higher promotional activity in the Company's direct to consumer channel and increased closeout sales in the wholesale channel. The increase in selling, general and administrative expenses in 2022 includes a contribution of \$60.2 million of *Sweaty Betty*<sup>®</sup> operating expenses through the one-year anniversary of the acquisition, as well as higher advertising costs, labor and distribution costs and employee costs.

### Work Group

The Work Group's revenue increased \$41.7 million, or 7.6%, in 2022 compared to 2021. The revenue increase was driven by an increase of \$32.1 million from *Cat*<sup>®</sup> and \$20.1 million from *Wolverine*<sup>®</sup>, partially offset by a decrease of \$9.2 million from *Bates*<sup>®</sup>. The *Cat*<sup>®</sup> increase was primarily due to the strength of the life and work product categories. The *Wolverine*<sup>®</sup> increase was primarily due to the strong performance of its core franchises which include Raider and Rancher, strength of the work product category, and expanded work footwear products. The *Bates*<sup>®</sup> decline was primarily due to a reduction in military exchange customer revenue for domestically manufactured products.

The Work Group's operating profit decreased \$1.3 million, or 1.3%, in 2022 compared to 2021. The operating profit decrease was due to a 240 basis point decrease in gross margin and by a \$2.9 million increase in selling, general and administrative costs, partially offset by revenue increases. The decrease in gross margin in the current year period was due to unfavorable product mix and higher promotional activity in the Company's direct to consumer channel and increased closeout sales in the wholesale channel. The increase in selling, general and administrative expenses in 2022 was primarily due to higher advertising costs, labor and distribution costs and employee costs.

## Lifestyle Group

The Lifestyle Group's revenue decreased \$29.5 million, or 6.2%, in 2022 compared to 2021. The revenue decrease was driven by a decrease of \$33.4 million from *Sperry*<sup>®</sup> and \$7.8 million from *Keds*<sup>®</sup>, partially offset by an increase of \$11.7 million from *Hush Puppies*<sup>®</sup>. The *Sperry*<sup>®</sup> and *Keds*<sup>®</sup> declines were primarily driven by supply chain issues and softer consumer demand in both the U.S. wholesale and direct-to-consumer sales channels. The *Hush Puppies*<sup>®</sup> increase was primarily due to the launch of a strategic distribution partnership with DSW in North America and the strength of the brand's lifestyle head-to-toe product offering internationally, with a focus on casual, comfort and color.

The Lifestyle Group's operating profit decreased \$19.4 million, or 28.7%, in 2022 compared to 2021. The operating profit decrease was due to a 150 basis point decrease in gross margin and revenue decreases, partially offset by a \$0.4 million decrease in selling, general and administrative costs. The decrease in gross margin in the current year period was due to unfavorable product mix and higher promotional activity in the Company's direct to consumer channel and increased closeout sales in the wholesale channel.

## Other

The Other category's revenue increased \$7.1 million, or 10.2%, in 2022 compared to 2021. The revenue increase was primarily driven by an increase of \$6.0 million from the performance leathers business.

## Corporate

Corporate expenses increased \$316.0 million in 2022 compared to 2021 primarily due to the impairment of intangible assets related to the *Sperry*<sup>®</sup> trade name and *Sweaty Betty*<sup>®</sup> trade name and goodwill (\$428.7 million), reorganization and integration activities (\$9.6 million), and higher employee costs (\$7.8 million), partially offset by the gain recorded on the sale of the Champion trademarks for footwear in the United States and Canada (\$90.0 million), lower environmental and other related costs (\$22.7 million), and lower incentive compensation costs (\$19.2 million).

## LIQUIDITY AND CAPITAL RESOURCES

(In millions)	Fiscal Year	
	2022	2021
Cash and cash equivalents <sup>(1)</sup>	\$ 135.5	\$ 161.7
Debt	1,158.0	966.8
Available Revolving Facility <sup>(2)</sup>	569.3	769.2

<sup>(1)</sup> Cash and cash equivalents at the end of the year in the Consolidated Statements of Cash Flows includes \$4.0 million of Wolverine Leathers business related cash and cash equivalents that are classified as held for sale as of December 31, 2022 that are not included in cash and cash equivalents in the Consolidated Balance Sheets.

<sup>(2)</sup> Amounts are net of both borrowings, if any, and outstanding standby letters of credit issued in accordance with the terms of the Revolving Facility.

## Liquidity

Cash and cash equivalents of \$135.5 million as of December 31, 2022 were \$26.2 million lower compared to January 1, 2022. The decrease is due primarily to cash used by operating activities of \$178.9 million, share repurchases of \$81.3 million, additions to property, plant, and equipment of \$36.5 million, cash dividends paid of \$32.8 million, and shares acquired related to employee stock plans of \$7.7 million, partially offset by net revolver borrowings of \$200.0 million, cash received from the sale of the *Champion* trademark of \$90.0 million, proceeds from company-owned life insurance policies of \$30.5 million, and contributions from noncontrolling interests of \$7.0 million. The Company had \$569.3 million of borrowing capacity available under the Revolving Facility as of December 31, 2022. Cash and cash equivalents located in foreign jurisdictions totaled \$114.9 million as of December 31, 2022.

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 may purchase up to an additional \$366.5 million of shares under its existing common stock repurchase program, which expires in 2023. The common stock repurchase program does not obligate the Company to acquire any shares and may be suspended at any time. The Company repurchased \$81.3 million and \$39.6 million of shares during 2022 and 2021, respectively.

A detailed discussion of environmental remediation costs is found in Note 17 to the Company's Consolidated 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 affected site. As of December 31, 2022, the Company has a reserve of \$74.1 million, of which \$49.8 million is expected to be paid in the next 12 months and is recorded as a current obligation in other accrued liabilities, with the remaining \$24.3 million recorded in other liabilities and expected to be paid over the course of up to 25 years. The Company's remediation activity at its former Tannery site and sites where the Company disposed of Tannery byproducts is ongoing. It is difficult to estimate the cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods.

Note 17 to the Company's Consolidated Financial Statements also includes a detailed discussion of environmental litigation matters. The Company has established an accrual in the amount of \$40.5 million, and made related payments of \$50.1 million, with respect to certain of these matters for the year ended December 31, 2022, as discussed in Note 17. The Company expects to disburse payments during 2023 equal to the remainder of the established accrual.

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

The Company expects to meet its contractual obligations through its typical sources of liquidity in the normal course of business, such as cash from operating activities, and believes it has the financial resources to satisfy these contractual obligations. The Company had the following contractual obligations due by period at December 31, 2022:

(In millions)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations <sup>(1)</sup>	\$ 1,446.3	\$ 489.4	\$ 135.4	\$ 234.7	\$ 586.8
Operating lease obligations	236.5	38.6	60.8	47.1	90.0
Purchase obligations <sup>(2)</sup>	423.1	423.1	—	—	—
Pension <sup>(3)</sup>	—	—	—	—	—
Supplemental Executive Retirement Plan	44.9	3.9	8.3	8.8	23.9
Municipal water improvements <sup>(3)</sup>	31.9	31.9	—	—	—
TCJA transition obligation	28.1	7.0	21.1	—	—
<b>Total <sup>(4)</sup></b>	<b>\$ 2,210.8</b>	<b>\$ 993.9</b>	<b>\$ 225.6</b>	<b>\$ 290.6</b>	<b>\$ 700.7</b>

<sup>(1)</sup> Includes principal and interest payments on the Company's long-term debt. Estimated future interest payments on outstanding debt obligations are based on interest rates as of December 31, 2022. Actual cash outflows may differ significantly due to changes in underlying interest rates.

<sup>(2)</sup> Purchase obligations related primarily to inventory and capital expenditure commitments.

<sup>(3)</sup> Under the terms of a Consent Decree resolving certain civil and regulatory actions, the Company is obligated to contribute towards the costs of extending municipal water lines, developing a replacement wellfield and making certain improvements to Plainfield Township's existing water treatment plant, all subject to an aggregate cap of \$69.5 million. During 2022 and 2021, the Company made payments of \$15.0 and \$12.9 million towards the total cap, respectively. Due to the uncertainty of the timing and amounts related to the Company's other environmental remediation costs, they have been excluded from this table. See Note 17 to the Company's Consolidated Financial Statements for additional information.

<sup>(4)</sup> The total amount of unrecognized tax benefits on the consolidated balance sheet at December 31, 2022 is \$9.0 million. At this time, the Company is unable to make a reasonably reliable estimate of the timing of payments in individual years beyond 12 months due to uncertainties in the timing of tax audit outcomes. As a result, this amount is not included in the table above.

## Financing Arrangements

On October 21, 2021, the Company entered into a 2021 Replacement Facility Amendment and Reaffirmation Agreement (the "Amendment") to the Company's Credit Facility (as amended and restated, the "Credit Agreement"). The Amendment amended and restated the Credit Agreement to, among other things: (i) provide for a term loan A facility (the "Term Facility") in an aggregate principal amount of \$200.0 million, which replaced the existing term loan A; (ii) provide for an increased revolving credit facility (the "Revolving Facility" and, together with the Term Facility, the "Senior Credit Facilities") with total commitments of \$1.0 billion, an increase of \$200.0 million from the existing Revolving Facility; and (iii) set the LIBOR floor to 0.000%, a decrease of 0.750%. The maturity date of the loans under the Senior Credit Facilities was extended to October 21,

2026. The Amendment 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 amended senior credit facility are met. The Term Facility requires quarterly principal payments with a balloon payment due on October 21, 2026.

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

As of December 31, 2022, the Company was in compliance with all covenants and performance ratios under the Credit Agreement.

The Company's debt at December 31, 2022 totaled \$1,158.0 million, compared to \$966.8 million at January 1, 2022. The Company expects to use the current borrowings to fund organic growth initiatives, reduce debt, pay dividends and for general corporate purposes. The increased debt position resulted from borrowings under the Revolving Facility to fund organic growth initiatives, pay dividends and for general corporate purposes.

## Cash Flows

The following table summarizes cash flow activities:

(In millions)	Fiscal Year Ended	
	December 31, 2022	January 1, 2022
Net cash provided by (used in) operating activities	(178.9)	86.8
Net cash provided by (used in) investing activities	54.6	(437.3)
Net cash provided by (used in) financing activities	107.1	169.3
Additions to property, plant and equipment	(36.5)	(17.6)
Depreciation and amortization	34.6	33.2

## 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.

Cash from operations during 2022 was lower compared to 2021, due primarily to an increase in net working capital representing a use of cash of \$274.4 million. Working capital balances were unfavorably impacted by an increase in inventories of \$428.9 million, a decrease in accounts receivable of \$84.5 million, and an increase in other operating assets of \$21.1 million, partially offset by an increase in accounts payable of \$62.6 million and an increase in other operating liabilities of \$26.1 million. Operating cash flows included non-cash add back for the impairment of intangible assets of \$428.7 million, depreciation and amortization expense adjustment of \$34.6 million, stock-based compensation expense adjustment of \$33.4 million, deferred income tax adjustment of \$105.7 million, gain on sale of the *Champion* trademark of \$90.0 million, environmental and other related costs, net of cash payments and recoveries received cash outflow of \$23.0 million, and pension expense adjustment of \$9.3 million.

## Investing Activities

The Company made capital expenditures of \$36.5 million and \$17.6 million in years 2022 and 2021, respectively, for building improvements, eCommerce site enhancements, new retail stores, distribution operations improvements and information system enhancements. The current year activity includes additional investment in the Company's China joint venture of \$2.8 million and proceeds received from the sale of the *Champion* trademarks of \$90.0 million.

## Financing Activities

The current year debt activity includes net borrowings under the Revolving Facility of \$200.0 million and \$30.5 million in proceeds from company-owned life insurance policies. The Company paid \$7.7 million and \$14.1 million in 2022 and 2021, respectively, in connection with shares or units withheld to pay employee taxes related to awards under stock incentive plans and received \$1.4 million and \$17.1 million in proceeds from the exercise of stock options in 2022 and 2021, respectively. The Company also repurchased \$81.3 million and \$39.6 million of its common stock during 2022 and 2021, respectively. The

Company received \$7.0 million and \$4.8 million from noncontrolling owners of the Company's China joint venture to support the growth of the joint venture in 2022 and 2021, respectively.

The Company declared cash dividends of \$0.40 per share in each of 2022 and 2021. Dividends paid totaled \$32.8 million and \$33.5 million for 2022 and 2021, respectively. A quarterly dividend of \$0.10 per share was declared on February 8, 2023 to shareholders of record on April 3, 2023.

## **NEW ACCOUNTING STANDARDS**

See Note 2 to the Company's Consolidated Financial Statements for information related to new accounting standards.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of the Company's Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. ("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 following critical accounting policies used in determining estimates and assumptions in the amounts reported. Management believes that an understanding of these policies is important to an overall understanding of the Company's Consolidated Financial Statements. Significant accounting policies are summarized in Note 1 to the Company's Consolidated Financial Statements.

### **Revenue Recognition and Performance Obligations**

Revenue is recognized upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration to be received in exchange for those goods or services. The Company identifies the performance obligation in the contract, determines the transaction price, allocates the transaction price to the performance obligations, and recognizes revenue upon completion of the performance obligation. Revenue is recognized net of variable consideration and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Control of the Company's goods and services, and associated revenue, are transferred to customers at a point in time. The Company's contract revenue consist of wholesale revenue and direct-to-consumer revenue. Wholesale revenue is recognized for products sourced by the Company when control transfers to the customer generally occurring upon the purchase, shipment or delivery of branded products or to the customer. Direct-to-consumer includes eCommerce revenue that is recognized for products sourced by the Company when control transfers to the customer once the related goods have been shipped and retail store revenue recognized at time of sale. The point of purchase or shipment was evaluated to best represent when control transfers based on the Company's right of payment for the goods, the customer's legal title to the asset, the transfer of physical possession and the customer having the risks and rewards of the goods. Payment terms for the Company's revenue vary by sales channel. Standard credit terms apply to the Company's wholesale receivables, while payment is rendered at the time of sale within the direct-to-consumer channel.

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 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 year ended December 31, 2022 related to the Company's contract liabilities was nominal.

### **Inventory**

The Company values its inventory at the lower of cost or net realizable value. Cost is determined by the last-in, first out ("LIFO") method for certain domestic finished product inventories. Cost is determined using the first-in, first-out ("FIFO") method for all raw materials, work-in-process and finished product inventories in foreign countries and certain domestic finished product inventories. The average cost of inventory is used for finished product inventories of the Company's direct-to-



consumer business and *Sweaty Betty*<sup>®</sup> inventory. The Company has applied these inventory cost valuation methods consistently from year to year.

The Company reduces the carrying value of its inventories to the lower of cost or net realizable value for excess or obsolete inventories based upon assumptions about future demand and market conditions. If the Company were to determine that the estimated realizable value of its inventory is less than the carrying value of such inventory, the Company would provide a reserve for such difference as a charge to cost of sales. If actual market conditions are different from those projected, adjustments to those inventory reserves may be required. The adjustments would increase or decrease the Company's cost of sales and net income in the period in which they were realized or recorded. Inventory quantities are verified at various times throughout the year by performing physical inventory counts and subsequently comparing those results to perpetual inventory balances. If the Company determines that adjustments to the inventory quantities are appropriate, an adjustment to the Company's cost of goods sold and inventory is recorded in the period in which such determination was made.

### **Business Combinations**

The Company accounts for business combinations using the acquisition method of accounting, which requires that once control is obtained, the consolidated financial statements reflect the operations of an acquired business starting from the acquisition date.

All assets acquired and liabilities assumed are recorded at fair value as of the acquisition date. The Company allocates the purchase price of an acquired business to the fair values of the tangible and identifiable intangible assets acquired and liabilities assumed, with any excess purchase price recorded as goodwill. Contingent consideration, if any, is included in the purchase price and is recognized at its fair value on the acquisition date. During the measurement period, which is up to one year from the acquisition date, adjustments to the assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill.

The determination of fair values of identifiable assets and liabilities requires estimates and the use of valuation techniques and requires management to make judgments that may involve the use of significant estimates. For intangible assets acquired in a business combination, the Company typically uses the income method. Significant estimates used in valuing certain intangible assets include, but are not limited to, the amount and timing of future cash flows, growth rates and discount rates, among other items. If the actual results differ from the estimates and judgments used, the amounts recorded in the Consolidated Financial Statements may be exposed to potential impairment of the intangible assets and goodwill as discussed in the "Goodwill and Indefinite-Lived Intangibles" section below. Refer to Note 19 "Business Acquisitions" for additional discussion.

### **Goodwill and Indefinite-Lived Intangibles**

Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually. The Company reviews the carrying amounts of goodwill and indefinite-lived intangible assets by reporting unit at least annually, or when indicators of impairment are present, to determine if such assets may be impaired. If the carrying amounts of these assets are not recoverable based upon discounted cash flow and market approach analyses, the carrying amounts of such assets are reduced by the estimated difference between the carrying values and estimated fair values. The Company includes assumptions such as a discount rate and expected future operating performance, which includes forecasted revenue growth, earnings before interest, taxes, depreciation and amortization ("EBITDA") margin and cost of capital, which are derived from internal projections and operating plans, as part of a discounted cash flow analysis to estimate fair value.

For goodwill, if the estimated fair value of the reporting unit exceeds its carrying value, no further review is required. However, if the estimated fair value of the reporting unit is less than its carrying value, the Company records an impairment charge equal to the excess of the recorded goodwill over the fair value of the goodwill.

The Company may first assess qualitative factors to determine whether it is more likely than not that the fair value of goodwill and indefinite-lived intangible assets are less than their carrying value. The Company would not be required to quantitatively determine the fair value unless the Company determines, based on the qualitative assessment, that it is more likely than not that its fair value is less than the carrying value.

The Company performs its annual testing for goodwill and indefinite-lived intangible asset impairment at the beginning of the fourth quarter of the fiscal year for all reporting units. In the fourth quarter of 2022, after completion of the annual impairment testing, the Company recorded a \$48.4 million impairment charge for *Sweaty Betty*<sup>®</sup> goodwill. The Company did not recognize any impairment charges for goodwill during years 2021 and 2020. In the fourth quarter of 2022, the Company recognized impairment charges of \$191.0 million for the *Sperry*<sup>®</sup> trade name and \$189.3 million for the *Sweaty Betty*<sup>®</sup> trade name. No impairment charges were recognized for the Company's intangible assets during 2021. In the fourth quarter of 2020, the Company recorded a \$222.2 million impairment charge for the *Sperry*<sup>®</sup> trade name. Refer to Note 4, "Goodwill and Other

Intangibles” for additional discussion on the *Sweaty Betty*<sup>®</sup> goodwill impairment and the *Sweaty Betty*<sup>®</sup> and *Sperry*<sup>®</sup> trade name impairments.

### **Environmental**

The Company establishes a reserve for estimated environmental remediation costs based upon the evaluation of currently-available facts with respect to each individual affected site. The costs are recorded on an undiscounted basis when they are probable and reasonably estimable, generally no later than the completion of feasibility studies, the Company’s commitment to a plan of action, or approval by regulatory agencies. Liabilities for estimated costs of environmental remediation are based primarily upon third-party environmental studies, other internal analysis and the extent of the contamination and the nature of required remedial actions at each site. The Company records adjustments to the estimated costs if there are changes in the scope of the required remediation activity, extent of contamination, governmental regulations or remediation technologies. Environmental costs relating to existing conditions caused by past operations that do not contribute to current or future revenues are expensed as incurred. Refer to Note 17, “Litigation and Contingencies” for additional discussion on estimated environmental remediation costs.

Assets related to potential recoveries from other responsible parties are recognized when a definitive agreement is reached and collection of cash is realizable. Recoveries of covered losses under insurance policies are recognized only when realization of the claim is deemed probable.

The Company is subject to legal proceedings and claims related to the environmental matters as described in Note 17 to the Company’s Consolidated Financial Statements. The Company routinely assesses the legal and factual circumstances of each matter and the likelihood of any adverse outcomes in these matters, as well as ranges of possible losses. Assessments of lawsuits and claims can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. The Company accrues an estimated liability for legal proceeding claims that are both probable and estimable and reserves may change in future periods due to new developments in each matter. For further discussion, refer to Note 17 “Litigation and Contingencies”.

### **Retirement Benefits**

The determination of the obligation and expense for retirement benefits depends upon the selection of certain actuarial assumptions used in calculating such amounts. These assumptions include, among others, the discount rate, expected long-term rate of return on plan assets, mortality rates and rates of increase in compensation. These assumptions are reviewed with the Company’s actuaries and updated annually based on relevant external and internal factors and information, including, but not limited to, long-term expected asset returns, rates of termination, regulatory requirements and plan changes.

The Company utilizes a bond matching calculation to determine the discount rate used to calculate its year-end pension liability and subsequent year pension expense. A hypothetical bond portfolio is created based on a presumed purchase of individual bonds to settle the plans’ expected future benefit payments. The discount rate is the resulting yield of the hypothetical bond portfolio. The bonds selected are listed as high grade by at least two recognized ratings agency and are non-callable, currently purchasable and non-prepayable. The calculated discount rate was 5.56% at December 31, 2022, compared to 3.09% at January 1, 2022. Pension expense is also impacted by the expected long-term rate of return on plan assets, which the Company has determined to be 6.87% and 6.75% for fiscal 2022 and 2021, respectively. This rate is based on both actual historical rates of return experienced by the pension assets and the long-term rate of return of a composite portfolio of equity and fixed income securities that reflects the approximate diversification of the pension assets.

### **Income Taxes**

The Company maintains certain strategic management and operational activities in overseas subsidiaries, and its foreign earnings are taxed at rates that have generally been lower 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. Income tax audits associated with the allocation of this income and other complex issues may require an extended period of time to resolve and may result in income tax adjustments if changes to the income allocation are required between jurisdictions with different income tax rates. The Company evaluates the probability a tax position will be effectively sustained and the appropriateness of the amount recognized for uncertain tax positions based on factors including changes in facts or circumstances, changes in tax law, settled audit issues and new audit activity. Changes in the Company’s assessment may result in the recognition of a tax benefit or an additional charge to the tax provision in the period our assessment changes. The carrying value of the Company’s deferred tax assets assumes that the Company will be able to generate sufficient taxable income in future years to utilize these deferred tax assets. If these assumptions change, the Company may be required to record valuation allowances against its gross deferred tax assets in future years, which would cause the Company to record additional income tax expense in its consolidated statements of operations. Management evaluates the potential that the Company will be able to realize its gross deferred tax assets and assesses the need for valuation allowances on a quarterly basis.

On a periodic basis, the Company estimates the full year effective tax rate and records a quarterly income tax provision in accordance with the projected full year rate. As the year progresses, that estimate is refined based upon actual events and the distribution of earnings in each tax jurisdiction during the year. This continual estimation process periodically results in a change to the expected effective tax rate for the year. When this occurs, the Company adjusts the income tax provision during the quarter in which the change in estimate occurs so that the year-to-date provision reflects the revised anticipated annual rate.

The Company intends to repatriate cash held in foreign jurisdictions and has recorded a deferred tax liability related to estimated state taxes and foreign withholding taxes on the future dividends received in the U.S. from the foreign subsidiaries.

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.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

In the normal course of business, the Company's financial position and results of operations are routinely subject to a variety of risks, including market risk associated with interest rate movements on borrowings and investments and currency rate movements on non-U.S. dollar denominated assets, liabilities and cash flows. The Company regularly assesses these risks and has established policies and business practices that should mitigate a portion of the adverse effect of these and other potential exposures.

##### **Foreign Exchange 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 Annual Report on Form 10-K, 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, the 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. At December 31, 2022 and January 1, 2022, the Company had outstanding forward currency exchange contracts to purchase primarily U.S. dollars in the amounts of \$334.2 million and \$296.7 million, respectively, with maturities ranging up to 524 and 538 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 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. At December 31, 2022, a stronger U.S. dollar compared to certain foreign currencies decreased the value of these investments in net assets by \$76.3 million from their value at January 1, 2022. At January 1, 2022, a stronger U.S. dollar compared to foreign currencies decreased the value of these investments in net assets by \$20.0 million from their value at January 2, 2021.

**Interest Rate Risk**

The Company is exposed to interest rate changes primarily as a result of interest expense on the Incremental Term Loan borrowings and any borrowings under the Revolving Facility. The Company's total variable-rate debt was \$615.0 million at December 31, 2022 and the Company held a forward-dated interest rate swap agreement, denominated in U.S. dollars that will effectively convert \$176.2 million of this amount to fixed-rate debt. The interest rate swap derivative instrument is held and used by the Company as a tool for managing interest rate risk. The counterparty to the swap instrument is a large financial institution that the Company believes is of high-quality creditworthiness. While the Company may be exposed to potential losses due to the credit risk of non-performance by this counterparty, such losses are not anticipated. The fair value of the interest rate swap was determined to be a net asset of \$6.1 million as of December 31, 2022. As of December 31, 2022, the weighted-average interest rate on the Company's variable-rate debt, net of the impact of the interest rate swap, was 4.86%. Based on the level of variable-rate debt outstanding as of that date, a 100 basis point increase in the weighted-average interest rate would have increased the Company's annual pre-tax interest expense by approximately \$4.4 million. The Company does not enter into contracts for speculative or trading purposes, nor is it a party to any leveraged derivative instruments.

**Item 8. Financial Statements and Supplementary Data**

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**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations**

(In millions, except per share data)	Fiscal Year		
	2022	2021	2020
Revenue	\$ 2,684.8	\$ 2,414.9	\$ 1,791.1
Cost of goods sold	1,614.4	1,385.0	1,055.5
Gross profit	1,070.4	1,029.9	735.6
Selling, general and administrative expenses	906.4	817.8	639.4
Gain on sale of trademarks	(90.0)	—	—
Impairment of goodwill and intangible assets	428.7	—	222.2
Environmental and other related costs, net of recoveries	33.7	56.4	11.1
Operating profit (loss)	(208.4)	155.7	(137.1)
Other expenses:			
Interest expense, net	47.3	37.4	43.6
Debt extinguishment and other costs	—	34.3	5.5
Other expense (income), net	(2.8)	3.7	(2.1)
Total other expenses	44.5	75.4	47.0
Earnings (loss) before income taxes	(252.9)	80.3	(184.1)
Income tax expense (benefit)	(63.8)	13.3	(45.5)
Net earnings (loss)	(189.1)	67.0	(138.6)
Less: net loss attributable to noncontrolling interests	(0.8)	(1.6)	(1.7)
Net earnings (loss) attributable to Wolverine World Wide, Inc.	\$ (188.3)	\$ 68.6	\$ (136.9)
Net earnings (loss) per share (see Note 3):			
Basic	\$ (2.37)	\$ 0.82	\$ (1.70)
Diluted	\$ (2.37)	\$ 0.81	\$ (1.70)

See accompanying notes to consolidated financial statements.

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income (Loss)**

(In millions)	Fiscal Year		
	2022	2021	2020
Net earnings (loss)	\$ (189.1)	\$ 67.0	\$ (138.6)
Other comprehensive income (loss) net of tax:			
Foreign currency translation adjustments	(76.8)	(20.0)	10.6
Unrealized gain (loss) on derivative instruments:			
Unrealized gain (loss) arising during the period, net of taxes of \$7.9, \$3.0 and \$(5.2)	25.4	7.7	(17.6)
Reclassification adjustments included in net earnings (loss), net of taxes of \$(4.7), \$1.4 and \$0.4	(14.6)	3.7	3.1
Pension adjustments:			
Net actuarial gain (loss) arising during the period, net of taxes of \$6.3, \$7.8 and \$(8.0)	22.6	29.5	(30.0)
Amortization of prior actuarial losses, net of taxes of \$2.4, \$3.0 and \$1.4	8.9	10.8	5.2
Other comprehensive income (loss)	(34.5)	31.7	(28.7)
Less: other comprehensive income (loss) attributable to noncontrolling interests	(0.5)	—	(0.2)
Other comprehensive income (loss) attributable to Wolverine World Wide, Inc.	(34.0)	31.7	(28.5)
Comprehensive income (loss)	(223.6)	98.7	(167.3)
Less: comprehensive loss attributable to noncontrolling interests	(1.3)	(1.6)	(1.9)
Comprehensive income (loss) attributable to Wolverine World Wide, Inc.	\$ (222.3)	\$ 100.3	\$ (165.4)

See accompanying notes to consolidated financial statements.

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**

(In millions, except share data)	December 31, 2022	January 1, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 131.5	\$ 161.7
Accounts receivable, less allowances of \$11.1 and \$28.3	241.7	319.6
Finished products, net	743.2	354.1
Raw materials and work-in-process, net	2.0	11.4
Total inventories	745.2	365.5
Prepaid expenses and other current assets	79.0	56.9
Current assets held for sale	67.9	—
Total current assets	1,265.3	903.7
Property, plant and equipment, net of accumulated depreciation of \$236.1 and \$219.1	136.2	129.0
Lease right-of-use assets	174.7	138.2
Goodwill	485.0	556.6
Indefinite-lived intangibles	274.0	718.1
Amortizable intangibles, net	67.4	74.6
Deferred income taxes	24.5	1.8
Other assets	65.6	64.4
Total assets	\$ 2,492.7	\$ 2,586.4
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 272.2	\$ 222.1
Accrued salaries and wages	32.3	41.7
Other accrued liabilities	322.9	222.5
Lease liabilities	39.1	38.3
Current maturities of long-term debt	10.0	10.0
Borrowings under revolving credit agreements	425.0	225.0
Current liabilities held for sale	8.8	—
Total current liabilities	1,110.3	759.6
Long-term debt, less current maturities	723.0	731.8
Accrued pension liabilities	72.9	107.4
Deferred income taxes	35.3	118.9
Lease liabilities, noncurrent	153.6	118.2
Other liabilities	58.6	106.1
Stockholders' equity		
Common stock – par value \$1, authorized 320,000,000 shares; 112,202,078, and 111,632,094 shares issued	112.2	111.6
Additional paid-in capital	325.4	298.9
Retained earnings	907.2	1,128.2
Accumulated other comprehensive loss	(132.9)	(98.9)
Cost of shares in treasury; 33,413,204, and 29,604,013 shares	(891.3)	(810.2)
Total Wolverine World Wide, Inc. stockholders' equity	320.6	629.6
Noncontrolling interest	18.4	14.8
Total stockholders' equity	339.0	644.4
Total liabilities and stockholders' equity	\$ 2,492.7	\$ 2,586.4

See accompanying notes to consolidated financial statements.



**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**

(In millions)	Fiscal Year		
	2022	2021	2020
<b>OPERATING ACTIVITIES</b>			
Net earnings (loss)	\$ (189.1)	\$ 67.0	\$ (138.6)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	34.6	33.2	32.8
Deferred income taxes	(105.7)	(14.7)	(56.9)
Stock-based compensation expense	33.4	38.1	28.9
Pension and SERP expense	9.3	14.0	8.5
Debt extinguishment, interest rate swap termination, and other costs	—	5.8	5.5
Impairment of goodwill and intangible assets	428.7	—	222.2
Environmental and other related costs, net of cash payments and recoveries received	(23.0)	33.7	31.5
Gain on sale of trademarks	(90.0)	—	—
Other	(2.7)	(1.9)	(12.7)
Changes in operating assets and liabilities:			
Accounts receivable	84.5	(49.2)	64.8
Inventories	(428.9)	(77.2)	107.2
Other operating assets	(21.1)	(2.3)	7.4
Accounts payable	62.6	23.0	(18.9)
Income taxes	2.4	1.6	(0.5)
Other operating liabilities	26.1	15.7	27.9
Net cash provided by (used in) operating activities	(178.9)	86.8	309.1
<b>INVESTING ACTIVITIES</b>			
Business acquisition, net of cash acquired	—	(417.4)	(5.5)
Additions to property, plant and equipment	(36.5)	(17.6)	(10.3)
Investment in joint ventures	(2.8)	—	(3.5)
Proceeds from sale of trademarks	90.0	—	—
Proceeds from company-owned life insurance policies	—	—	26.8
Other	3.9	(2.3)	(1.4)
Net cash provided by (used in) investing activities	54.6	(437.3)	6.1
<b>FINANCING ACTIVITIES</b>			
Payments under revolving credit agreements	(740.0)	(435.0)	(898.0)
Borrowings under revolving credit agreements	940.0	660.0	538.0
Proceeds from company-owned life insurance policies	30.5	—	—
Borrowings of long-term debt	—	750.0	471.0
Payments on long-term debt	(10.0)	(730.0)	(183.5)
Payments of debt issuance and debt extinguishment costs	—	(10.4)	(6.4)
Termination of interest rate swap	—	—	(7.3)
Cash dividends paid	(32.8)	(33.5)	(33.6)
Purchase of common stock for treasury	(81.3)	(39.6)	(21.0)
Employee taxes paid under stock-based compensation plans	(7.7)	(14.1)	(24.8)
Proceeds from the exercise of stock options	1.4	17.1	9.8
Contributions from noncontrolling interests	7.0	4.8	1.8
Net cash provided by (used in) financing activities	107.1	169.3	(154.0)
Effect of foreign exchange rate changes	(9.0)	(4.5)	5.6
Increase (decrease) in cash and cash equivalents	(26.2)	(185.7)	166.8
Cash and cash equivalents at beginning of the year	161.7	347.4	180.6
Cash and cash equivalents at end of the year	\$ 135.5	\$ 161.7	\$ 347.4

See accompanying notes to consolidated financial statements.

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows – continued**

<i>(In millions)</i>	Fiscal Year		
	2022	2021	2020
<b>OTHER CASH FLOW INFORMATION</b>			
Interest paid	\$ 43.0	\$ 34.6	\$ 41.4
Net income taxes paid	44.3	27.8	8.6
<b>NON-CASH INVESTING AND FINANCING ACTIVITY</b>			
Additions to property, plant and equipment not yet paid	3.3	3.2	0.9

See accompanying notes to consolidated financial statements.

Cash and cash equivalents at the end of the year in the Consolidated Statements of Cash Flows includes \$4.0 million of Wolverine Leathers business related cash and cash equivalents that are classified as held for sale as of December 31, 2022 that are not included in cash and cash equivalents in the Consolidated Balance Sheets.

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Stockholders' Equity**

	Wolverine World Wide, Inc. Stockholders' Equity						Total
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non- controlling Interest	
<i>(In millions, except share and per share data)</i>							
Balance at December 28, 2019	\$ 108.3	\$ 233.4	\$ 1,263.3	\$ (102.1)	\$ (736.2)	\$ 11.7	\$ 778.4
Net loss			(136.9)			(1.7)	(138.6)
Other comprehensive loss				(28.5)		(0.2)	(28.7)
Shares forfeited, net of shares issued under stock incentive plans (1,497,478 shares)	1.5	(19.0)					(17.5)
Shares issued for stock options exercised, net (600,041 shares)	0.6	9.3					9.9
Stock-based compensation expense		28.9					28.9
Cash dividends declared (\$0.40 per share)			(33.1)				(33.1)
Issuance of treasury shares (5,479 shares)		—			0.2		0.2
Purchase of common stock for treasury (877,624 shares)					(21.0)		(21.0)
Purchases of shares under stock-based compensation plans (231,617 shares)					(7.3)		(7.3)
Capital contribution from noncontrolling interests						1.8	1.8
Balance at January 2, 2021	\$ 110.4	\$ 252.6	\$ 1,093.3	\$ (130.6)	\$ (764.3)	\$ 11.6	\$ 573.0
Net earnings (loss)			68.6			(1.6)	67.0
Other comprehensive income				31.7		—	31.7
Shares issues, net of shares forfeited under stock incentive plans (431,180 shares)	0.4	(8.2)					(7.8)
Shares issued for stock options exercised, net (774,145 shares)	0.8	16.4					17.2
Stock-based compensation expense		38.1					38.1
Cash dividends declared (\$0.40 per share)			(33.7)				(33.7)
Issuance of treasury shares (4,005 shares)		—			0.1		0.1
Purchase of common stock for treasury (1,150,721 shares)					(39.6)		(39.6)
Purchases of shares under stock-based compensation plans (172,023 shares)					(6.4)		(6.4)
Capital contribution from noncontrolling interests						4.8	4.8
Balance at January 1, 2022	\$ 111.6	\$ 298.9	\$ 1,128.2	\$ (98.9)	\$ (810.2)	\$ 14.8	\$ 644.4

See accompanying notes to consolidated financial statements.

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Stockholders' Equity – continued**

	Wolverine World Wide, Inc. Stockholders' Equity						Total
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non- controlling Interest	
<i>(In millions, except share and per share data)</i>							
Balance at January 1, 2022	\$ 111.6	\$ 298.9	\$ 1,128.2	\$ (98.9)	\$ (810.2)	\$ 14.8	\$ 644.4
Net loss			(188.3)			(0.8)	(189.1)
Other comprehensive loss				(34.0)		(0.5)	(34.5)
Shares issued, net of shares forfeited under stock incentive plans (495,502 shares)	0.5	(8.2)					(7.7)
Shares issued for stock options exercised, net (74,482 shares)	0.1	1.3					1.4
Stock-based compensation expense		33.4					33.4
Cash dividends declared (\$0.40 per share)			(32.7)				(32.7)
Issuance of treasury shares (5,973 shares)		—			0.2		0.2
Purchase of common stock for treasury (3,815,164 shares)					(81.3)		(81.3)
Capital contribution from noncontrolling interests						7.0	7.0
Other						(2.1)	(2.1)
Balance at December 31, 2022	<u>\$ 112.2</u>	<u>\$ 325.4</u>	<u>\$ 907.2</u>	<u>\$ (132.9)</u>	<u>\$ (891.3)</u>	<u>\$ 18.4</u>	<u>\$ 339.0</u>

See accompanying notes to consolidated financial statements.

**WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**Fiscal Years 2022, 2021 and 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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*<sup>®</sup>, *Cat*<sup>®</sup>, *Chaco*<sup>®</sup>, *Harley-Davidson*<sup>®</sup>, *Hush Puppies*<sup>®</sup>, *HYTEST*<sup>®</sup>, *Keds*<sup>®</sup>, *Merrell*<sup>®</sup>, *Saucony*<sup>®</sup>, *Sperry*<sup>®</sup>, *Stride Rite*<sup>®</sup>, *Sweaty Betty*<sup>®</sup> and *Wolverine*<sup>®</sup>. 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, and has a leathers division that markets *Wolverine Performance Leathers*<sup>™</sup>.

On June 30, 2022, the Company sold the *Champion* trademarks for footwear in the United States and Canada to HanesBrand Inc. for \$90.0 million in cash. The Company recorded a gain of \$90.0 million associated with the transaction.

On August 2, 2021, the Company completed the acquisition of Lady of Leisure InvestCo Limited (the “Acquired Company”) for \$417.4 million, net of acquired cash of \$7.4 million. The Acquired Company owns the *Sweaty Betty*<sup>®</sup> brand and activewear business, a premium women’s activewear brand. See Note 19 for further discussion.

**Principles of Consolidation and Basis of Presentation**

The consolidated financial statements include the accounts of Wolverine World Wide, Inc. and its majority-owned subsidiaries (collectively, the “Company”) and any variable interest entities for which we are the primary beneficiary. All intercompany accounts and transactions have been eliminated in consolidation.

During the fourth quarter of 2022, the Company announced changes to its reportable segments as a result of changes in how its Chief Operating Decision Maker, the Company’s Chief Executive Officer, allocates resources to and assess performance of the Company’s operating segments. All prior period disclosures have been retrospectively adjusted to reflect the new reportable segments.

**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 2022 and 2021 each had 52 weeks, and fiscal year 2020 had 53 weeks.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**Revenue Recognition**

The Company recognizes revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*. Revenue is recognized upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration to be received in exchange for those goods or services. The Company identifies the performance obligation in the contract, determines the transaction price, allocates the transaction price to the performance obligations and recognizes revenue upon completion of the performance obligation.

Control of the Company’s goods and services, and associated revenue, are transferred to customers at a point in time. The Company’s contract revenue consists of wholesale revenue and direct-to-consumer revenue. Wholesale revenue is recognized for products sourced by the Company when control transfers to the customer generally occurring upon the shipment or delivery of branded products to the customer. Direct-to-consumer includes eCommerce revenue that is recognized for products sourced by the Company when control transfers to the customer once the related goods have been shipped and retail store revenue is recognized at time of sale. The shipment of goods, or point of purchase for retail store sales, was evaluated to best represent when control transfers based on the Company’s right of payment for the goods, the customer’s legal title to the asset, the transfer of physical possession and the customer having the risks and rewards of the goods.

Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities. Shipping and handling costs that are charged to and reimbursed by a customer are recognized as revenue, while the related expenses incurred by the Company are recorded as cost of goods sold. The Company has elected the practical expedient to treat shipping and handling activities that occur after control of the goods transfers to the customer as fulfillment activities.

Payment terms for the Company's revenue vary by sales channel. Standard credit terms apply to the Company's wholesale receivables, while payment is rendered at the time of sale within the direct-to-consumer channel. The timing of revenue recognition, billings and cash collections results in billed accounts receivable (contract assets), and customer advances (contract liabilities) on the consolidated balance sheets. Generally, billing occurs commensurate to revenue recognition resulting in contract assets. See Note 6 for additional information.

#### **Cost of Goods Sold**

Cost of goods sold includes the actual product costs, including inbound freight charges and certain outbound freight charges, purchasing, sourcing, inspection and receiving costs. Warehousing costs are included in selling, general and administrative expenses.

#### **Advertising Costs**

Advertising costs are expensed as incurred, except for certain materials that are expensed the first time that the advertising takes place. Advertising expenses were \$220.7 million, \$195.4 million and \$135.6 million for fiscal years 2022, 2021 and 2020, respectively. Prepaid advertising totaled \$2.7 million and \$3.6 million as of December 31, 2022 and January 1, 2022, respectively.

#### **Earnings Per Share**

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

#### **Cash Equivalents**

Cash equivalents include highly liquid investments with an original maturity of three months or less. Cash equivalents are stated at cost, which approximates fair value.

#### **Allowance for Credit Losses**

The Company maintains an allowance for credit losses on accounts receivable that represents estimated losses resulting from its customers' failure to make required payments. Company management evaluates the allowance for credit losses based on a review of current customer status and historical collection experience along with current and reasonable supportable forecasts of future economic conditions.

#### **Inventories**

The Company values its inventory at the lower of cost or net realizable value. Cost is determined by the LIFO method for certain domestic finished product inventories. Cost is determined using the FIFO method for all raw materials, work-in-process and finished product inventories in foreign countries and certain domestic finished product inventories. The average cost of inventory is used for finished product inventories of the Company's direct-to-consumer business and *Sweaty Betty*<sup>®</sup> inventory. The Company has applied these inventory cost valuation methods consistently from year to year.

The Company reduces the carrying value of its inventories to the lower of cost or net realizable value for excess or obsolete inventories based upon assumptions about future demand and market conditions. If the Company were to determine that the estimated realizable value of its inventory is less than the carrying value of such inventory, the Company would provide a reserve for such difference as a charge to cost of sales. If actual market conditions are different from those projected, adjustments to those inventory reserves may be required. The adjustments would increase or decrease the Company's cost of sales and net income in the period in which they were realized or recorded. Inventory quantities are verified at various times throughout the year by performing physical inventory counts and subsequently comparing those results to perpetual inventory balances. If the Company determines that adjustments to the inventory quantities are appropriate, an adjustment to the Company's cost of goods sold and inventory is recorded in the period in which such determination was made.

## **Property, Plant and Equipment**

Property, plant and equipment are stated on the basis of cost and include expenditures for buildings, leasehold improvements, furniture and fixtures, material handling systems, equipment and computer hardware and software. Normal repairs and maintenance are expensed as incurred. Depreciation of property, plant and equipment is computed using the straight-line method. The depreciable lives range from 14 to 20 years for buildings, from 5 to 15 years for leasehold improvements, from 3 to 10 years for furniture, fixtures and equipment and from 3 to 5 years for software.

## **Leases**

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

Under FASB ASC Topic 842, *Leases*, the Company has elected the practical expedient to account for lease components and nonlease components associated with individual leases as a single lease component for all of its leases. In addition, the Company has elected to account for multiple lease components as a single lease component. The Company's leases may include variable lease costs such as payments based on changes to an index, payments based on a percentage of retail store sales, and maintenance, utilities, shared marketing or other service costs that are paid directly to the lessor under terms of the lease. The Company recognizes variable lease payments when the amounts are incurred and determinable. The Company has elected to account for leases of less than one year as short-term leases and accordingly does not recognize a right-of-use asset or lease liability for these leases. The Company recognizes rent expense on a straight-line basis over the lease term.

The Company subleases certain portions of leased offices and distribution centers that exceed the Company's current operational needs. Since the Company utilizes the majority of the leased space and retains the obligation to the lessor, the underlying leases continue to be accounted for as operating leases. Sublease income is recognized on a straight-line basis over the term of the sublease and is recognized in other expense (income), net on the consolidated statements of operations.

The Company recognizes a lease liability in current and noncurrent liabilities equal to the present value of the fixed future lease payments using an incremental borrowing rate as of the commencement date of each lease. The incremental borrowing rate is based on an interest rate that the Company would normally pay to borrow on a collateralized basis over a similar term and an amount equal to the lease payments. The Company also recognizes a right-of-use asset, which is equal to the lease liability as of December 31, 2022 adjusted for the remaining balance of accrued rent and unamortized lease incentives.

## **Deferred Financing Costs**

Deferred financing costs represent commitment fees, legal and other third-party costs associated with obtaining commitments for financing that result in a closing of such financings for the Company. Deferred financing costs related to fixed term borrowings are recorded as a reduction of long-term debt in the consolidated balance sheet. Deferred financing costs related to revolving credit facilities are recorded as an other noncurrent asset in the consolidated balance sheet. These costs are amortized into earnings through interest expense over the terms of the respective agreements.

## **Derivatives**

The Company follows FASB ASC Topic 815, *Derivatives and Hedging* ("ASC 815"), which requires that all derivative instruments be recorded on the consolidated balance sheets at fair value by establishing criteria for designation and effectiveness of hedging relationships. The Company does not hold or issue financial instruments for trading purposes. Refer to Note 11 for further discussion regarding the Company's derivative arrangements and derivative accounting.

## **Equity Method Investments**

Equity method investments where the Company owns a non-controlling interest, but exercises significant influence, are accounted for under the equity method of accounting. The Company's original cost of investment is adjusted for the Company's share of equity in the earnings of the equity investee.

## **Goodwill and Other Intangibles**

Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets of acquired businesses. Indefinite-lived intangibles include trademarks and trade names. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually. The Company reviews the carrying

amounts of goodwill and indefinite-lived intangible assets by reporting unit at least annually, or when indicators of impairment are present, to determine if such assets may be impaired. The Company includes assumptions such as a discount rate and expected future operating performance, which includes forecasted revenue growth, earnings before interest, taxes, depreciation and amortization ("EBITDA") margin and cost of capital, which are derived from internal projections and operating plans, as part of a discounted cash flow analysis to estimate fair value. If the carrying value of these assets is not recoverable, based on the discounted cash flow analysis, management compares the fair value of the assets to the carrying value. Goodwill and indefinite-lived intangibles are considered impaired if the recorded value exceeds the fair value.

The Company may first assess qualitative factors to determine whether it is more likely than not that the fair value of goodwill and indefinite-lived intangible asset are less than their carrying value. The Company would not be required to quantitatively determine the fair value unless the Company determines, based on the qualitative assessment, that it is more likely than not that its fair value is less than the carrying value.

The Company performs its annual testing for goodwill and indefinite-lived intangible asset impairment at the beginning of the fourth quarter of the fiscal year for all reporting units. See Note 4 for information related to the results of the Company's annual test.

#### **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. If such assets are considered to be impaired, the impairment amount to be recognized is the amount by which the carrying value of the assets exceeds their fair value.

#### **Fair Value of Financial Instruments**

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

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

#### **Environmental**

The Company establishes a reserve for estimated environmental remediation costs based upon the evaluation of currently-available facts with respect to each individual affected site. The costs are recorded on an undiscounted basis when they are probable and reasonably estimable, generally no later than the completion of feasibility studies, the Company's commitment to a plan of action, or approval by regulatory agencies. Liabilities for estimated costs of environmental remediation are based primarily upon third-party environmental studies, other internal analysis and the extent of the contamination and the nature of required remedial actions at each site. The Company records adjustments to the estimated costs if there are changes in the scope of the required remediation activity, extent of contamination, governmental regulations or remediation technologies. Environmental costs relating to existing conditions caused by past operations that do not contribute to current or future revenues are expensed as incurred.

Assets related to potential recoveries from other responsible parties are recognized when a definitive agreement is reached and collection of cash is realizable. Recoveries of covered losses under insurance policies are recognized only when realization of the claim is deemed probable.

The Company is subject to legal proceedings and claims related to the environmental matters described in Note 17. The Company routinely assesses the legal and factual circumstances of each matter and the likelihood of any adverse outcomes in these matters, as well as ranges of possible losses. Assessments of lawsuits and claims can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. The Company accrues an estimated liability for legal proceeding claims that are both probable and estimable and reserves may change in future periods due to new developments in each matter. For further discussion, refer to Note 17.



## **Retirement Benefits**

The determination of the obligation and expense for retirement benefits is dependent on the selection of certain actuarial assumptions used in calculating such amounts. These assumptions include, among others, the discount rate, expected long-term rate of return on plan assets, mortality rates and rates of increase in compensation. These assumptions are reviewed with the Company's actuaries and updated annually based on relevant external and internal factors and information, including, but not limited to, long-term expected asset returns, rates of termination, regulatory requirements and plan changes. See Note 13 for additional information. The Company has elected to measure its defined benefit plan assets and obligations as of December 31 of each year, regardless of the Company's actual fiscal year end date, which is the Saturday nearest to December 31.

## **Stock Based Compensation**

The Company accounts for stock-based compensation in accordance with the fair value recognition provisions of ASC Topic 718, *Compensation – Stock Compensation*. The Company generally grants restricted stock or units ("Restricted Awards"), performance-based restricted stock or units ("Performance Awards") and stock options under its stock-based compensation plans. All stock-based awards are accounted for based on their respective grant date fair values. Compensation cost for all awards expected to vest is recognized over the vesting period, including accelerated recognition for retirement-eligible employees.

## **Income Taxes**

The provision for income taxes is based on the geographic dispersion of the earnings reported in the consolidated financial statements. A deferred income tax asset or liability is determined by applying currently-enacted tax laws and rates to the cumulative temporary differences between the carrying values of assets and liabilities for financial statement and income tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. A valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized. In the event the Company determines it is more likely than not that the deferred tax assets will not be realized in the future, the valuation allowance adjustment to the deferred tax assets will be charged to earnings in the period in which the Company makes such a determination. The Company includes Global Intangible Low Tax Income ("GILTI") as a current period tax expense when incurred.

The Company records an increase in liabilities for income tax accruals associated with tax benefits claimed on tax returns but not recognized for financial statement purposes (unrecognized tax benefits). In determining whether an uncertain tax position exists, the Company determines, based solely on its technical merits, whether the tax position is more likely than not to be sustained upon examination, and if so, a tax benefit is measured on a cumulative probability basis that is more likely than not to be realized upon the ultimate settlement. The Company recognizes interest and penalties related to unrecognized tax benefits through interest expense and income tax expense, respectively.

## **Foreign Currency**

For most of the Company's international subsidiaries, the local currency is the functional currency. Assets and liabilities of these subsidiaries are translated into U.S. dollars at the year-end exchange rate. Operating statement amounts are translated at average exchange rates for each period. The cumulative translation adjustments resulting from changes in exchange rates are included in the consolidated balance sheets as a component of accumulated other comprehensive income (loss) in stockholders' equity. Transaction gains and losses are included in the consolidated statements of operations and were not material for fiscal years 2022, 2021 and 2020.

## **Business Combination**

The Company accounts for business combinations using the acquisition method of accounting, which requires that once control is obtained, the consolidated financial statements reflect the operations of an acquired business starting from the acquisition date.

All assets acquired and liabilities assumed are recorded at fair value as of the acquisition date. The Company allocates the purchase price of an acquired business to the fair values of the tangible and identifiable intangible assets acquired and liabilities assumed, with any excess purchase price recorded as goodwill. Contingent consideration, if any, is included in the purchase price and is recognized at its fair value on the acquisition date. During the measurement period, which is up to one year from the acquisition date, adjustments to the assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill.

The determination of fair values of identifiable assets and liabilities requires estimates and the use of valuation techniques and requires management to make judgments that may involve the use of significant estimates. For intangible assets acquired in a business combination, the Company typically uses the income method. Significant estimates used in valuing certain intangible

assets include, but are not limited to, the amount and timing of future cash flows, growth rates and discount rates, among other items. If the actual results differ from the estimates and judgments used, the amounts recorded in the Consolidated Financial Statements may be exposed to potential impairment of the intangible assets and goodwill as discussed in the "Goodwill and Indefinite-Lived Intangibles" accounting policy. For further discussion, refer to Note 19.

## 2. NEW ACCOUNTING STANDARDS

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

Standard	Description	Effect on the Financial Statements or Other Significant Matters
ASU 2020-04, Reference Rate Reform (Topic 848); Facilitation of the Effects of Reference Rate Reform on Financial Reporting (as amended by ASU 2021-01 and ASU 2022-06)	Provides practical expedients for contract modifications and certain hedging relationships associated with the transition from reference rates that are expected to be discontinued. This guidance is applicable for the Company's borrowing instruments under the amended senior credit facility, which use LIBOR as a reference rate, and is available for adoption effective immediately, but was previously only available through December 31, 2022. In December 2022, in ASU 2022-06, the FASB deferred the expiration date and extended the relief in Topic 848 beyond the cessation date of USD LIBOR. The new accounting rules must be adopted by December 31, 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)	Fiscal Year		
	2022	2021	2020
<b>Numerator:</b>			
Net earnings (loss) attributable to Wolverine World Wide, Inc.	\$ (188.3)	\$ 68.6	\$ (136.9)
Less: net earnings attributed to participating share-based awards	(0.6)	(1.1)	(0.8)
Net earnings (loss) used to calculate earnings per share	\$ (188.9)	\$ 67.5	\$ (137.7)
<b>Denominator:</b>			
Weighted average shares outstanding	79.7	82.4	81.8
Adjustment for unvested restricted common stock	—	(0.1)	(0.8)
Shares used to calculate basic earnings per share	79.7	82.3	81.0
Effect of dilutive share-based awards	—	1.0	—
Shares used to calculate diluted earnings per share	79.7	83.3	81.0
<b>Net earnings (loss) per share:</b>			
Basic	\$ (2.37)	\$ 0.82	\$ (1.70)
Diluted	\$ (2.37)	\$ 0.81	\$ (1.70)

For fiscal years 2022, 2021 and 2020, 1,434,081, 605,774 and 1,179,088 outstanding stock options, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

The Company has 2,000,000 authorized shares of \$1 par value preferred stock, none of which was issued or outstanding as of December 31, 2022 or January 1, 2022. The Company has designated 150,000 shares of preferred stock as Series A junior participating preferred stock and 500,000 shares of preferred stock as Series B junior participating preferred stock for possible future issuance.

The Company repurchased \$81.3 million, \$39.6 million and \$21.0 million of Company common stock in fiscal years 2022, 2021 and 2020, respectively, under stock repurchase plans. In addition to the stock repurchase program activity, the Company acquired \$7.7 million, \$14.1 million and \$24.8 million of Company common stock in fiscal years 2022, 2021 and 2020, respectively, in connection with employee transactions related to stock incentive plans.

On February 11, 2019, the Company's Board of Directors approved a common stock repurchase program that authorizes the repurchase of an additional \$400.0 million of common stock over a four year period incremental to amounts remaining under the previous repurchase program. The annual amount of stock repurchases is restricted under the terms of the Company's Credit Agreement.

#### 4. GOODWILL AND OTHER INTANGIBLE ASSETS

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

(In millions)	Fiscal Year	
	2022	2021
Goodwill balance at beginning of the year	\$ 556.6	\$ 442.4
Acquisition of a business (see Note 19)	—	118.9
Impairment	(48.4)	—
Foreign currency translation effects	(23.2)	(4.7)
Goodwill balance at end of the year	\$ 485.0	\$ 556.6

In the fourth quarter of fiscal 2022, after completion of its annual impairment testing, the Company recognized a \$48.4 million goodwill impairment charge to the *Sweaty Betty*<sup>®</sup> reporting unit. The impairment was due to an increase in the discount rates used in the valuation. The Company did not recognize any goodwill impairment charges during fiscal years 2021 and 2020.

The Company's indefinite-lived intangible assets, which comprise trade names and trademarks, totaled \$274.0 million and \$718.1 million as of December 31, 2022 and January 1, 2022, respectively. In the fourth quarter of fiscal 2022, after the completion of the annual impairment testing, the Company recognized impairment charges of \$191.0 million and \$189.3 million to the *Sperry*<sup>®</sup> and *Sweaty Betty*<sup>®</sup> trade names, respectively. The impairment charge for the *Sperry*<sup>®</sup> trade name was due to reductions in future cash flow assumptions mainly due to decreases in anticipated future performance and an increase in the discount rate used in the valuation. The impairment charge for the *Sweaty Betty*<sup>®</sup> trade name resulted from reductions in future cash flow assumptions due to an increase in the discount rate used in the valuation. In the fourth quarter of fiscal 2020, after the completion of the annual impairment testing, the Company recognized a \$222.2 million impairment charge for the *Sperry*<sup>®</sup> trade name.

The *Sperry*<sup>®</sup> and *Sweaty Betty*<sup>®</sup> trade names were valued using the income approach, specifically the multi-period excess earnings method. The *Sweaty Betty*<sup>®</sup> reporting unit fair value was estimated using both income-based and market-based valuation methods. The key assumptions used in the valuations 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 assumptions could change in future periods. The risk of future impairment to the *Sperry*<sup>®</sup> and *Sweaty Betty*<sup>®</sup> trade names and *Sweaty Betty*<sup>®</sup> goodwill depend on key assumptions used in the determination of the trade name's and *Sweaty Betty*<sup>®</sup> reporting unit's fair value, such as revenue growth, EBITDA margin, discount rate, and assumed tax rate, or macroeconomic conditions that could adversely affect the value of the Company's *Sperry*<sup>®</sup> and *Sweaty Betty*<sup>®</sup> trade names and *Sweaty Betty*<sup>®</sup> reporting unit. A future impairment charge of the *Sperry*<sup>®</sup> trade name or *Sweaty Betty*<sup>®</sup> trade name and *Sweaty Betty*<sup>®</sup> reporting unit goodwill could have an adverse material effect on the Company's consolidated financial results. The carrying value of the Company's *Sperry*<sup>®</sup> and *Sweaty Betty*<sup>®</sup> trade names indefinite-lived intangible assets was \$105.3 million and \$94.1 million, respectively, as of December 31, 2022.

Amortizable intangible assets are amortized using the straight-line method over their estimated useful lives. The combined gross carrying values and accumulated amortization for these amortizable intangibles are as follows:

(In millions)	December 31, 2022			
	Gross carrying value	Accumulated amortization	Net	Average remaining life (years)
Customer relationships	\$ 118.4	\$ 55.2	\$ 63.2	10
Other	22.2	18.0	4.2	3
Total	\$ 140.6	\$ 73.2	\$ 67.4	

January 1, 2022

(In millions)	Gross carrying value	Accumulated amortization	Net	Average remaining life (years)
Customer relationships	\$ 119.9	\$ 49.1	\$ 70.8	11
Other	20.3	16.5	3.8	3
<b>Total</b>	<b>\$ 140.2</b>	<b>\$ 65.6</b>	<b>\$ 74.6</b>	

Amortization expense for these amortizable intangible assets was \$7.9 million, \$8.4 million and \$7.1 million for fiscal years 2022, 2021 and 2020, respectively. Estimated aggregate amortization expense for such intangibles for the fiscal years subsequent to December 31, 2022 is as follows:

(In millions)	2023	2024	2025	2026	2027
Amortization expense	\$ 7.6	\$ 7.3	\$ 7.0	\$ 6.7	\$ 6.4

## 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”) to sell up to \$175.0 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 Statement 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 on the pledged receivables, which have not been sold, will be classified as operating cash flows at the time of collection. Total receivables sold under the RPA were \$218.2 million and total cash collections under the RPA were \$75.5 million in fiscal year 2022. 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 year ended December 31, 2022, the amount sold to the Purchasers was \$142.7 million, which was derecognized from the Consolidated Balance Sheets. As collateral against sold receivables, Rockford ARS maintains a certain level of unsold receivables, which was \$70.0 million as of the fiscal year ended December 31, 2022.

## 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Revenue Recognition and Performance Obligations

The Company provides disaggregated revenue for the wholesale and direct-to-consumer sales channels, which are reconciled to the Company’s reportable segments. The wholesale channel includes royalty revenues, which operates in a similar manner as

other wholesale revenues due to similar oversight and management, customer base, the performance obligation (footwear and apparel goods) and point in time completion of the performance obligation.

(in millions)	Fiscal Year		
	2022	2021	2020
<b>Active Group:</b>			
Wholesale	\$ 1,086.6	\$ 930.7	\$ 682.9
Direct-to-consumer	483.6	388.9	226.4
Total	1,570.2	1,319.6	909.3
<b>Work Group:</b>			
Wholesale	532.0	487.3	372.0
Direct-to-consumer	58.5	61.5	53.4
Total	590.5	548.8	425.4
<b>Lifestyle Group:</b>			
Wholesale	304.0	305.6	263.4
Direct-to-consumer	143.5	171.4	143.6
Total	447.5	477.0	407.0
<b>Other:</b>			
Wholesale	70.4	63.6	45.3
Direct-to-consumer	6.2	5.9	4.1
Total	76.6	69.5	49.4
<b>Total revenue</b>	<b>\$ 2,684.8</b>	<b>\$ 2,414.9</b>	<b>\$ 1,791.1</b>

The Company has agreements to license symbolic intellectual property with minimum guarantees or fixed consideration. The Company is due \$11.1 million of remaining fixed transaction price under its license agreements as of December 31, 2022, which it expects to recognize per the terms of its contracts over the course of time through December 2026. 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 fiscal years 2022 and 2021 related to the Company's contract liabilities was nominal.

The Company's contract balances are as follows:

(In millions)	December 31, 2022	January 1, 2022
Product returns reserve	\$ 15.3	\$ 16.6
Customer markdowns reserve	2.6	2.3
Other sales incentives reserve	3.3	3.4
Customer rebates liability	19.8	17.0
Customer advances liability	9.1	6.8

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 would affect net revenue and earnings in the period such variances become known.

### **Product Returns**

Consistent with industry practice, the Company offers limited product return rights for various return scenarios. The Company estimates the amount of product sales that may be returned by customers and records this estimate as a reduction of revenue in the period the related product revenue is recognized, and an offsetting increase to other accrued liabilities on the consolidated balance sheets. The Company believes there is sufficient current and historical information to record an estimate of the expected value of product returns although actual returns could differ from recorded amounts. The estimated cost of inventory for product returns is recorded in prepaid expenses and other current assets on the consolidated balance sheets. The estimated cost of inventory for product returns was \$6.7 million and \$6.1 million at December 31, 2022 and January 1, 2022, respectively.

### **Customer Markdowns**

Markdowns represent the estimated reserve resulting from commitments to sell products to the Company's customers at prices lower than the list prices charged to customers who directly purchase the product from the Company. Customers charge the Company for the difference between what they pay for the product and the ultimate selling price to the end consumer. The reserve is established in the same period that the related revenue is recognized, resulting in a reduction of product revenue and a reduction to trade receivables, net on the consolidated balance sheets.

### **Other Sales Incentives**

The Company accrues for other customer allowances for certain customers that purchase required volumes or meet other criteria. These reserves are established in the same period that the related revenue is recognized, resulting in a reduction of product revenue and a reduction to trade receivables, net on the consolidated balance sheets depending on the nature of the item.

### **Customer Rebates**

The Company accrues for customer rebates related to customers who purchase required volumes or meet other criteria. These reserves are established in the same period that the related revenue is recognized, resulting in a reduction of product revenue and an establishment of a current liability on the consolidated balance sheets.

### **Customer Advances**

The Company recognizes a liability for amounts received from customers before revenue is recognized. Customer advances are recognized in other accrued liabilities on the consolidated balance sheets.

## **7. INVENTORIES**

The Company used the LIFO method to value inventories of \$109.8 million and \$42.0 million at December 31, 2022 and January 1, 2022, respectively. During fiscal years 2022 and 2021, changes in the LIFO reserve increased cost of goods sold by \$3.0 million and \$0.5 million, respectively. If the FIFO method had been used, inventories would have been \$11.0 million and \$8.0 million higher than reported at December 31, 2022 and January 1, 2022, respectively.

## **8. DEBT**

Total debt consists of the following obligations:

<u>(In millions)</u>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Term Facility, due October 21, 2026	<b>\$ 190.0</b>	<b>\$ 200.0</b>
Senior Notes, 4.000% interest, due August 15, 2029	<b>550.0</b>	<b>550.0</b>
Borrowings under revolving credit agreements	<b>425.0</b>	<b>225.0</b>
Unamortized deferred financing costs	<b>(7.0)</b>	<b>(8.2)</b>
<b>Total debt</b>	<b><u>\$ 1,158.0</u></b>	<b><u>\$ 966.8</u></b>

On October 21, 2021, the Company entered into a 2021 Replacement Facility Amendment and Reaffirmation Agreement (the "Amendment") of its credit facility (as amended and restated, the "Credit Agreement"). The Amendment amended and restated the prior credit agreement to, among other things: (i) provide for a term loan A facility (the "Term Facility") in an aggregate principal amount of \$200.0 million, which replaced the existing term loan A; (ii) provide for an increased revolving credit facility (the "Revolving Facility" and, together with the Term Facility, the "Senior Credit Facilities") with total commitments of \$1.0 billion, an increase of \$200.0 million from the existing Revolving Facility; and (iii) set the LIBOR floor to 0.000%, a

decrease of 0.750% from the existing Senior Credit Facilities. The maturity date of the loans under the Senior Credit Facilities was extended to October 21, 2026. The Amendment 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 December 31, 2022 and are recorded as current maturities of long-term debt on the consolidated balance sheets.

The Revolving Facility allows 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 \$5.7 million and \$5.8 million as of December 31, 2022 and January 1, 2022, 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 December 31, 2022, the Term Facility and the Revolving Facility had a weighted-average interest rate of 4.86%.

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 December 31, 2022, the Company was in compliance with all covenants and performance ratios under the Senior Credit Facilities.

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

The Company has a foreign revolving credit facility with aggregate available borrowings of \$2.0 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 December 31, 2022 and January 1, 2022.

The Company included in interest expense the amortization of deferred financing costs of \$2.0 million, \$2.3 million, and \$2.7 million in fiscal years 2022, 2021 and 2020, respectively.

Annual maturities of debt for the fiscal years subsequent to December 31, 2022 are as follows:

(In millions)	2023	2024	2025	2026	2027	Thereafter
Annual maturities of debt	\$ 435.0	\$ 10.0	\$ 10.0	\$ 160.0	\$ —	\$ 550.0

## 9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

(In millions)	December 31, 2022	January 1, 2022
Land	\$ 3.9	\$ 3.9
Buildings and leasehold improvements	121.8	122.2
Furniture, fixtures and equipment	170.2	144.7
Software	76.4	77.3
Gross cost	372.3	348.1
Less: accumulated depreciation	236.1	219.1
Property, plant and equipment, net	<u>\$ 136.2</u>	<u>\$ 129.0</u>

Depreciation expense was \$26.7 million, \$24.8 million and \$25.7 million for fiscal years 2022, 2021 and 2020, respectively.

## 10. LEASES

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

(In millions)	Fiscal Year	
	2022	2021
Operating lease cost	\$ 36.0	\$ 34.5
Variable lease cost	14.5	12.3
Short-term lease cost	3.1	1.3
Sublease income	(8.3)	(6.5)
Total lease cost	<u>\$ 45.3</u>	<u>\$ 41.6</u>

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

(In millions)	Fiscal Year	
	2022	2021
Cash paid for operating lease liabilities	\$ 39.5	\$ 38.5
Operating lease assets obtained in exchange for lease liabilities	72.5	14.6

The weighted-average discount rate for operating leases as of December 31, 2022 is 5.1%. The weighted-average remaining lease term for operating leases as of December 31, 2022 is 8.2 years. Future undiscounted cash flows for operating leases for the fiscal periods subsequent to December 31, 2022 are as follows:

(In millions)	Operating Leases
2023	\$ 38.6
2024	33.1
2025	27.7
2026	24.8
2027	22.3
Thereafter	90.0
Total future payments	236.5
Less: imputed interest	43.8
Recognized lease liability	<u>\$ 192.7</u>

The Company did not enter into any real estate leases with commencement dates subsequent to December 31, 2022.

## 11. 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 524 days and 538 days as of December 31, 2022 and January 1, 2022, respectively. If, in the future, the foreign exchange contracts are determined not to be highly effective or are terminated before their contractual termination dates, the Company would remove the hedge designation from those contracts and reclassify into earnings the unrealized gains or losses that would otherwise be included in accumulated other comprehensive income (loss) within stockholders' equity. During fiscal 2020, the Company reclassified \$0.6 million to other income for foreign currency derivatives that were no longer deemed highly effective.

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

The Company 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 ASC 815, 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 Company had a cross currency swap to minimize the impact of exchange rate fluctuations which matured on September 1, 2021. Changes in fair value related to movements in the foreign currency exchange spot rate were recorded in accumulated other comprehensive income (loss), offsetting the currency translation adjustment related to the underlying net investment that was also recorded in accumulated other comprehensive income (loss). All other changes in fair value were recorded in interest expense.

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

<i>(Dollars in millions)</i>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Foreign exchange hedge contracts	<b>\$ 334.2</b>	<b>\$ 296.7</b>
Interest rate swap	<b>176.2</b>	<b>311.3</b>

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

<i>(In millions)</i>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
<b>Financial assets:</b>		
Foreign exchange hedge contracts	<b>\$ 7.5</b>	<b>\$ 5.9</b>
Interest rate swap	<b>6.1</b>	<b>—</b>
<b>Financial liabilities:</b>		
Foreign exchange hedge contracts	<b>\$ (1.3)</b>	<b>\$ (1.0)</b>
Interest rate swap	<b>—</b>	<b>(0.1)</b>

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 balance sheets. Interest rate swap financial assets are recorded to other assets and financial liabilities are recorded to other liabilities on the consolidated balance sheets.

## 12. STOCK-BASED COMPENSATION

The Company recognized stock-based compensation expense of \$33.4 million, \$38.1 million and \$28.9 million and related income tax benefits of \$6.5 million, \$7.5 million and \$5.6 million for grants under its stock-based compensation plans in the statements of operations for fiscal years 2022, 2021 and 2020, respectively.

As of December 31, 2022, the Company had 5,543,811 stock incentive units (stock options, stock appreciation rights, restricted stock, restricted stock units and common stock) available for issuance under the Stock Incentive Plan of 2016, as amended and restated ("Stock Plan"). Each stock option or stock appreciation right granted counts as 1.0 stock incentive unit. Stock options

granted under the Stock Plan have an exercise price equal to the fair market value of the underlying stock on the grant date, expire no later than ten years from the grant date and generally vest over three years. All other awards granted, including Restricted Awards and Performance Awards, count as 2.6 stock incentive units for each share, restricted share or restricted stock unit granted. Restricted Awards issued under the Stock Plan are subject to certain restrictions, including a prohibition against any sale, transfer or other disposition by the officer or employee during the vesting period (except for certain transfers for estate planning purposes for certain officers), and a requirement to forfeit all or a certain portion of the award upon certain terminations of employment. These restrictions typically lapse over a three - to four- year period from the date of the award. The Company has elected to recognize expense for these stock-based incentive plans ratably over the vesting term on a straight-line basis. Certain option and restricted awards provide for accelerated vesting under various scenarios, including retirement, death and disability, and upon a change in control of the Company. Awards issued to employees that meet the specified retirement age and service requirements are vested upon the employee's retirement in accordance with plan provisions and the applicable award agreements issued under the Stock Plan. The Company issues shares to plan participants upon exercise or vesting of stock-based incentive awards from either authorized, but unissued shares or treasury shares.

The Board of Directors awards an annual grant of Performance Awards to certain plan participants. The number of Performance Awards that will be earned (and eligible to vest) during the performance period will depend on the Company's level of success in achieving two specifically identified performance targets. Any portion of the Performance Awards that are not earned by the end of the three-year measurement period will be forfeited. The final determination of the number of Performance Awards to be issued in respect to an award is determined by the Compensation Committee of the Company's Board of Directors.

### Restricted Awards and Performance Awards

A summary of the unvested Restricted Awards and Performance Awards is as follows:

	Restricted Awards	Weighted-Average Grant Date Fair Value	Performance Awards	Weighted-Average Grant Date Fair Value
Unvested at December 28, 2019	1,618,916	\$ 27.36	1,127,102	\$ 31.94
Granted	1,416,117	22.59	455,207	34.00
Vested	(1,122,811)	22.07	(451,334)	23.51
Forfeited	(268,205)	29.67	(125,653)	35.91
Unvested at January 2, 2021	1,644,017	\$ 26.39	1,005,322	\$ 35.25
Granted	654,898	34.64	630,996	38.02
Vested	(981,681)	22.78	(181,657)	35.03
Forfeited	(109,234)	32.75	(690,246)	35.71
Unvested at January 1, 2022	1,208,000	\$ 33.62	764,415	\$ 35.69
Granted	<b>980,456</b>	<b>25.86</b>	<b>437,253</b>	<b>27.40</b>
Vested	<b>(452,448)</b>	<b>33.37</b>	<b>(343,290)</b>	<b>37.06</b>
Forfeited	<b>(219,530)</b>	<b>30.05</b>	<b>(83,724)</b>	<b>27.31</b>
Unvested at December 31, 2022	<b>1,516,478</b>	<b>\$ 28.95</b>	<b>774,654</b>	<b>\$ 34.14</b>

As of December 31, 2022, there was \$19.4 million of unrecognized compensation expense related to unvested Restricted Awards, which is expected to be recognized over a weighted-average period of 1.6 years. The total fair value of Restricted Awards vested during the year ended December 31, 2022 was \$10.9 million. As of January 1, 2022, there was \$19.8 million of unrecognized compensation expense related to unvested Restricted Awards, which was expected to be recognized over a weighted-average period of 1.6 years. The total fair value of Restricted Awards vested during the year ended January 1, 2022 was \$34.8 million. As of January 2, 2021, there was \$18.5 million of unrecognized compensation expense related to unvested Restricted Awards, which was expected to be recognized over a weighted-average period of 1.5 years. The total fair value of Restricted Awards vested during the year ended January 2, 2021 was \$35.0 million.

As of December 31, 2022, there was \$10.8 million of unrecognized compensation expense related to unvested Performance Awards, which is expected to be recognized over a weighted-average period of 1.6 years. The total fair value of Performance Awards vested during the year ended December 31, 2022 was \$9.3 million. As of January 1, 2022, there was \$16.1 million of unrecognized compensation expense related to unvested Performance Awards, which was expected to be recognized over a weighted-average period of 1.4 years. The total fair value of Performance Awards vested during the year ended January 1, 2022 was \$6.2 million. As of January 2, 2021, there was \$1.4 million of unrecognized compensation expense related to unvested Performance Awards, which was expected to be recognized over a weighted-average period of 1.4 years. The total fair value of Performance Awards vested during the year ended January 2, 2021 was \$28.0 million.

## Stock Options

The Company estimated the fair value of employee stock options on the date of grant using the Black-Scholes-Merton formula. The estimated weighted-average fair value for each option granted was \$8.46, \$11.14 and \$8.20 per share for fiscal years 2022, 2021 and 2020, respectively.

A summary of the stock option transactions is as follows:

	Shares Under Option	Weighted-Average Exercise Price	Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In millions)
Outstanding at December 28, 2019	4,033,107	\$ 21.41	4.4	\$ 49.8
Granted	28,171	32.85		
Exercised	(788,883)	18.39		
Canceled	(12,990)	25.39		
Outstanding at January 2, 2021	3,259,405	\$ 22.22	3.9	\$ 29.7
Granted	23,610	34.22		
Exercised	(776,850)	22.11		
Canceled	(17,353)	33.79		
Outstanding at January 1, 2022	2,488,812	\$ 22.29	3.2	\$ 16.7
Granted	<b>20,171</b>	<b>25.19</b>		
Exercised	<b>(74,482)</b>	<b>18.26</b>		
Canceled	<b>(101,091)</b>	<b>22.57</b>		
Outstanding at December 31, 2022	<b>2,333,410</b>	<b>\$ 22.43</b>	<b>2.4</b>	<b>\$ —</b>
Unvested at December 31, 2022	<b>(36,909)</b>			
Exercisable at December 31, 2022	<b>2,296,501</b>	<b>\$ 22.33</b>	<b>2.3</b>	<b>\$ —</b>

The total pretax intrinsic value of stock options exercised during fiscal years 2022, 2021 and 2020 was \$0.4 million, \$11.4 million and \$9.3 million, respectively. As of December 31, 2022, there was \$0.1 million of unrecognized compensation expense related to stock option grants expected to be recognized over a weighted-average period of 0.9 years. As of January 1, 2022 and January 2, 2021, there was \$0.2 million and \$0.1 million, respectively, of unrecognized compensation expense related to stock option awards expected to be recognized over a weighted-average period of 1.3 years and 0.9 years, respectively.

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on the Company's closing stock price as of each fiscal year end, which would have been received by the option holders had all option holders exercised options, where the market price of the Company's stock was above the strike price ("in-the-money"), as of that date. There were no in-the-money options exercisable as of December 31, 2022, based on the Company's closing stock price of \$10.93 per share. As of January 1, 2022, 2,247,575 outstanding options were exercisable and in-the-money, with a weighted-average exercise price of \$21.70 per share.

## 13. RETIREMENT PLANS

The Company has two non-contributory, defined benefit pension plans that provide retirement benefits to less than half of its domestic employees. The Company's principal defined benefit pension plan, which is closed to new participants, provides benefits based on the employee's years of service and final average earnings. The second plan is closed to new participants and no longer accrue future benefits.

The Company has a Supplemental Executive Retirement Plan (the "SERP") for certain current and former employees that entitles a participating employee to receive payments from the Company following retirement based on the employee's years of service and final average earnings (as defined in the SERP). Under the SERP, the employees can elect early retirement with a corresponding reduction in benefits. The Company also has individual deferred compensation agreements with certain former employees that entitle those employees to receive payments from the Company following retirement, generally for the duration of their lives. The Company maintains life insurance policies with a cash surrender value of \$46.6 million at December 31, 2022 and \$45.6 million at January 1, 2022 recognized as other assets on the consolidated balance sheets that are intended to partially fund deferred compensation benefits under the SERP and deferred compensation agreements.

The Company has two defined contribution 401(k) plans covering substantially all domestic employees that provide for discretionary Company contributions based on the amount of participant deferrals. The Company recognized expense for its

contributions to the defined contribution plans of \$5.6 million, \$5.2 million and \$4.2 million in fiscal years 2022, 2021 and 2020, respectively.

The Company also has certain defined contribution plans at foreign subsidiaries. Contributions to these plans were \$1.5 million, \$1.4 million and \$1.3 million in fiscal years 2022, 2021 and 2020, respectively. The Company also has a benefit plan at a foreign location that provides for retirement benefits based on years of service. The obligation recorded under this plan was \$0.8 million at December 31, 2022 and \$1.0 million at January 1, 2022 and was recognized as a deferred compensation liability on the consolidated balance sheets.

The following summarizes the status of and changes in the Company's assets and related obligations for its pension plans (which include the Company's defined benefit pension plans and the SERP) for the fiscal years 2022 and 2021:

(In millions)	Fiscal Year	
	2022	2021
<b>Change in projected benefit obligations:</b>		
Projected benefit obligations at beginning of the year	\$ 434.3	\$ 455.8
Service cost pertaining to benefits earned during the year	5.3	6.9
Interest cost on projected benefit obligations	13.2	12.8
Actuarial gains	(107.8)	(26.6)
Benefits paid to plan participants	(16.8)	(14.6)
Projected benefit obligations at end of the year	<u>\$ 328.2</u>	<u>\$ 434.3</u>
<b>Change in fair value of pension assets:</b>		
Fair value of pension assets at beginning of the year	\$ 323.0	\$ 305.0
Actual return (loss) on plan assets	(58.7)	30.1
Company contributions - SERP	3.8	2.5
Benefits paid to plan participants	(16.7)	(14.6)
Fair value of pension assets at end of the year	<u>\$ 251.4</u>	<u>\$ 323.0</u>
Funded status	<u>\$ (76.8)</u>	<u>\$ (111.3)</u>
<b>Amounts recognized in the consolidated balance sheets:</b>		
Current liabilities	\$ (3.9)	\$ (3.9)
Accrued pension liabilities	(72.9)	(107.4)
Net amount recognized	<u>\$ (76.8)</u>	<u>\$ (111.3)</u>
<b>Funded status of pension plans and SERP (supplemental):</b>		
Funded status of qualified defined benefit plans and SERP	\$ (76.8)	\$ (111.3)
Nonqualified trust assets (cash surrender value of life insurance) recorded in other assets and intended to satisfy the projected benefit obligation of unfunded SERP obligations	38.8	38.0
Net funded status of pension plans and SERP (supplemental)	<u>\$ (38.0)</u>	<u>\$ (73.3)</u>

Unrecognized net actuarial loss recognized in accumulated other comprehensive income was \$1.8 million and \$41.8 million, and amounts net of tax were \$1.7 million and \$33.2 million, as of December 31, 2022 and January 1, 2022, respectively. The accumulated benefit obligations for all defined benefit pension plans and the SERP were \$315.9 million at December 31, 2022 and \$416.1 million at January 1, 2022. The decrease in benefit obligation for fiscal 2022 was the result of actuarial gains caused by changes to the discount rate. The actuarial gain included in accumulated other comprehensive loss and expected to be recognized in net periodic pension income during fiscal 2023 is \$0.7 million.

The following is a summary of net pension and SERP expense recognized by the Company:

(In millions)	Fiscal Year		
	2022	2021	2020
Service cost pertaining to benefits earned during the year	\$ 5.3	\$ 6.9	\$ 6.4
Interest cost on projected benefit obligations	13.2	12.8	14.2
Expected return on pension assets	(20.5)	(19.5)	(18.7)
Net amortization loss	11.3	13.8	6.6
Net pension expense	\$ 9.3	\$ 14.0	\$ 8.5
Less: SERP expense	3.8	5.7	5.2
Qualified defined benefit pension plans expense	\$ 5.5	\$ 8.3	\$ 3.3

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

The weighted-average actuarial assumptions used to determine the benefit obligation amounts and the net periodic benefit cost for the Company's pension and post-retirement plans are as follows:

	Fiscal Year	
	2022	2021
Weighted-average assumptions used to determine benefit obligations at fiscal year-end:		
Discount rate	5.56%	3.09%
Rate of compensation increase - pension	4.13%	4.18%
Rate of compensation increase - SERP	7.00%	7.00%
Weighted average assumptions used to determine net periodic benefit cost for the years ended:		
Discount rate	3.09%	2.85%
Expected long-term rate of return on plan assets	6.87%	6.75%
Rate of compensation increase - pension	4.18%	4.18%
Rate of compensation increase - SERP	7.00%	7.00%

Unrecognized net actuarial losses exceeding certain corridors are amortized over one of two amortization periods, based on each plan's election. The amortization period is either a five-year period, unless the minimum amortization method based on average remaining service periods produces a higher amortization; or, over the average remaining service period of participants expected to receive benefits. The Company utilizes a bond matching calculation to determine the discount rate. A hypothetical bond portfolio is created based on a presumed purchase of high-quality corporate bonds with maturities that match the plan's expected future cash outflows. The discount rate is the resulting yield of the hypothetical bond portfolio. The discount rate is used in the calculation of the year-end pension liability and the service and interest cost for the subsequent year.

The long-term rate of return is based on overall market expectations for a balanced portfolio with an asset mix similar to the Company's, utilizing historic returns for broad market and fixed income indices. The Company's investment policy for plan assets uses a blended approach of U.S. and foreign equities combined with U.S. fixed income investments. The target investment allocations as of December 31, 2022 were 43% in equity securities and 57% in fixed income securities. Within the equity and fixed income classifications, the investments are diversified. The Company's asset allocations by asset category and fair value measurement are as follows:

(In millions)	December 31, 2022		January 1, 2022	
	Total	% of Total	Total	% of Total
Equity securities	\$ 112.2 <sup>1</sup>	44.7 %	\$ 181.3 <sup>1</sup>	56.1 %
Fixed income securities	90.0 <sup>1</sup>	35.8 %	118.9 <sup>1</sup>	36.8 %
Real Estate	— <sup>1</sup>	— %	19.9 <sup>1</sup>	6.2 %
Cash	46.6	18.5 %	—	— %
Other	2.6 <sup>2</sup>	1.0 %	2.9 <sup>2</sup>	0.9 %
Fair value of plan assets	\$ 251.4	100.0 %	\$ 323.0	100.0 %

<sup>1</sup> In accordance with ASC 820, *Fair Value Measurement* ("ASC 820"), certain investments are measured at fair value using the net asset value per share as a practical expedient. These assets have not been classified in the fair value hierarchy.

<sup>2</sup> In accordance with ASC 820, investments have been measured using valuation techniques in which one or more significant inputs are unobservable (Level 3). See Note 1 for additional information.

The Company does not expect to make any contributions to its qualified defined benefit pension plans in fiscal 2023 and expects to make \$3.9 million in contributions to the SERP in fiscal 2023.

Expected benefit payments for the fiscal years subsequent to December 31, 2022 are as follows:

(In millions)	2023	2024	2025	2026	2027	2028-2032
Expected benefit payments	\$ 18.3	\$ 19.0	\$ 19.6	\$ 20.3	\$ 20.9	\$ 112.2

#### 14. INCOME TAXES

The geographic components of earnings (loss) before income taxes are as follows:

(In millions)	Fiscal Year		
	2022	2021	2020
United States	\$ (94.6)	\$ 22.7	\$ (218.6)
Foreign	(158.3)	57.6	34.5
Earnings (loss) before income taxes	<u>\$ (252.9)</u>	<u>\$ 80.3</u>	<u>\$ (184.1)</u>

The provisions for income tax expense (benefit) consist of the following:

(In millions)	Fiscal Year		
	2022	2021	2020
Current expense:			
Federal	\$ 22.7	\$ 14.6	\$ 0.7
State	4.0	2.5	0.6
Foreign	28.2	15.0	8.3
Deferred expense (benefit):			
Federal	(52.9)	(17.1)	(51.6)
State	(4.9)	(1.8)	(4.4)
Foreign	(60.9)	0.1	0.9
Income tax expense (benefit)	<u>\$ (63.8)</u>	<u>\$ 13.3</u>	<u>\$ (45.5)</u>

A reconciliation of the Company's total income tax expense and the amount computed by applying the statutory federal income tax rate to earnings before income taxes is as follows:

(In millions)	Fiscal Year		
	2022	2021	2020
Income taxes at U.S. statutory rate of 21%	\$ (53.1)	\$ 16.9	\$ (38.7)
State income taxes, net of federal income tax	(2.3)	(1.1)	(8.1)
Foreign earnings taxed at rates different from the U.S. statutory rate:			
Hong Kong	(14.2)	(7.2)	(3.3)
Other	2.1	3.1	1.2
Adjustments for uncertain tax positions	(0.9)	(1.3)	(1.4)
Change in valuation allowance	2.1	2.2	4.7
Tax impact of impairment in foreign jurisdiction	3.0	—	—
Global Intangible Low Tax Income tax	3.8	3.2	2.5
Foreign Derived Intangible Income tax benefit	(8.2)	(3.7)	(1.6)
Non-deductible executive compensation	3.3	5.2	1.6
Permanent adjustments related to employee share based compensation	1.6	(3.7)	(4.6)
Deferred tax on future cash dividends	(0.2)	(0.9)	1.0
Income tax audit adjustments	—	2.5	—
Deferred adjustment for income tax audit	—	(1.2)	—
Other Permanent adjustments and non-deductible expenses	(1.4)	(0.3)	1.0
Other	0.6	(0.4)	0.2
Income tax expense (benefit)	\$ (63.8)	\$ 13.3	\$ (45.5)

Significant components of the Company's deferred income tax assets and liabilities are as follows:

(In millions)	December 31, 2022	January 1, 2022
Deferred income tax assets:		
Accounts receivable and inventory valuation allowances	\$ 18.1	\$ 5.2
Deferred compensation accruals	4.3	7.2
Accrued pension expense	18.7	25.7
Stock-based compensation	9.1	8.2
Net operating loss and foreign tax credit carryforwards	19.9	18.5
Book over tax depreciation and amortization	0.5	0.4
Tenant lease expenses	4.3	4.0
Environmental reserve	28.3	33.7
Other	6.5	9.5
Total gross deferred income tax assets	109.7	112.4
Less valuation allowance	(26.7)	(24.6)
Net deferred income tax assets	83.0	87.8
Deferred income tax liabilities:		
Intangible assets	(76.2)	(190.6)
Tax over book depreciation and amortization	(9.4)	(9.3)
Other	(8.2)	(5.0)
Total deferred income tax liabilities	(93.8)	(204.9)
Net deferred income tax liabilities	\$ (10.8)	\$ (117.1)

The valuation allowance for deferred income tax assets as of December 31, 2022 and January 1, 2022 was \$26.7 million and \$24.6 million, respectively. The net increase in the total valuation allowance during fiscal 2022 was \$2.1 million. The valuation allowance for both years is primarily related to U.S. state and local net operating loss carryforwards as well as a valuation allowance against state deferred tax assets for certain U.S. legal entities, foreign net operating loss carryforwards and tax credit carryforwards in foreign jurisdictions. The ultimate realization of the deferred tax assets depends on the generation of future taxable income in foreign jurisdictions as well as state and local tax jurisdictions. The current year change in the valuation allowance results in a decrease against the state deferred tax assets of \$0.3 million, an increase related to state net operating loss carryforward of \$0.3 million, and a net increase relating to the foreign net operating losses and foreign tax credits and other deferred tax assets of \$2.1 million.

At December 31, 2022, the Company had foreign net operating loss carryforwards of \$33.7 million, which have expirations ranging from 2023 to an unlimited term during which they are available to offset future foreign taxable income. The Company had U.S. federal net operating loss carryforwards, state net operating loss carryforwards and Internal Revenue Code section 163(j) interest expense carryforwards of \$15.7 million, \$224.7 million and \$43.6 million respectively, which have expirations ranging from 2023 to an unlimited term during which they are available to offset future state taxable income. The Company also had tax credit carryforwards in foreign jurisdictions of \$2.7 million, which are available for an unlimited carryforward period to offset future foreign taxes.

The following table summarizes the activity related to the Company's unrecognized tax benefits:

(In millions)	Fiscal Year	
	2022	2021
Unrecognized tax benefits at beginning of the year	\$ 10.9	\$ 5.5
Increases related to current year tax positions	0.2	7.8
Decreases related to prior year positions	(1.1)	(0.9)
Decreases relating to settlements with taxing authorities	(0.5)	(1.4)
Decrease due to lapse of statute	(0.5)	(0.1)
Unrecognized tax benefits at end of the year	\$ 9.0	\$ 10.9

The portion of the unrecognized tax benefits that, if recognized currently, would reduce the annual effective tax rate was \$9.0 million and \$10.1 million as of December 31, 2022 and January 1, 2022, respectively. The Company recognizes interest and penalties related to unrecognized tax benefits through interest expense and income tax expense, respectively. Interest accrued related to unrecognized tax benefits was \$0.5 million and \$0.6 million as of December 31, 2022 and January 1, 2022, respectively.

The Company is subject to periodic audits by domestic and foreign tax authorities. Currently, the Company is undergoing routine periodic audits in both domestic and foreign 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 material to the consolidated financial statements. For the majority of tax jurisdictions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2017.

The Company intends to repatriate cash held in foreign jurisdictions and as such has recorded a deferred tax liability related to additional state taxes and foreign withholding taxes on the future dividends received in the U.S. from the foreign subsidiaries of \$1.1 million and \$1.4 million for fiscal years 2022 and 2021, respectively. 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 the amount of non-cash foreign undistributed earnings of \$176.0 million at December 31, 2022. 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.



## 15. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income 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 fiscal years 2022 and 2021 is as follows:

(In millions)	Foreign currency translation	Derivatives	Pension	Total
Balance at Balance at January 2, 2021	\$ (36.8)	\$ (20.3)	\$ (73.5)	\$ (130.6)
Other comprehensive income (loss) before reclassifications <sup>(1)</sup>	(20.0)	7.7	29.5	17.2
Amounts reclassified from accumulated other comprehensive income (loss)	—	5.1 <sup>(2)</sup>	13.8 <sup>(3)</sup>	18.9
Income tax (expense) benefit	—	(1.4)	(3.0)	(4.4)
Net reclassifications	—	3.7	10.8	14.5
Net current-period other comprehensive income (loss) <sup>(1)</sup>	(20.0)	11.4	40.3	31.7
Balance at January 1, 2022	\$ (56.8)	\$ (8.9)	\$ (33.2)	\$ (98.9)
Other comprehensive income (loss) before reclassifications <sup>(1)</sup>	(76.3)	25.4	22.6	(28.3)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(19.3) <sup>(2)</sup>	11.3 <sup>(3)</sup>	(8.0)
Income tax (expense) benefit	—	4.7	(2.4)	2.3
Net reclassifications	—	(14.6)	8.9	(5.7)
Net current-period other comprehensive income (loss) <sup>(1)</sup>	(76.3)	10.8	31.5	(34.0)
Balance at December 31, 2022	<u>\$ (133.1)</u>	<u>\$ 1.9</u>	<u>\$ (1.7)</u>	<u>\$ (132.9)</u>

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

<sup>(2)</sup> Amounts related to foreign currency derivatives used to manage the volatility associated with inventory purchases in various currencies and 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 interest rate swaps and the cross currency swap are included in interest expense.

<sup>(3)</sup> Amounts reclassified are included in the computation of net pension expense.

## 16. FAIR VALUE MEASUREMENTS

### Recurring Fair Value Measurements

The following table sets forth financial assets and liabilities measured at fair value in the consolidated 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)	
	December 31, 2022	January 1, 2022
Financial assets:		
Derivatives	\$ 13.6	\$ 5.9
Financial liabilities:		
Derivatives	\$ (1.3)	\$ (1.1)

The fair value of foreign currency forward exchange contracts represents the estimated receipts or payments necessary to terminate the contracts. The fair value of the cross-currency swap is determined using the current forward rates and changes in the spot rate.

### Nonrecurring Fair Value Measurements

Indefinite-lived intangible assets and goodwill are tested annually, or if a triggering event occurs that indicates an impairment loss may have been incurred, using fair value measurements with unobservable inputs (Level 3). In the fourth quarter of fiscal 2022, after completion of its annual impairment testing, the Company recognized a \$48.4 million goodwill impairment charge to the *Sweaty Betty*<sup>®</sup> reporting unit. The Company also recorded impairment charges of \$189.3 million and \$191.0 million to

the *Sweaty Betty*<sup>®</sup> and *Sperry*<sup>®</sup> indefinite-lived trade names, respectively, in fiscal 2022. Refer to Note 4, “Goodwill and Other Intangibles” for additional discussion on the *Sweaty Betty*<sup>®</sup> goodwill impairment and the *Sperry*<sup>®</sup> and *Sweaty Betty*<sup>®</sup> trade name impairments.

## 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:

<u>(In millions)</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Carrying value	\$ 1,158.0	\$ 966.8
Fair value	1,042.9	960.6

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).

## 17. 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<sup>™</sup> in its processing of certain leathers at the Tannery. Until 2002 when 3M Company changed its Scotchgard<sup>™</sup> 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<sup>™</sup>, carpets and Scotchgard<sup>™</sup>.

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, and is awaiting the final review and determination from the EPA.

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

#### *Individual and Class Action Litigation*

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

On 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 included in the Litigation Matters 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 (the "Motion for Preliminary Approval"). On September 19, 2022, the court granted the Motion for Preliminary Approval and scheduled a final approval hearing regarding the settlement for March 29, 2023.

Only one of the Litigation Matters, the lawsuit filed by the current owner of a former landfill and gravel mining operations, remains pending in Michigan state court, and it is in the discovery and motions stages of litigation.

For certain of the Litigation Matters described above and as a result of developments during 2022, the Company has increased its accrual by \$40.5 million since January 1, 2022 and made related payments of \$50.1 million. As of December 31, 2022, the Company had recorded liabilities of \$40.5 million for certain of the Litigation Matters described above which are recorded as other accrued liabilities in the consolidated 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 2022 and 2021, 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)	Fiscal Year	
	2022	2021
Remediation liability at beginning of the year	\$ 85.7	\$ 101.8
Changes in estimate	6.8	—
Amounts paid	(18.4)	(16.1)
Remediation liability at the end of the year	\$ 74.1	\$ 85.7

The reserve balance as of December 31, 2022 includes \$49.8 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 \$24.3 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 years subsequent to December 31, 2022 are as follows:

(In millions)	2023	2024	2025	2026	2027	Thereafter
Minimum royalties	\$ 1.0	\$ —	\$ —	\$ —	\$ —	\$ —
Minimum advertising	3.9	3.9	4.2	4.3	4.4	4.6

Minimum royalties are based on both fixed obligations and assumptions regarding the Consumer Price Index. Royalty obligations in excess of minimum requirements are based upon future sales levels. In accordance with these agreements, the Company incurred royalty expense of \$2.3 million, \$2.3 million and \$1.9 million for fiscal years 2022, 2021 and 2020, 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 \$6.5 million, \$6.5 million and \$2.5 million for fiscal years 2022, 2021 and 2020, respectively.

## 18. BUSINESS SEGMENTS

The Company's portfolio of brands are organized into the following three reportable segments. During the fourth quarter of 2022, the Company announced changes to its reportable segments as a result of changes in how its Chief Operating Decision Maker, the Company's Chief Executive Officer, allocates resources to and assess performance of the Company's operating segments. All prior period disclosures have been retrospectively adjusted to reflect the new reportable segments.

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

- **Lifestyle Group**, consisting of *Sperry*<sup>®</sup> footwear, *Keds*<sup>®</sup> footwear, and *Hush Puppies*<sup>®</sup> footwear and apparel.

The Company's operating segments are the Work Group, Lifestyle Group, Active Group, and *Sweaty Betty*<sup>®</sup>. *Sweaty Betty*<sup>®</sup> 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*<sup>®</sup>, *Sperry*<sup>®</sup>, *Keds*<sup>®</sup>, *Merrell*<sup>®</sup>, *Hush Puppies*<sup>®</sup> and *Cat*<sup>®</sup> are included with the applicable brand.

The Company also reports "Other" and "Corporate" categories. The Other category consists of 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<sup>®</sup> licensed business. The Corporate category consists of the gain on the sale of the Champion trademarks in fiscal 2022 and unallocated corporate expenses, such as corporate employee costs, costs related to the COVID-19 pandemic, impairment of intangible assets and goodwill, reorganization activities, 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)	Fiscal Year		
	2022	2021	2020
<b>Revenue:</b>			
Active Group	\$ 1,570.2	\$ 1,319.6	\$ 909.3
Work Group	590.5	548.8	425.4
Lifestyle Group	447.5	477.0	407.0
Other	76.6	69.5	49.4
<b>Total</b>	<b>\$ 2,684.8</b>	<b>\$ 2,414.9</b>	<b>\$ 1,791.1</b>
<b>Operating profit (loss):</b>			
Active Group	\$ 198.4	\$ 229.5	\$ 164.1
Work Group	102.5	103.8	65.2
Lifestyle Group	48.1	67.5	34.2
Other	11.8	8.1	6.1
Corporate	(569.2)	(253.2)	(406.7)
<b>Total</b>	<b>\$ (208.4)</b>	<b>\$ 155.7</b>	<b>\$ (137.1)</b>
Interest expense, net	47.3	37.4	43.6
Debt extinguishment and other costs	—	34.3	5.5
Other expense (income), net	(2.8)	3.7	(2.1)
<b>Earnings (loss) before income taxes</b>	<b>\$ (252.9)</b>	<b>\$ 80.3</b>	<b>\$ (184.1)</b>

(In millions)	Fiscal Year		
	2022	2021	2020
<b>Depreciation and amortization expense:</b>			
Active Group	\$ 8.1	\$ 5.4	\$ 2.7
Work Group	0.3	0.3	0.4
Lifestyle Group	2.0	2.3	3.0
Other	1.4	1.6	2.0
Corporate	22.8	23.6	24.7
<b>Total</b>	<b>\$ 34.6</b>	<b>\$ 33.2</b>	<b>\$ 32.8</b>
<b>Capital expenditures:</b>			
Active Group	\$ 18.9	\$ 5.0	\$ 1.4
Work Group	0.4	0.4	—
Lifestyle Group	2.0	0.1	1.7
Other	3.2	1.7	0.9
Corporate	12.0	10.4	6.3
<b>Total</b>	<b>\$ 36.5</b>	<b>\$ 17.6</b>	<b>\$ 10.3</b>

(In millions)	December 31, 2022	January 1, 2022
<b>Total assets:</b>		
Active Group	\$ 1,331.5	\$ 1,377.3
Work Group	375.7	284.2
Lifestyle Group	514.8	663.4
Other	58.6	57.8
Corporate	212.1	203.7
<b>Total</b>	<b>\$ 2,492.7</b>	<b>\$ 2,586.4</b>
<b>Goodwill:</b>		
Active Group	\$ 314.4	\$ 380.3
Work Group	59.6	61.3
Lifestyle Group	97.4	101.3
Other	13.6	13.7
<b>Total</b>	<b>\$ 485.0</b>	<b>\$ 556.6</b>

Geographic dispersion of revenue from external customers, based on shipping destination is as follows:

(In millions)	Fiscal Year		
	2022	2021	2020
United States	\$ 1,563.1	\$ 1,573.9	\$ 1,234.2
<b>Foreign:</b>			
Europe, Middle East and Africa	602.5	460.3	279.8
Asia Pacific	245.7	161.6	120.3
Canada	126.8	116.9	88.9
Latin America	146.7	102.2	67.9
Total from foreign territories	1,121.7	841.0	556.9
<b>Total revenue</b>	<b>\$ 2,684.8</b>	<b>\$ 2,414.9</b>	<b>\$ 1,791.1</b>

The location of the Company's tangible long-lived assets, which comprises property, plant and equipment and lease right-of-use assets, is as follows:

(In millions)	December 31, 2022	January 1, 2022	January 2, 2021
United States	\$ 222.3	\$ 205.8	\$ 222.2
Foreign countries	88.6	61.4	44.9
<b>Total</b>	<b>\$ 310.9</b>	<b>\$ 267.2</b>	<b>\$ 267.1</b>

The Company does not believe that it is dependent upon any single customer because no customer accounts for more than 10% of consolidated revenue in any year.

During fiscal 2022, the Company sourced 100% of its footwear products and apparel and accessories from third-party suppliers, located primarily in the Asia Pacific region. While changes in suppliers could cause delays in manufacturing and a possible loss of sales, management believes that other suppliers could provide similar products on comparable terms.

## 19. BUSINESS ACQUISITIONS

### *Sweaty Betty*<sup>®</sup>

On July 31, 2021, the Company entered into a definitive agreement to acquire 100% of the outstanding shares of Lady of Leisure InvestCo Limited. The acquisition was completed on August 2, 2021 for \$417.4 million, net of acquired cash of \$7.4 million. The Acquired Company owns the *Sweaty Betty*<sup>®</sup> brand and activewear business. The acquisition was funded with cash on hand and borrowings under the Company's Revolving Facility.

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

*Sweaty Betty*<sup>®</sup> contributed net revenue of \$211.5 million and net loss of \$5.5 million to the Company for the year ended December 31, 2022. The *Sweaty Betty*<sup>®</sup> operating results are included in the Active category for segment reporting purposes.

The Company recognized acquisition-related transaction costs of \$7.5 million, all of which were recognized in fiscal year 2021 in the selling, general and administrative expenses line item in the Consolidated Statement of Operations. These costs represent investment banking fees, legal and professional fees, transaction fees, and consulting fees associated with the acquisition.

The Company accounted for the acquisition following FASB ASC Topic 805, *Business Combinations*, and the related assets acquired and liabilities assumed were recorded at fair value on the acquisition date. The aggregate purchase price was allocated to the major categories of assets acquired and liabilities assumed based upon their respective fair values at the acquisition date using primarily Level 2 and Level 3 inputs. The Level 2 and Level 3 valuation inputs include an estimate of future cash flows and discount rates. The *Sweaty Betty*<sup>®</sup> trademark, which is estimated to have an indefinite life, has been valued at \$346.4 million using the multi-period excess earnings method. The multi-period excess earnings method requires the use of significant estimates and assumptions, including but not limited to, future revenues, growth rates, EBITDA margin, tax rates and a discount rate. The purchase price allocation was finalized during the quarter ended July 2, 2022.

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

(In millions)	Fair Value
Accounts receivable	\$ 3.6
Inventories	48.4
Prepaid expenses and other current assets	5.3
Property, plant and equipment	10.0
Lease right-of-use assets	7.0
Goodwill	118.9
Intangibles	355.0
Other assets	0.6
Total assets acquired	548.8
Accounts payable	13.1
Accrued salaries and wages	6.0
Other accrued liabilities	14.3
Lease liabilities	7.0
Deferred income taxes	91.0
Total liabilities assumed	131.4
Net assets acquired	\$ 417.4

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

Intangible assets acquired in the acquisition were valued on the acquisition date as follows:

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

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

(In millions)	Fiscal Year	
	2021	2020
Net revenue	\$ 2,552.4	\$ 1,954.7
Net earnings attributable to Wolverine World Wide, Inc.	83.9	(144.9)

## 20. VARIABLE INTEREST ENTITIES AND RELATED PARTY TRANSACTIONS

### Assets and Liabilities of Consolidated VIEs

The Company has joint ventures that source and market the Company's footwear and apparel products in China. Based upon the criteria set forth in FASB ASC 810, *Consolidation*, the Company has determined two of the consolidated joint ventures are variable interest entities (VIEs) and the Company is the primary beneficiary. The primary beneficiary determination is based on the relationship between the Company and the VIE, including contractual agreements between the Company and the VIE.



Specifically, the Company has the power to direct the activities that are considered most significant to the entities' performance and the Company has the obligation to absorb losses and the right to receive benefits that are significant to the entities. The other equity holder's interests are reflected in "net earnings (loss) attributable to noncontrolling interests" in the Consolidated Statement of Operations and "Noncontrolling interest" in the Consolidated Balance Sheets. Assets held by the VIEs are only available to settle obligations of the respective entities. Holders of liabilities of the VIEs do not have recourse to the Company.

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

(In millions)	Fiscal Year	
	2022	2021
Cash	\$ 5.8	\$ 3.7
Accounts receivable	19.7	8.0
Inventory	16.0	9.7
Other current assets	2.4	0.1
Noncurrent assets	0.8	0.7
Total assets	44.7	22.2
Current liabilities	9.6	4.0
Noncurrent liabilities	1.6	2.4
Total liabilities	\$ 11.2	\$ 6.4

### Nonconsolidated VIEs

The Company also has two joint ventures that are VIEs and are not consolidated as the Company does not have the power to direct the most significant activities that impact the VIEs' economic performance. The two VIEs distribute footwear and apparel products in the Asia Pacific region. The following is a summary of carrying amounts of assets included in the Company's consolidated balance sheets for fiscal years 2022 and 2021 related to VIEs for which the Company is not the primary beneficiary. The Company's maximum exposure to loss is the same as the carrying amounts.

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

(In millions)	Fiscal Year	
	2022	2021
Equity method investments <sup>(1)</sup>	\$ 8.1	\$ 7.1

<sup>(1)</sup> Equity method investments are included in "Other Assets" on the Consolidated Balance Sheets.

### Related Party Transactions

In the normal course of business, the Company enters 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 fiscal years ended December 31, 2022 and January 1, 2022 the Company recognized net sales to equity affiliates totaling \$35.5 million and \$19.5 million, respectively.

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

(In millions)	Fiscal Year	
	2022	2021
Accounts receivable due from related parties	\$ 18.1	\$ 10.3
Long term liabilities due to related parties	—	2.4
Long term assets due from related parties	1.6	—

## 21. ASSETS AND LIABILITIES HELD FOR SALE

During the fourth quarter of 2022, the Company announced that it had initiated a formal process to divest the Keds<sup>®</sup> business and Wolverine Leathers business, both of which are low-profit contributors. The Company has determined that both the Keds<sup>®</sup>

business and the Wolverine Leathers business meet the criteria to be classified as held for sale, and therefore have reclassified the related assets and liabilities as held for sale on the Consolidated Balance Sheets.

The following is a summary of the major categories of assets and liabilities that have been classified as held for sale on the Consolidated Balance Sheets at December 31, 2022:

(In millions)	2022
Cash and cash equivalents	\$ 4.0
Accounts receivables, net	3.5
Inventories	43.1
Indefinite-lived intangibles	11.4
Other assets	5.9
Total assets held for sale	67.9
Accounts payable	8.1
Accrued liabilities	0.7
Total liabilities held for sale	8.8

The Company determined that the divestiture of the *Keds*<sup>®</sup> business and Wolverine Leathers business do 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.

## 22. SUBSEQUENT EVENT

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*<sup>®</sup> business, other than the Excluded Assets (as defined in the Asset Purchase Agreement), and to assume certain liabilities. The purchase price was approximately \$83.6 million and the sale was effective February 4, 2023, in accordance with the terms and conditions of the Asset Purchase Agreement.

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Wolverine World Wide, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries (the Company) as of December 31, 2022 and January 1, 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the fiscal years ended December 31, 2022, January 1, 2022, and January 2, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and January 1, 2022, and the results of its operations and its cash flows for the fiscal years ended December 31, 2022, January 1, 2022, and January 2, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 23, 2023 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

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

*Description of the Matter*

***Valuation of goodwill and indefinite-lived intangibles***

At December 31, 2022, the Company's goodwill and indefinite-lived intangible assets were \$485.0 million and \$274.0 million, respectively. During 2022, the Company recognized a goodwill impairment charge of \$48.4 million associated with its Sweaty Betty reporting unit and impairment charges of \$191.0 million and \$189.3 million, associated with its Sperry and Sweaty Betty indefinite-lived intangible assets, respectively. As discussed in Notes 1 and 4 of the consolidated financial statements, goodwill and indefinite-lived intangibles are tested for impairment at least annually. The impairment test for goodwill consists of measuring the fair value of the reporting unit and comparing it to the reporting unit's carrying amount. The impairment test for indefinite-lived intangible assets consists of measuring the fair value of the asset and comparing it to the asset's carrying amount.

Auditing management's annual impairment tests for goodwill and indefinite-lived intangible assets was complex due to the significant estimation uncertainty required in determining the fair values of certain reporting units and the Sperry and Sweaty Betty trade names. The significant assumptions used to estimate the fair values of certain reporting units and the Sperry and Sweaty Betty trade names included the forecasted revenue growth, EBITDA margin, and discount rate. These significant assumptions are forward-looking and could be affected by future economic and market conditions. Changes in these assumptions could have a significant impact on the fair values of certain reporting units and the Sperry and Sweaty Betty trade names, the amount of any impairment charge, or both.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls over the impairment review process. For example, we tested controls that address the risk of material misstatement relating to the valuation of certain reporting units and the Sperry and Sweaty Betty trade names, including management's review of the significant assumptions described above and the completeness and accuracy of the data used to develop such estimates.

To test the estimated fair values of certain reporting units and the Sperry and Sweaty Betty trade names, our audit procedures included, among others, assessing the appropriateness of the valuation model used, evaluating the significant assumptions discussed above, and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. We compared the financial projections to current industry and economic trends and the historical accuracy of management's estimates. We involved our valuation specialists to assist in our evaluation of the Company's model, valuation methodology and the discount rate.

/s/ Ernst & Young LLP

We have served as the Company's auditor since at least 1933, but we are unable to determine the specific year.

Grand Rapids, Michigan  
February 23, 2023

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Wolverine World Wide, Inc.

### Opinion on Internal Control over Financial Reporting

We have audited Wolverine World Wide, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Wolverine World Wide, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and January 1, 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the fiscal years ended December 31, 2022, January 1, 2022, and January 2, 2021, and the related notes and financial statement schedule and our report dated February 23, 2023 expressed an unqualified opinion thereon.

### Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Grand Rapids, Michigan  
February 23, 2023

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures****Evaluation of Disclosure 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 were effective as of the end of the period covered by this Annual Report on Form 10-K.

**Management's Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of internal control over financial reporting as of December 31, 2022, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013 framework). Based on that evaluation, management, including the Chief Executive Officer and Chief Financial Officer, concluded that internal control over financial reporting was effective as of December 31, 2022.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2022 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in its report, which is included in Item 8 of this Annual Report on Form 10-K and is incorporated herein by reference.

**Changes in Internal Control Over Financial Reporting**

There was no change in the Company's internal control over financial reporting that occurred during the quarter ended December 31, 2022 that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**PART III****Item 10. Directors, Executive Officers and Corporate Governance**

The information called for by Item 10 is incorporated herein by reference to the Definitive Proxy Statement of the Company relating to the Annual Meeting of Stockholders of Wolverine World Wide, Inc. expected to be held on May 3, 2023 in sections "Election of Directors" and "Corporate Governance". The Company intends to file such Definitive Proxy Statement with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

We have adopted a Code of Business Conduct that applies to all of our directors, officers and employees, including our principal executive, principal financial and principal accounting officers, or persons performing similar functions. Our Code of Business Conduct is posted on our website located at <http://www.wolverineworldwide.com/investor-relations/corporate-governance/>. We intend to disclose future amendments to certain provisions of the Code of Business Conduct, and waivers of the Code of Business Conduct granted to executive officers and directors, on the website within four business days following the date of the amendment or waiver.

**Item 11. Executive Compensation**

The information called for by Item 11 is incorporated herein by reference to the Definitive Proxy Statement referenced above in Item 10 in section "Compensation Discussion and Analysis".

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information called for by Item 12 is incorporated herein by reference to the Definitive Proxy Statement referenced above in Item 10 in section "Securities Ownership in Officers and Directors and Certain Beneficial Owners".

### Equity Compensation Plan Information

The following table provides information about the Company's equity compensation plans as of December 31, 2022:

Plan Category <sup>(1)</sup>	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans Excluding Securities Reflected in Column (a) (c)
Equity compensation plans approved by security holders	2,333,410 <sup>(2), (3)</sup>	\$22.43	5,648,310 <sup>(4)</sup>
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>2,333,410</b>	<b>\$22.43</b>	<b>5,648,310</b>

<sup>(1)</sup> Each plan for which aggregated information is provided contains customary anti-dilution provisions that are applicable in the event of a stock split, stock dividend or certain other changes in the Company's capitalization.

<sup>(2)</sup> Includes: (i) 2,086,864 stock options awarded to employees under the Amended and Restated Stock Incentive Plan of 1999, the Amended and Restated Stock Incentive Plan of 2001, the Amended and Restated Stock Incentive Plan of 2003, the Amended and Restated Stock Incentive Plan of 2005, the Stock Incentive Plan of 2010, the Stock Incentive Plan of 2013 and the Stock Incentive Plan of 2016, as amended and restated; and (ii) and 246,546 stock options awarded to non-employee directors under the Amended and Restated Stock Incentive Plan of 2005, the Stock Incentive Plan of 2010, the Stock Incentive Plan of 2013 and the Stock Incentive Plan of 2016, as amended and restated. Column (a) does not include stock units credited to outside directors' fee accounts or retirement accounts under the Outside Directors' Deferred Compensation Plan. Stock units do not have an exercise price. Each stock unit credited to a director's fee account and retirement account under the Outside Directors' Deferred Compensation Plan will be converted into one share of common stock upon distribution. Column (a) also does not include shares of restricted or unrestricted common stock previously issued under the Company's equity compensation plans.

<sup>(3)</sup> Of this amount, 36,909 options were not exercisable as of December 31, 2022 due to vesting restrictions.

<sup>(4)</sup> Comprised of: (i) 104,499 shares available for issuance under the Outside Directors' Deferred Compensation Plan upon the retirement of the current directors or upon a change in control; and (ii) 5,543,811 shares issuable under the Stock Incentive Plan of 2016, as amended and restated.

The Outside Directors' Deferred Compensation Plan is a supplemental, unfunded, nonqualified deferred compensation plan for non-employee directors. Beginning in 2006, the Company began paying an annual equity retainer to non-management directors in the form of a contribution under the Outside Directors' Deferred Compensation Plan. Non-management directors may also voluntarily elect to receive, in lieu of some or all directors' fees, a number of stock units equal to the amount of the deferred directors' fees divided by the fair market value of the Company's common stock on the date of payment. These stock units are increased by a dividend equivalent based on dividends paid by the Company and the amount of stock units credited to the participating director's fee account and retirement account. Upon distribution, the participating directors receive a number of shares of the Company's common stock equal to the number of stock units to be distributed at that time. Distribution is triggered by termination of service as a director or by a change in control of the Company and can occur in a lump sum, in installments or on another deferred basis. A total of 309,164 shares have been issued to a trust to satisfy the Company's obligations when distribution is triggered and are included in shares the Company reports as issued and outstanding.

The Stock Incentive Plan of 2016, as amended and restated, is an equity-based incentive plan for officers, key employees, and directors. Such plan authorizes awards of stock options, restricted common stock, common stock, restricted stock units and/or stock appreciation rights. The Stock Incentive Plan of 2016, as amended and restated, provides that each share of restricted or unrestricted common stock and each restricted stock unit issued under the plan is counted as 2.6 shares against the total number of shares authorized for issuance under the plan. The number of securities listed as remaining available in column (c) of the table assumes only stock options will be issued under the plan in the future; each stock option counts as only one share against the total number of shares authorized for issuance under the plan. Actual shares available under the plan will be less to the extent that the Company awards restricted common stock, unrestricted common stock or restricted stock units under the plan. The numbers provided in this footnote and in column (c) will increase to the extent that options relating to the number of shares listed in column (a) of the table or other outstanding awards (e.g., shares of restricted or unrestricted stock, restricted stock units or stock appreciation rights) previously issued under the plan are canceled, surrendered, modified, exchanged for substitutes,

expire or terminate prior to exercise or vesting because the number of shares underlying any such awards will again become available for issuance under the plan under which the award was granted.

Of the total number of shares available under column (c), the number of shares with respect to the following plans may be issued other than upon the exercise of an option, warrant or right outstanding as of December 31, 2022:

- Outside Directors' Deferred Compensation Plan: 104,499
- Stock Incentive Plan of 2016, as amended and restated: 2,132,235

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information called for by Item 13 is incorporated herein by reference to the Definitive Proxy Statement referenced above in Item 10 in sections "Related Party Matters" and "Director Independence".

#### **Item 14. Principal Accountant Fees and Services**

The information called for by Item 14 is incorporated herein by reference to the Definitive Proxy Statement referenced above in Item 10 in section "Independent Registered Public Accounting Firm".

### **PART IV**

#### **Item 15. Exhibits, Financial Statement Schedules**

(a) The following documents are filed as part of this report:

(1) **Financial Statements** Included in Item 8

The following consolidated financial statements of Wolverine World Wide, Inc. and its subsidiaries are filed as a part of this report:

- Consolidated Statements of Operations for the Fiscal Years Ended December 31, 2022, January 1, 2022 and January 2, 2021.
- Consolidated Statements of Comprehensive Income (Loss) for the Fiscal Years Ended December 31, 2022, January 1, 2022 and January 2, 2021.
- Consolidated Balance Sheets as of December 31, 2022 and January 1, 2022.
- Consolidated Statements of Cash Flows for the Fiscal Years Ended December 31, 2022, January 1, 2022 and January 2, 2021.
- Consolidated Statements of Stockholders' Equity for the Fiscal Years Ended December 31, 2022, January 1, 2022 and January 2, 2021.
- Notes to the Consolidated Financial Statements.
- Reports of Independent Registered Public Accounting Firm.

(2) **Financial Statement Schedules** Attached as Appendix A

The following consolidated financial statement schedule of Wolverine World Wide, Inc. and its subsidiaries is filed as a part of this report:

- Schedule II - Valuation and Qualifying Accounts.

All other schedules (I, III, IV, and V) for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(3) **Exhibits**

The following exhibits are filed with this Annual Report or incorporated by reference. The Company will furnish a copy of any exhibit listed below to any stockholder without charge upon written request to General Counsel and Secretary, 9341 Courtland Drive N.E., Rockford, Michigan 49351.

<b>Exhibit Number</b>	<b>Document</b>
2.1	<a href="#"><u>Share Purchase Agreement, dated as of July 31, 2021 by and among the Institutional Sellers, the Management Sellers, and Wolverine World Wide, Inc. Incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the period ended October 2, 2021.</u></a>



Exhibit Number	Document
2.2	<a href="#"><u>Management Warranty Deed, dated as of July 31, 2021, by and among the Warrantors and Wolverine World Wide, Inc. Incorporated by reference to Exhibit 2.2 to the Company's Quarterly Report on Form 10-Q for the period ended October 2, 2021.</u></a>
3.1	<a href="#"><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></a>
3.2	<a href="#"><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></a>
4.1	<a href="#"><u>Description of the Registrant's Securities Registered Pursuant To Section 12 of The Securities Exchange Act of 1934. Incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2019.</u></a>
4.2	<a href="#"><u>Senior Notes Indenture, dated August 26, 2021, among Wolverine World Wide, Inc., the guarantors named therein, and The Huntington National Bank. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 26, 2021.</u></a>
4.3	<a href="#"><u>Form of 4.000% Senior Notes due 2029. Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on August 26, 2021.</u></a>
10.1	<a href="#"><u>Amended and Restated Outside Directors' Deferred Compensation Plan.* Incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2007.</u></a>
10.2	<a href="#"><u>Outside Directors' Deferred Compensation Plan.* Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 17, 2008.</u></a>
10.3	<a href="#"><u>Wolverine World Wide, Inc. Deferred Compensation Plan, Amended and Restated.* Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 13, 2018.</u></a>
10.4	<a href="#"><u>First Amendment to the Wolverine World Wide, Inc. Deferred Compensation Plan, dated as of December 29, 2020.* Incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2021.</u></a>
10.5	<a href="#"><u>Amended and Restated Stock Option Loan Program.* Incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2007.</u></a>
10.6	<a href="#"><u>Separation Agreement between Wolverine World Wide, Inc. and Blake W. Krueger, dated as of March 13, 2008, as amended.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 22, 2008.</u></a>
10.7	<a href="#"><u>First Amendment to Separation Agreement between Wolverine World Wide, Inc. and Blake W. Krueger, dated as of December 11, 2008.* Incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009.</u></a>
10.8	<a href="#"><u>Executive Severance Agreement.* Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on December 17, 2008. A participant schedule of current executive officers who are parties to this agreement is attached as Exhibit 10.8.</u></a>
10.9	<a href="#"><u>Executive Severance Agreement.* Incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. A participant schedule of current executive officers who are parties to this agreement is attached as Exhibit 10.9.</u></a>
10.10	<a href="#"><u>Executive Severance Agreement between Brendan Hoffman and the Company, dated August 7, 2020.* Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 13, 2020.</u></a>
10.11	<a href="#"><u>Amendment, dated as of March 25, 2021, to the Executive Severance Agreement between Brendan Hoffman and the Company, dated as of September 8, 2020.* Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 26, 2021.</u></a>
10.12	<a href="#"><u>Form of Indemnification Agreement.* The Company has entered into an Indemnification Agreement with each director and certain executive officers. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 25, 2007. All executive officers and directors are parties to this agreement.</u></a>
10.13	<a href="#"><u>Indemnification Agreement between Brendan Hoffman and the Company, dated August 7, 2020.* Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 13, 2020.</u></a>
10.14	<a href="#"><u>Employment Agreement between Isabel Soriano and the Company.* Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended April 2, 2022.</u></a>
10.15	<a href="#"><u>Amended and Restated Benefit Trust Agreement dated April 25, 2007.* Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on April 25, 2007.</u></a>

Exhibit Number	Document
10.16	<a href="#"><u>Form of 409A Supplemental Retirement Plan Participation Agreement with Blake W. Krueger.* Incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2009.</u></a>
10.17	<a href="#"><u>409A Supplemental Executive Retirement Plan (2008 Restatement through First Amendment).* Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 2017. A participant schedule of current executive officers who participate in this plan is attached as Exhibit 10.17.</u></a>
10.18	<a href="#"><u>Employees' Pension Plan (Restated as amended through December 29, 2017).* Incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2017.</u></a>
10.19	<a href="#"><u>Sixth Amendment to the Wolverine Employees' Pension Plan.* Incorporated by reference to Exhibit 10.34 to the Company's Form 10-K for the fiscal year ended December 29, 2018.</u></a>
10.20	<a href="#"><u>First Amendment to the Wolverine Employees' Pension Plan, dated as of December 2, 2020.* Incorporated by reference to Exhibit 10.41 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2021.</u></a>
10.21	<a href="#"><u>Second Amendment to the Wolverine Employees' Pension Plan, dated as of December 9, 2021.* Incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2022.</u></a>
10.22	<a href="#"><u>Stock Incentive Plan of 2010.* Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 filed on March 4, 2010.</u></a>
10.23	<a href="#"><u>Amended and Restated Stock Incentive Plan of 2013.* Incorporated by reference to Exhibit 10.38 to the Company's Form 10-K for the fiscal year ended December 28, 2013.</u></a>
10.24	<a href="#"><u>2016 Form of Non-Qualified Stock Option Agreement.* Incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2016.</u></a>
10.25	<a href="#"><u>Wolverine World Wide, Inc. Stock Incentive Plan of 2016, as amended and restated.* Incorporated by reference to Appendix B to the Company's Definitive Proxy Statement filed on March 26, 2021.</u></a>
10.26	<a href="#"><u>2018 Form of Restricted Stock Unit Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2018.</u></a>
10.27	<a href="#"><u>2019 Form of Restricted Stock Unit Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 2019.</u></a>
10.28	<a href="#"><u>2020 Form of Restricted Stock Unit Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 28, 2020.</u></a>
10.29	<a href="#"><u>2020 Form of Restricted Stock Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 22, 2020.</u></a>
10.30	<a href="#"><u>2021 Form of Restricted Stock Unit Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended April 3, 2021.</u></a>
10.31	<a href="#"><u>2022 Form of Restricted Stock Unit Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended April 2, 2022.</u></a>
10.32	<a href="#"><u>Form of Performance Stock Unit Agreement (2021 performance period).* Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended April 3, 2021.</u></a>
10.33	<a href="#"><u>Form of Performance Stock Unit Agreement (2021 - 2022 performance period).* Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended April 3, 2021.</u></a>
10.34	<a href="#"><u>Form of Performance Stock Unit Agreement (2021 - 2023 performance period).* Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended April 3, 2021.</u></a>
10.35	<a href="#"><u>Form of Performance Stock Unit Agreement (2022 - 2024 performance period).* Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended April 2, 2022.</u></a>
10.36	<a href="#"><u>Credit Agreement, dated as of July 31, 2012, by and among Wolverine World Wide, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association, as syndication agent and as a lender, Fifth Third Bank as documentation agent and as a lender, and PNC Bank, National Association, as documentation agent and as a lender. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 1, 2012.</u></a>

Exhibit Number	Document
10.37	<a href="#"><u>First Amendment to Credit Agreement, dated as of September 28, 2012, by and among Wolverine World Wide, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association, as syndication agent and as a lender, Fifth Third Bank as documentation agent and as a lender, and PNC Bank, National Association, as documentation agent and as a lender. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 4, 2012.</u></a>
10.38	<a href="#"><u>Second Amendment to the Credit Agreement, dated as of October 8, 2012, among Wolverine World Wide, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association, as syndication agent and as a lender, Fifth Third Bank, as documentation agent and as a lender, and PNC Bank, National Association, as documentation agent and as a lender. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 9, 2012.</u></a>
10.39	<a href="#"><u>Replacement Facility Amendment, dated as of October 10, 2013, to the Amended and Restated Credit Agreement among Wolverine World Wide, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A. as administrative agent. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 11, 2013.</u></a>
10.40	<a href="#"><u>Omnibus Amendment, dated as of December 19, 2014 to the Amended and Restated Credit Agreement dated as of October 10, 2013 among Wolverine World Wide, Inc., the lenders party thereto, Wells Fargo Bank, National Association, as syndication agent, Bank of America, N.A., Fifth Third Bank, PNC Bank, National Association, Sumitomo Mitsui Banking Corporation, Union Bank, N.A., And BBVA Compass Bank, as co-documentation agents, J.P. Morgan Europe Limited, as foreign currency agent, and JPMorgan Chase Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.45 to the Company's Annual Report on Form 10-K filed on March 3, 2015.</u></a>
10.41	<a href="#"><u>Replacement Facility Amendment, dated as of July 13, 2015, among Wolverine World Wide, Inc., JP Morgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association and MUFG Union Bank, N.A., as co-syndication agents and lenders, and the other lenders party thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 15, 2015.</u></a>
10.42	<a href="#"><u>First Amendment, dated September 15, 2016, to the Amended and Restated Credit Agreement, dated July 13, 2015, among Wolverine World Wide, Inc., as parent borrower, the several banks and other financial institutions or entities from time to time parties thereto, the several agents and other financial institutions or entities from time to time parties thereto, J.P. Morgan Europe Limited, as foreign currency agent, and JPMorgan Chase Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.1 to the Company Current Report on Form 8-K, filed on September 19, 2016.</u></a>
10.43	<a href="#"><u>2018 Replacement Facility Amendment, dated as of December 6, 2018 among the Company, JP Morgan Chase Bank, N.A., as administrative agent and as a lender, Wells Fargo Bank, National Association, Bank of America, N.A. and HSBC Bank USA, N.A., as co-syndication agents and lenders, and the other lenders party thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 11, 2018.</u></a>
10.44	<a href="#"><u>Second Amendment, dated as of May 5, 2020, to the Amended and Restated Credit Agreement, dated as of December 6, 2018, among Wolverine World Wide, Inc., as parent borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, the other borrowers party thereto, and the other lenders party thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on May 6, 2020.</u></a>
10.45	<a href="#"><u>2021 Replacement Facility Amendment and Reaffirmation Agreement, dated as of October 21, 2021, among Wolverine World Wide, Inc., as parent borrower, the Additional Borrowers party thereto, JP Morgan Chase Bank, N.A., as administrative agent and as a lender, and the other lenders party thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 25, 2021.</u></a>
10.46	<a href="#"><u>Receivables Purchase Agreement dated as of December 7, 2022, among Wolverine World Wide, Inc. and certain of its subsidiaries as sellers, and Wells Fargo Bank, N.A. as purchaser.</u></a>
10.47	<a href="#"><u>Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan)* Incorporated by reference to Appendix A to the Company's Definitive Proxy Statement filed on March 28, 2017.</u></a>
10.48	<a href="#"><u>Wolverine World Wide, Inc. Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan)* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 29, 2019.</u></a>
10.49	<a href="#"><u>Consent Decree by and among Wolverine World Wide, Inc., the State of Michigan, Plainfield Charter Township, and Algoma Township. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 7, 2020.</u></a>

Exhibit Number	Document
10.50	<a href="#"><u>Employment Agreement between Brendan Hoffman and the Company.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 26, 2020.</u></a>
10.51	<a href="#"><u>Amended Employment Agreement between Brendan Hoffman and the Company.* Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 23, 2021.</u></a>
10.52	<a href="#"><u>Trademark Acquisition Agreement by and among SR Holdings, LLC, Keds, LLC, Hanesbrands, Inc. and HBI Branded Apparel Enterprises, LLC dated June 30, 2022. Incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on June 30, 2022.</u></a>
10.53	<a href="#"><u>Asset Purchase Agreement dated as of February 7, 2023, among Wolverine World Wide, Inc. and certain of its subsidiaries as sellers, and Vincent Camuto LLC and DBI Brands Management LLC, as purchaser.</u></a>
21	<a href="#"><u>Subsidiaries of Registrant</u></a>
23	<a href="#"><u>Consent of Ernst &amp; Young LLP.</u></a>
31.1	<a href="#"><u>Certification of Chairman, Chief Executive Officer and President under Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2	<a href="#"><u>Certification of Executive Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32	<a href="#"><u>Certification pursuant to 18 U.S.C. § 1350.</u></a>
101	The following financial information from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, formatted in Inline XBRL: (i) Consolidated Statements of Operations; (ii) Consolidated Statements of Comprehensive Income (loss); (iii) Consolidated Balance Sheets; (iv) Consolidated Statements of Cash Flows; (v) Consolidated Statements of Stockholders' Equity; and (vi) Notes to Consolidated Financial Statements.
104	The cover page of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, formatted in Inline XBRL (included in Exhibit 101).

\* Management contract or compensatory plan or arrangement.

**Item 16. Form 10-K Summary**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 23, 2023

By: /s/ Brendan L. Hoffman  
Brendan L. Hoffman  
President and Chief Executive Officer (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Brendan L. Hoffman</u> Brendan L. Hoffman	President and Chief Executive Officer (Principal Executive Officer)	February 23, 2023
<u>/s/ Michael D. Stornant</u> Michael D. Stornant	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 23, 2023
<u>/s/ Blake W. Krueger</u> Blake W. Krueger	Chairman of the Board	February 23, 2023
<u>/s/ Jeffrey M. Boromisa</u> Jeffrey M. Boromisa	Director	February 23, 2023
<u>/s/ William K. Gerber</u> William K. Gerber	Director	February 23, 2023
<u>/s/ David T. Kollat</u> David T. Kollat	Director	February 23, 2023
<u>/s/ Brenda J. Lauderback</u> Brenda J. Lauderback	Director	February 23, 2023
<u>/s/ Nicholas T. Long</u> Nicholas T. Long	Director	February 23, 2023
<u>/s/ David W. McCreight</u> David W. McCreight	Director	February 23, 2023
<u>/s/ Kathleen Wilson-Thompson</u> Kathleen Wilson-Thompson	Director	February 23, 2023

**APPENDIX A**

**Schedule II - Valuation and Qualifying Accounts**

**Wolverine World Wide, Inc. and Subsidiaries**

<i>(In millions)</i>	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions (Describe)		Balance at End of Period
<b>Fiscal Year Ended December 31, 2022</b>					
Allowance for credit losses	\$ 4.0	\$ 1.8	\$ 2.5 (A)		\$ 3.3
Product returns reserve	16.6	106.0	107.3 (B)		15.3
Allowance for cash discounts and customer markdowns	7.7	10.9	10.8 (C)		7.8
Inventory valuation allowances	10.7	30.0	7.7 (D)		33.0
<b>Total</b>	<b>\$ 39.0</b>	<b>\$ 148.7</b>	<b>\$ 128.3</b>		<b>\$ 59.4</b>
<b>Fiscal Year Ended January 1, 2022</b>					
Allowance for credit losses	\$ 6.7	\$ (2.4)	\$ 0.3 (A)		\$ 4.0
Product returns reserve	15.6	52.5	51.5 (B)		16.6
Allowance for cash discounts and customer markdowns	11.2	9.4	12.9 (C)		7.7
Inventory valuation allowances	9.1	5.6	4.0 (D)		10.7
<b>Total</b>	<b>\$ 42.6</b>	<b>\$ 65.1</b>	<b>\$ 68.7</b>		<b>\$ 39.0</b>
<b>Fiscal Year Ended January 2, 2021</b>					
Allowance for credit losses	\$ 6.0	\$ 9.7	\$ 9.0 (A)		\$ 6.7
Product returns reserve	11.4	41.5	37.3 (B)		15.6
Allowance for cash discounts and customer markdowns	9.3	19.8	17.9 (C)		11.2
Inventory valuation allowances	7.3	9.3	7.5 (D)		9.1
<b>Total</b>	<b>\$ 34.0</b>	<b>\$ 80.3</b>	<b>\$ 71.7</b>		<b>\$ 42.6</b>

- (A) Accounts charged off, net of recoveries.
- (B) Actual customer returns.
- (C) Discounts given to customers.
- (D) Adjustment upon disposal of related inventories.

The following current and former executive officers have entered into Executive Severance Agreements with the Company in the form filed herewith. The information listed below is inserted into the blanks for the respective executive officer's Executive Severance Agreement.

	<b>Salary Multiplier Rate (Section 4(a)(4))</b>	<b>Termination Period (Section 1(n))</b>	<b>Change of Control Continuation Period (Section 2)</b>
Blake W. Krueger	3	3 years	36 months
James D. Zwiers	2	2 years	24 months

The following current executive officers have entered into Executive Severance Agreements with the Company in the form filed herewith. The information listed below is inserted into the blanks for the respective executive officer's Executive Severance Agreement.

	<b>Salary Multiplier Rate (Section 4(a)(4))</b>	<b>Termination Period (Section 1(n))</b>	<b>Change of Control Continuation Period (Section 2)</b>
Brendan L. Hoffman	2	2 years	24 months
Chris E. Hufnagel	2	2 years	24 months
Amy M. Klimek	2	2 years	24 months
Reginald M. Rasch	2	2 years	24 months
Isabel Soriano	2	2 years	24 months
Michael D. Stornant	2	2 years	24 months



The following current and former executive officers have a percentage benefit multiplier under the Supplemental Executive Retirement Plan (the “Plan” of 2.4% or 2.0%, as indicated below, in lieu of the 1.6% of final average monthly remuneration benefit multiplier described in the Plan:

**2.4%**

Blake W. Krueger

**2.0%**

Michael D. Stornant

James D. Zwiers

RECEIVABLES PURCHASE AGREEMENT

Dated as of December 7, 2022

by and among

ROCKFORD ARS, LLC,  
as Seller,

THE PERSONS FROM TIME TO TIME PARTY HERETO,  
as Purchasers,

WELLS FARGO BANK, N.A.,  
as Administrative Agent,

and

WOLVERINE WORLD WIDE, INC.,  
as initial Master Servicer

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This RECEIVABLES PURCHASE AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this “Agreement”) is entered into as of December 7, 2022 by and among the following parties:

- (i) ROCKFORD ARS, LLC, a Delaware limited liability company, as Seller (together with its successors and assigns, the “Seller”);
- (ii) the Persons from time to time party hereto as Purchasers;
- (iii) WELLS FARGO BANK, N.A. (“Wells”), as Administrative Agent; and
- (iv) WOLVERINE WORLD WIDE, INC., a Delaware corporation, in its individual capacity (“Wolverine”) and as initial Master Servicer (in such capacity, together with its successors and assigns in such capacity, the “Master Servicer”).

## PRELIMINARY STATEMENTS

The Seller has acquired, and will acquire from time to time, Receivables from the Originator(s) pursuant to the Sale Agreements. The Seller desires to sell certain of the Receivables to the Purchasers and, in connection therewith, has requested that the Purchasers make Investments from time to time, on the terms, and subject to the conditions set forth herein.

In consideration of the mutual agreements, provisions and covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

ARTICLE I Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Adjusted Daily One Month Term SOFR” means, for purposes of any calculation, the rate per annum equal to (a) Daily One Month Term SOFR for such day *plus* (b) the Term SOFR Adjustment; provided that if Adjusted Daily One Month Term SOFR as so determined shall ever be less than the Floor, then Adjusted Daily One Month Term SOFR shall be deemed to be the Floor.

“Adjusted Dilution Ratio” means, at any time, the rolling average of the Dilution Ratio for the 12 Calculation Periods then most recently ended.

“Administrative Agent” means Wells, in its capacity as contractual representative for the Purchaser Parties, and any successor thereto in such capacity appointed pursuant to Article XI or Section 14.03(f).

“Adverse Claim” means any claim of ownership or any Lien; it being understood that any such claim or Lien in favor of, or assigned to, the Administrative Agent (for the benefit of the Secured Parties) under the Transaction Documents shall not constitute an Adverse Claim.

“Advisors” has the meaning set forth in Section 14.06(c).

“Affected Person” means each Purchaser Party and each of their respective Affiliates.

“Affiliate” of any person means (a) any other person which directly, or indirectly through one or more intermediaries, controls such person or (b) any other person which directly, or indirectly through one or more intermediaries, is controlled by or is under common control with such person. As used herein, the term “control” means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise.

“Aggregate Capital” means, at any time of determination, the aggregate outstanding Capital of all Purchasers at such time.

“Aggregate Yield” means, at any time of determination, the aggregate accrued and unpaid Yield on the aggregate outstanding Capital of all Purchasers at such time.

“Agreement” has the meaning set forth in the preamble to this Agreement.

“Alternative Base Rate” means, for any day, a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the highest of:

- (a) the Prime Rate;
- (b) 0.50% per annum above the latest Federal Funds Rate; and
- (c) 1.00% per annum above Adjusted Daily One Month Term SOFR.

“Alternative Currency” means Canadian Dollars.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to or binding upon any Wolverine Party or any of their respective Subsidiaries from time to time concerning or relating to bribery or corruption, including the United States Foreign Corrupt Practices Act of 1977 and the rules and regulations thereunder and the U.K. Bribery Act 2010 and the rules and regulations thereunder.

“Anti-Money Laundering Laws” means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules applicable to or binding upon any Wolverine Party or any of their respective Subsidiaries related to terrorism financing, money laundering, any predicate crime to money laundering or any financial record keeping, including any applicable provision of the Patriot Act and The Currency and Foreign Transactions Reporting Act (also known as the “Bank Secrecy Act,” 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

“Applicable Law” means, as to any Person, all statutes, laws, ordinances, rules and regulations of any Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

“Applicable Margin” has the meaning set forth in the Fee Letter.

“Approved Currency” means U.S. Dollars and each Alternative Currency.

“Approved Foreign Jurisdiction” means, at any time, any Tier 1 Country, any Tier 2 Country, any Tier 3 Country, any Special Country or Canada.



“Assignment and Acceptance Agreement” means an assignment and acceptance agreement entered into by a Purchaser, an Eligible Assignee and the Administrative Agent, and, if required, the Seller, pursuant to which such Eligible Assignee may become a party to this Agreement, in substantially the form of Exhibit C hereto.

“Attorney Costs” means and includes all fees, costs, expenses and disbursements of any law firm or other external counsel and all disbursements of internal counsel.

“Bankruptcy Code” means the United States Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, et seq.), as amended from time to time.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 CFR § 1010.230.

“Billed Receivable” means, at any time, any Receivable as to which the invoice or bill with respect thereto has been sent to the Obligor thereof.

“Board of Directors” means, with respect to any person, (a) in the case of any corporation, the board of directors of such person, (b) in the case of any limited liability company, the board of managers of such person, (c) in the case of any partnership, the board of directors of the general partner of such person and (d) in any other case, the functional equivalent of the foregoing.

“BofA” means Bank of America, N.A.

“Business Day” means any day other than a Saturday, Sunday or other day on which banks in New York City are authorized or required by law to close.

“Calculation Period” means each fiscal month of Wolverine, as indicated on the Fiscal Calendar.

“Calculated Weighted Average Payment Terms” means, on any Cut-Off Date, the product of (a) 30, times (b) the Computed Weighted Average Payment Term for the Calculation Period that includes such Cut-Off Date.

“Canadian Collection Account” means each account listed on Schedule II hereto (in each case, in the name of the Seller) and maintained at a bank or other financial institution acting as a Canadian Collection Account Bank pursuant to a Canadian Control Agreement for the purpose of receiving Collections.

“Canadian Collection Account Bank” means, at any time, any bank at which a Canadian Collection Account or Canadian Lock-Box is maintained.

“Canadian Control Agreement” means an agreement, in form reasonably acceptable to the Administrative Agent, in which a Canadian Collection Account Bank agrees to take instructions from the Administrative Agent, either directly or as assignee of Seller, with respect to the disposition of funds in a Canadian Collection Account without further consent of any applicable Wolverine Party.

“Canadian Dollars” or “CAD” means the lawful currency of Canada.

“Canadian Lock-Box” means each locked postal box with respect to which a Canadian Collection Account Bank has executed a Canadian Control Agreement pursuant to which it has been granted exclusive access for the purpose of retrieving and processing payments made on the Receivables and which is listed on Schedule II.

“Canadian Originator” means each Person that is a party to the Canadian Sale Agreement as an “Originator” thereunder.

“Canadian Originator Receivable” means each Receivable originated by a Canadian Originator.

“Canadian Sale Agreement” means that certain Canadian Receivables Sale Agreement, dated on or about the Closing Date but in any event prior to the Post-Closing Canada Date, by and among the Canadian Originators, the Master Servicer and the Seller.

“Canadian Sales Taxes” means GST/HST, value-added, sales, provincial sales, use, transfer and other similar taxes.

“Canadian VaR Percentage” means 10.0%.

“Capital” means, with respect to any Purchaser, the aggregate amounts paid to, or on behalf of, the Seller in connection with all Investments made by such Purchaser pursuant to Article II, as reduced from time to time by Collections distributed and applied on account of reducing, returning or repaying such Capital pursuant to Section 2.02(d) or 4.01; provided, that if such Capital shall have been reduced by any distribution and thereafter all or a portion of such distribution is rescinded or must otherwise be returned for any reason, such Capital shall be increased by the amount of such rescinded or returned distribution as though it had not been made.

“Capital Coverage Amount” means, at any time of determination, the amount equal to (a) the Net Pool Balance at such time, minus (b) the Required Reserve at such time.

“Capital Coverage Deficit” means, at any time of determination, the amount, if any, by which (a) the Aggregate Capital at such time, exceeds (b) the lesser of (x) the Capital Coverage Amount at such time and (y) the Facility Limit at such time.

“Capital Lease Obligations” means as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement and any other Transaction Document, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

“Capital Stock” means, with respect to any Person, any and all common shares, preferred shares, interests, participations, rights in or other equivalents (however designated) of such Person’s capital stock, partnership interests, limited liability company interests, membership interests or other equivalent interests and any rights (other than debt securities convertible into or exchangeable for capital stock), warrants or options exchangeable for or convertible into such capital stock or other equity interests.

“Certificate of Formation” means the Certificate of Formation of the Seller filed with the Delaware Secretary of State on October 18, 2022.

“Change in Control” means the occurrence of any of the following:

- (a) Wolverine Outdoors ceases to own, directly, 100% of the issued and outstanding Capital Stock of the Seller free and clear of all Adverse Claims;
- (b) Parent ceases to own, directly or indirectly, 100% of the issued and outstanding Capital Stock of any Originator;
- (c) any Subordinated Note shall at any time cease to be owned by an Originator, free and clear of all Adverse Claims; or
- (d) a “Change of Control” under the Wolverine Credit Agreement as in effect on the Closing Date (without giving effect to any waiver, amendment, restatement, supplement or other modification or termination thereof).

“Change in Law” means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to the agreements reached by the Basel Committee on Banking Supervision in “Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems” (as amended, supplemented or otherwise modified or replaced from time to time), shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Closing Date” means December 7, 2022.

“Code” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

“Collection Account” means each Canadian Collection Account and each U.S. Collection Account.

“Collection Account Bank” means each Canadian Collection Account Bank and each U.S. Collection Account Bank.

“Collections” means, with respect to any Pool Receivable: (a) all funds that are received by any Originator, the Seller, the Master Servicer or any other Person on their behalf in payment of any amounts owed in respect of such Pool Receivable (including purchase price, service charges, finance charges, interest, fees and all other charges, including any Canadian Sales Taxes), or applied to amounts owed in respect of such Pool Receivable (including insurance payments, proceeds of drawings under supporting letters of credit and net proceeds of the sale or other disposition of repossessed goods or other collateral or property of the related Obligor or any other Person directly or indirectly liable for the payment of such Pool Receivable and

available to be applied thereon), (b) all Deemed Collections, (c) all proceeds of all Related Security with respect to such Pool Receivable and (d) all other proceeds of such Pool Receivable.

“Commitment” means, with respect to any Purchaser and any date of determination, the maximum aggregate amount of Capital which such Person is obligated to pay hereunder on account of all Investments, on a combined basis, as set forth on Schedule I or in the agreement pursuant to which it became a Purchaser, as such amount may be (i) modified in connection with any subsequent assignment pursuant to Section 14.03 or in connection with a reduction in the Facility Limit pursuant to Section 2.02(e) or (ii) increased pursuant to Section 2.02(g). If the context so requires, “Commitment” also refers to a Purchaser’s obligation to fund Investments hereunder in accordance with this Agreement.

“Computed Weighted Average Payment Term” means, on any Cut-Off Date, the ratio of (a) the aggregate Outstanding Balance of all Pool Receivables as of such Cut-Off Date that are not then past due, divided by (b) the aggregate sales generated by the Originators during the Calculation Period that includes such Cut-Off Date.

“Concentration Coverage Percentage” means, at any time of determination, the largest of: (a) the sum of the four (4) largest Obligor Percentages of the Group E Obligors, (b) the sum of the two (2) largest Obligor Percentages of the Group D Obligors, (c) the largest Obligor Percentage of the Group C Obligors, (d) the largest Obligor Percentage of the Class B Obligors and (d) the largest Obligor Percentage of the Class A Obligors.

“Concentration Percentage” means, at any time, (a) with respect to any single Special Obligor and its Affiliates (if any), the “Concentration Percentage” set forth opposite such Special Obligor in the definition of “Special Obligor” hereunder and (b) with respect any single Obligor (other than a Special Obligor) and its Affiliates (if any), the applicable concentration percentage shall be determined as follows for such Obligors who have short term unsecured debt ratings currently assigned to them by S&P and Moody’s (or in the absence thereof, the equivalent long term unsecured senior debt ratings):

Group	S&P Rating	Moody’s Rating	Concentration Percentage
Group A Obligor	A-1+ or AAA	P-1 or Aaa	25.0%
Group B Obligor	A-1 or between A+ and AA+	P-1 or between A1 and Aa1	20.0%
Group C Obligor	A-2 or between BBB+ and A	P-2 or between Baa1 and A2	16.0%
Group D Obligor	A-3 or between BBB- and BBB	P-3 or between Baa3 and Baa2	8.0%
Group E Obligor	Below A-3 or Not Rated by either S&P or Moody’s or below BBB-	Below P-3 or Not Rated by either S&P or Moody’s or below Baa3	(i) 16.00% in the aggregate for the Top Four Group E Obligors and their Affiliates considered collectively and (ii) for each of the Top Four Group E Obligors and their respective Affiliates, 8.00%, and otherwise 4.0%

;provided, however, that if any Obligor is a Non-Rated Obligor, the applicable Concentration Percentage shall be the one set forth in the last line of the table above.

“Conforming Changes” means, with respect to either the use or administration of Daily One Month Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Alternative Base Rate,” the definition of “Business Day,” the definition of “U.S. Government Securities Business Day,” the definition of “Yield Period” or any similar or analogous definition (or the addition of a concept of “Yield Period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 5.04 or Section 5.06 and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Transaction Documents).

“Contract” means, with respect to any Receivable, any and all contracts, instruments, agreements, leases, invoices, notes or other writings pursuant to which such Receivable arises or that evidence such Receivable or under which an Obligor becomes or is obligated to make payment in respect of such Receivable.

“Contractual Dilution” means any dilution or similar adjustments arising out of chargebacks, terms discounts, indirect rebates, direct rebates (net of any direct rebate recovery), promotional programs or similar arrangements which are customary for the Originators and specified in the related Contract or applicable marketing program related to the applicable Receivable and Obligor thereof.

“Contractual Dilution Accrual” means, at any time of determination on or after the Contractual Dilution Accrual Start Date, the aggregate amount of Contractual Dilution that is expected by the Servicer to be made or otherwise incurred with respect to the then outstanding Pool Receivables as such expected dilution and similar adjustments are reflected on the books and records of the Originators and the Seller and reserved for by the Originators and the Seller, as determined by the Servicer in consultation with the external accountants of the Originators and the Seller and in accordance with the customary procedures established by the Originators, the Seller and such accountants.

“Contractual Dilution Accrual Start Date” mean the date, if any, on or after the Closing Date selected by the Administrative Agent and consented to in writing by the Seller and each Purchaser.

“Control Agreement” means each Canadian Control Agreement and each U.S. Control Agreement.

“Country Specific Receivables” means, with respect to any Approved Foreign Jurisdiction, all Receivables the Obligor of which is domiciled in such Approved Foreign Jurisdiction.

“Country Specific Individual Percentage” means, with respect to any Approved Foreign Jurisdiction, the “Individual Allowable Percentage” for such Approved Foreign Jurisdiction as set forth on Schedule VI hereto.

“Credit and Collection Policy” means, as the context may require, those receivables credit and collection policies and practices of the Originators in effect on the Closing Date and described in Exhibit F, as modified in compliance with this Agreement.

“Currency Reserve Amount” means, at any time of determination, the product of (a) the U.S. Dollar Equivalent of the aggregate Outstanding Balance of all Pool Receivables denominated in CAD at such time, times (b) the Canadian VaR Percentage at such time.

“Cut-Off Date” means, on any date of determination, the last day of the Calculation Period then most recently ended.

“Daily One Month Term SOFR” means, for any day, the Term SOFR Reference Rate for a tenor of one-month on such day, or if such day is not a U.S. Government Securities Business Day, the immediately preceding U.S. Government Securities Business Day (such day, the “Daily One Month Term SOFR Determination Day”), as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Daily One Month Term SOFR Determination Day the Term SOFR Reference Rate for one month has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Daily One Month Term SOFR will be the Term SOFR Reference Rate for one month as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for one month was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Daily One Month Term SOFR Determination Day; provided, further, that if Daily One Month Term SOFR determined as provided above (including pursuant to the proviso above) shall ever be less than the Floor, then Daily One Month Term SOFR shall be deemed to be the Floor.

“Days Sales Outstanding” means, as of any day, an amount equal to the product of (a) 91, multiplied by (b) the amount obtained by dividing (i) the aggregate Outstanding Balance of all Pool Receivables as of the most recent Cut-Off Date, by (ii) the aggregate amount of Pool Receivables created during the three (3) Calculation Periods including and immediately preceding such Cut-Off Date.

“Debt” as to any Person means (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property (other than current trade payables incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of bankers’ acceptances, letters of credit, surety bonds or similar arrangements, (g) the liquidation value of all Disqualified Capital Stock of such Person, (h) all Receivables Transaction Attributed Indebtedness of such Person, (i) [intentionally omitted], (j) all Factoring Indebtedness of such Person, (k) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (j) above, (l) all obligations of the kind referred to in clauses (a) through (k) above secured by any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation; provided that the amount of such Debt will be the lesser of the fair market value of such asset at the date of determination and the amount of Debt so secured, and (m) all obligations of such Person in respect of Swap Agreements. The Debt of any Person shall include the Debt of

any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

“Deemed Collections” has the meaning set forth in Section 4.01(d).

“Default Horizon Ratio” means, as of any Cut-Off Date, the ratio (expressed as a decimal) computed by dividing (i) the sum of (A) the aggregate sales generated by the Originators during the last five (5) months ending on such Cut-Off Date, plus (B) if the Calculated Weighted Average Payment Term at such time exceeds 60 days, the aggregate sales generated by the Originators during the Calculation Period that is six (6) months prior to such Cut-Off Date by (ii) the Net Pool Balance as of such Cut-Off Date.

“Default Ratio” means, as of any Cut-Off Date, the ratio (expressed as a percentage) computed by dividing (a) the total amount of Pool Receivables which became Defaulted Receivables during the Calculation Period that includes such Cut-Off Date, by (b) the aggregate sales generated by the Originators during the Calculation Period occurring four (4) months prior to the Calculation Period ending on such Cut-Off Date.

“Defaulted Receivable” means a Receivable:

- (a) as to which the Obligor thereof has suffered an Insolvency Proceeding;
- (b) which, consistent with the Credit and Collection Policy, should be written off as uncollectible;
- (c) that has been written off the applicable Originator's or the Seller's books as uncollectible; or
- (d) as to which any payment, or part thereof, remains unpaid for 121 days or more from the original due date for such payment.

“Delinquency Ratio” means, as of any Cut-Off Date, a percentage equal to (a) the aggregate Outstanding Balance of all Pool Receivables that were Delinquent Receivables at such time, divided by (b) the aggregate Outstanding Balance of all Pool Receivables at such time.

“Delinquent Receivable” means a Receivable as to which any payment, or part thereof, remains unpaid for 91 days or more from the original due date for such payment.

“Dilution” has the meaning set forth in Section 4.01(d).

“Dilution Horizon Ratio” means, as of any Cut-Off Date, a ratio (expressed as a decimal), computed by dividing (a) the aggregate sales generated by the Originators during the last two (2) months ending on such Cut-Off Date, by (b) the Net Pool Balance as of such Cut-Off Date. Within thirty (30) days of the completion and the receipt by the Administrative Agent of the results of any annual audit or field exam of the Receivables and the servicing and origination practices of the Master Servicer and the Originators, to the extent such audit or exam demonstrates that the actual horizon has been different than that set forth in the numerator of the Dilution Horizon Ratio set forth above, the numerator of the Dilution Horizon Ratio may be adjusted by the Administrative Agent in its reasonable discretion to better reflect the actual horizon determined in such audit or exam upon not less than ten (10) Business Days' notice to the Seller.

“Dilution Ratio” means, as of any Cut-Off Date, a ratio (expressed as a percentage), computed by dividing (a) the total amount of decreases in Outstanding Balances due to (i) prior to the Contractual Dilution Accrual Start Date, Dilution and (ii) on or after the Contractual Dilution Accrual Start Date, Non-Contractual Dilution, in either case, during the Calculation Period ending on such Cut-Off Date, by (b) the aggregate sales generated by the Originators during the Calculation Period ending two (2) months prior to such Cut-Off Date.

“Dilution Reserve” means, for any Calculation Period, the product (expressed as a percentage) of: (a) the sum of (i) the Stress Factor, times the Adjusted Dilution Ratio as of the immediately preceding Cut-Off Date, plus (ii) the Dilution Volatility Component as of the immediately preceding Cut-Off Date, times (b) the Dilution Horizon Ratio as of the immediately preceding Cut-Off Date.

“Dilution Volatility Component” means, at any time, the product (expressed as a percentage) of (i) the difference between (a) the highest three-month rolling average Dilution Ratio over the 12-month period then most recently ended and (b) the Adjusted Dilution Ratio, and (ii) a fraction, the numerator of which is equal to the amount calculated in (i)(a) of this definition and the denominator of which is equal to the amount calculated in (i)(b) of this definition.

“Disqualified Capital Stock” means any Capital Stock which, by its terms (or by the terms of any security or other Capital Stock into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Capital Stock that is not Disqualified Capital Stock and/or cash in lieu of fractional shares), pursuant to a sinking fund obligation or otherwise (except as a result of a change in control or asset sale so long as any right of the holders thereof upon the occurrence of a change in control or asset sale event shall be subject to the occurrence of the Final Payout Date), (b) is redeemable at the option of the holder thereof (other than solely for Capital Stock that is not Disqualified Capital Stock and/or cash in lieu of fractional shares), in whole or in part (except as a result of a change in control or asset sale so long as any right of the holders thereof upon the occurrence of a change in control or asset sale event shall be subject to the occurrence of the Final Payout Date), (c) requires the payment of any cash dividend or any other scheduled cash payment constituting a return of capital or (d) is or becomes convertible into or exchangeable for Debt or any other Capital Stock that would constitute Disqualified Capital Stock, in each case, prior to the date that is ninety-one (91) days after the Scheduled Termination Date; provided that if such Capital Stock is issued to any plan for the benefit of employees of the Parent or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Capital Stock solely because it may be required to be repurchased by the Parent or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

“Dynamic Reserve” means the sum of the Loss Reserve, the Yield Reserve, the Dilution Reserve and the Servicing Reserve.

“Electronic Record” has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

“Electronic Signature” has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

“Eligible Assignee” means (i) any Purchaser or any of its Affiliates, (ii) any Person managed by a Purchaser or any of its Affiliates and (iii) any other financial institution.



“Eligible Receivable” means, at any time of determination, a Pool Receivable:

(a) the Obligor of which (i) is not a Sanctioned Person, (ii) is not an Affiliate of any Wolverine Party, (iii) is domiciled in the United States of America or an Approved Foreign Jurisdiction, (iv) is not a Governmental Authority, (v) is not a natural person and (vi) is not a supplier to any Originator or an Affiliate of any Originator;

(b) which is not (i) a Delinquent Receivable, (ii) a Defaulted Receivable or (iii) owing from an Obligor as to which more than 35% of the aggregate Outstanding Balance of all Billed Receivables owing from such Obligor are either Delinquent Receivables or Defaulted Receivables;

(c) which is due within 150 days of the original invoice date therefor;

(d) which (i) if a U.S. Originator Receivable, is an “account” or a “payment intangible” as defined in section 9-102 of the UCC of all applicable jurisdictions and is not evidenced by “chattel paper”, “promissory notes” or other “instruments” as defined in section 9-102 of the UCC of all applicable jurisdictions, (ii) if a Canadian Originator Receivable, is an “account” as defined in any applicable PPSA, and which is not evidenced by an “instrument” or “chattel paper” as defined in any applicable PPSA, (iii) does not constitute, or arise from the sale of, as-extracted collateral (as defined in the UCC of any applicable jurisdiction), (iv) has not arisen from an agreement regulated by consumer credit legislation of any kind, (v) is not an Unbilled Receivable, (vi) the related goods or merchandise has been delivered and/or services fully performed and (vii) is not payable in installments;

(e) which is denominated and payable only in an Approved Currency;

(f) which is payable to a Lock-Box or Collection Account located in (i) if a U.S. Originator Receivable, the United States and (ii) if a Canadian Originator Receivable, any province or territory of Canada;

(g) which arises under a Contract which, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors’ rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law);

(h) which arises under a Contract that (i) is governed by the law of (A) if a U.S. Originator Receivable, the United States or any State thereof and (B) if a Canadian Originator Receivable, any province or territory of Canada, (ii) contains an obligation to pay a specified sum of money, contingent only upon the sale of goods or the provision of services by the applicable Originator, (iii) remains in full force and effect, (iv) that does not prohibit the transfer, sale or assignment of the related Receivable or any proceeds thereof and (v) that does not require the Obligor thereunder to consent to any transfer, sale or assignment of the related Receivable or any proceeds thereof;

(i) which, together with the Contract related thereto, does not contravene in any material respect any Applicable Law, rule or regulation applicable thereto (including, without limitation, Sanctions, usury laws, the Federal Truth in Lending Act, and Regulation Z, Regulation D and Regulation B of the Federal Reserve Board, and

applicable judgments, decrees, injunctions, writs, orders, or line of action of any court, arbitrator or other administrative, judicial, or quasi-judicial tribunal or agency of competent jurisdiction) and with respect to which no part of the Contract related thereto is in violation of any such law, rule or regulation;

(j) which satisfies in all material respects all applicable requirements of the Credit and Collection Policy;

(k) the Obligor of which does not have any defenses arising out of the failure to effect the sale of such Receivable to the Seller under the local laws applicable to such Obligor or the related Contract;

(l) which was generated in the ordinary course of the applicable Originator's business;

(m) which (i) if a U.S. Originator Receivable, arises solely from the arm's-length sale of goods or the provision of services to the related Obligor by the applicable U.S. Originator, and not by any other Person that is not a U.S. Originator (in whole or in part) and (ii) if a Canadian Originator Receivables, arises solely from the arm's-length sale of goods to the related Obligor by the applicable Canadian Originator, and not by any other Person that is not a Canadian Originator (in whole or in part);

(n) which is not subject to (A) any right of rescission or set-off, or (B) any currently asserted dispute, counterclaim or other defense (including defenses arising out of violation of usury laws) or any other Lien of the applicable Obligor against the applicable Originator (i.e., the Obligor with the right, claim or defense has such right claim or defense directly against the Originator rather than against an Affiliate of such Originator), and the Obligor thereon holds no right as against the applicable Originator to cause such Originator to repurchase the goods or merchandise the sale of which gave rise to such Receivable (except with respect to sale discounts effected pursuant to the Contract, or defective goods returned in accordance with the terms of the Contract); provided, however, that if such rescission, set-off, dispute, counterclaim, defense or repurchase right affects only a portion of the Outstanding Balance of such Receivable, then such Receivable may be deemed an Eligible Receivable to the extent of the portion of such Outstanding Balance which is not so affected (i.e., the amount of the outstanding claim or the amount the Obligor is entitled to set-off against the applicable Originator based on the amount which such Originator owes the applicable Obligor) would be netted against the applicable Receivable, but the excess of the Receivable over such outstanding claim or set-off would be included as an Eligible Receivable);

(o) as to which the applicable Originator has satisfied and fully performed all obligations on its part with respect to such Receivable required to be fulfilled by it, and no further action is required to be performed by any Person with respect thereto other than payment thereon by the applicable Obligor;

(p) as to which all right, title and interest to and in which has been validly transferred by the applicable Originator to Seller pursuant to the applicable Sale Agreement, and Seller has good and marketable title thereto free and clear of any Lien;

(q) is required to be paid directly to a Lock-Box or Collection Account that is subject to a Control Agreement;

- (r) for which no Wolverine Party has established any offset or netting arrangements with the related Obligor in connection with the ordinary course of payment of such Receivable;
- (s) which does not relate to the sale of any consigned goods or finished goods which have incorporated any consigned goods into such finished goods;
- (t) the sale or contribution of which does not trigger any stamp duty or similar transfer taxes;
- (u) the payment on which is not subject to any withholding tax or sales tax;
- (v) which is generated from the sale of footwear and related products; and
- (w) which if a Quebec Receivable and such date of determination is on or after the Post-Closing Date, each of the Quebec Receivable Eligibility Conditions have been fully satisfied.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with any Wolverine Party, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) the existence with respect to any Plan of a non-exempt Prohibited Transaction; (b) any Reportable Event; (c) the failure of any Wolverine Party or ERISA Affiliate to make by its due date a required installment under Section 430(j) of the Code with respect to any Pension Plan or any failure by any Pension Plan to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Pension Plan, whether or not waived; (d) a determination that any Pension Plan is, or is expected to be, in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA); (e) the filing pursuant to Section 412 of the Code or Section 302 of ERISA of an application for a waiver of the minimum funding standard with respect to any Pension Plan; (f) the occurrence of any event or condition which would reasonably be expected to result in the termination of, or the appointment of a trustee to administer, any Pension Plan or the incurrence by any Wolverine Party or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Pension Plan, including but not limited to the imposition of any Lien in favor of the PBGC or any Pension Plan; (g) the receipt by any Wolverine Party or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Pension Plan or to appoint a trustee to administer any Pension Plan under Section 4042 of ERISA; (h) the failure by any Wolverine Party or any of its ERISA Affiliates to make any required contribution to a Multiemployer Plan pursuant to Sections 431 or 432 of the Code; (i) the incurrence by any Wolverine Party or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Pension Plan or Multiemployer Plan; (j) the receipt by any Wolverine Party or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from a Group Member or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, Insolvent, in “endangered” or “critical” status (within the meaning of Section 432 of the Code or Section 305 of ERISA), or terminated (within the meaning of Section 4041A of ERISA); or (k) the failure by any Wolverine Party or any of its ERISA Affiliates to pay when due (after expiration of any applicable grace period) any installment payment with respect to Withdrawal Liability under Section 4201 of ERISA.

“Erroneous Payment” has the meaning assigned thereto in Section 11.10(a).

“Erroneous Payment Deficiency Assignment” has the meaning assigned thereto in Section 11.10(d).

“Erroneous Payment Return Deficiency” has the meaning assigned thereto in Section 11.10(d).

“Event of Termination” has the meaning specified in Section 10.01. For the avoidance of doubt, any Event of Termination that occurs shall be deemed to be continuing at all times thereafter unless and until waived in accordance with Section 14.01.

“Excess Concentration” means, as of any date, the sum of the following amounts, without duplication:

(a) the sum of the amounts calculated for each of the Obligor equal to the excess (if any) of (i) the aggregate Outstanding Balance of the Eligible Receivables of such Obligor, over (ii) the product of (x) such Obligor’s Concentration Percentage, multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool; plus

(b) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables, the Obligor of which is domiciled in any Tier 1 Country or any Tier 2 Country, over (ii) the product of (x) 10.0%, multiplied by (y) the aggregate Outstanding Balance of all Receivables then in the Receivables Pool; plus

(c) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables, the Obligor of which is domiciled in any Tier 3 Country or any Special Country, over (ii) the product of (x) 8.0%, multiplied by (y) the aggregate Outstanding Balance of all Receivables then in the Receivables Pool; plus

(d) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables that constitute Extended Terms Receivable (61-90), over (ii) the product of (x) 35.0%, multiplied by (y) the aggregate Outstanding Balance of all Receivables then in the Receivables Pool; plus

(e) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables that constitute Extended Terms Receivable (91-150), over (ii) the product of (x) 7.5%, multiplied by (y) the aggregate Outstanding Balance of all Receivables then in the Receivables Pool; plus

(f) the sum of the amounts calculated for each group of Country Specific Receivables (other than Canada) equal to the excess (if any) of (i) the aggregate Outstanding Balance of the Eligible Receivables of such group of Country Specific Receivables, over (ii) the product of (x) the applicable Country Specific Individual Percentage for the related Approved Foreign Jurisdiction, multiplied by (y) the aggregate Outstanding Balance of all Receivables then in the Receivables Pool.

“Exchange Act” means the Securities Exchange Act of 1934, as amended or otherwise modified from time to time.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to an Affected Person or required to be withheld or deducted from a payment to an Affected Person: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of such Affected Person being organized under the laws of, or having its principal office or, in the case of any Purchaser, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Purchaser, U.S. federal withholding Taxes imposed on amounts payable to or for the account of a Purchaser with respect to an applicable interest in its Capital or Commitment pursuant to a law in effect on the date on which (i) such Purchaser becomes a Purchaser or (ii) such Purchaser changes its lending office, except in each case to the extent that amounts with respect to such Taxes were payable either to such Purchaser’s assignor immediately before such Purchaser became a party hereto or to such Purchaser immediately before it changed its lending office and (c) any U.S. federal withholding Taxes imposed pursuant to FATCA.

“Extended Terms Receivable (61-90)” means any Receivable which is due more than sixty (60) calendar days but not more than ninety (90) calendar days following the original invoice date therefor.

“Extended Terms Receivable (91-150)” means any Receivable which is due more than ninety (90) calendar days but not more than one hundred fifty (150) calendar days following the original invoice date therefor.

“Facility Account” means the Seller’s account no. 905702756 at JPMorgan Chase Bank, N.A., ABA #021000021, Account Name: Rockford ARS, LLC, or such other account as may be designated by the Seller from time to time in a writing delivered to the Administrative Agent and each Purchaser.

“Facility Limit” means as of any date of determination, the aggregate Commitment of all Purchasers on such date, as reduced from time to time pursuant to Section 2.02(e) or increased pursuant to Section 2.02(g). References to the unused portion of the Facility Limit means, at any time of determination, an amount equal to (x) the Facility Limit at such time, minus (y) the Aggregate Capital at such time.

“Factoring Indebtedness” has the meaning set forth in the Wolverine Credit Agreement as in effect on the Closing Date (without giving effect to any waiver, amendment, restatement, supplement or other modification or termination thereof).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any applicable agreements entered into pursuant to Section 1471(b)(1) of the Code, any applicable intergovernmental agreement entered into between the United States and any other Governmental Authority in connection with the implementation of the foregoing and any fiscal or regulatory legislation, rules or official practices adopted pursuant to any such intergovernmental agreement, or any treaty or convention among Governmental Authorities and implementing the foregoing.

“Federal Funds Rate” means, for any day, the per annum rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor, “H.15(519)”) for such day opposite the caption “Federal Funds (Effective).” If on any relevant day such rate is not yet published in H. 15(519), the rate for such day will be the rate set forth in the daily statistical release designated as the

Composite 3:30 p.m. Quotations for U.S. Government Securities, or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, the “Composite 3:30 p.m. Quotations”) for such day under the caption “Federal Funds Effective Rate.” If on any relevant day the appropriate rate is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, the rate for such day will be the arithmetic mean as determined by the Administrative Agent of the rates for the last transaction in overnight Federal funds arranged before 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent.

“Federal Reserve Bank” means a regional bank of the Federal Reserve System, the central banking system of the U.S., created by the Federal Reserve Act of 1913.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System, or any entity succeeding to any of its principal functions.

“Fee Letter” has the meaning specified in Section 2.03(a).

“Fees” has the meaning specified in Section 2.03(a).

“Final Payout Date” means the date on or after the Termination Date when (i) the Aggregate Capital has been reduced to zero and Aggregate Yield has been paid in full, (ii) all other Seller Obligations have been paid in full, (iii) all other amounts owing to the Purchaser Parties and any other Seller Indemnified Party or Affected Person hereunder and under the other Transaction Documents have been paid in full and (iv) all accrued Servicing Fees have been paid in full.

“Financial Officer” of any Person means, the chief financial officer, principal accounting officer, treasurer or controller of such Person.

“Fiscal Calendar” means, the calendar attached hereto as Schedule VII that reflects the fiscal calendar of Wolverine.

“Foreign Benefit Arrangement” means any employee benefit arrangement mandated by non-US law that is maintained or contributed to by any Wolverine Party.

“Foreign Plan” means each employee benefit plan (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) that is not subject to US law and is maintained or contributed to by any Wolverine Party.

“Foreign Plan Event” means, with respect to any Foreign Benefit Arrangement or Foreign Plan, (a) the failure to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Foreign Benefit Arrangement or Foreign Plan; (b) the failure to register or loss of good standing with applicable regulatory authorities of any such Foreign Benefit Arrangement or Foreign Plan required to be registered; (c) the failure of any Foreign Benefit Arrangement or Foreign Plan to comply with any material provisions of applicable law and regulations or with the material terms of such Foreign Benefit Arrangement or Foreign Plan; or (d) the occurrence of any event or the existence of any circumstance which causes the termination or windup of a Foreign Plan or gives any Governmental Authority the discretion to order the termination or windup of a Foreign Plan.

“Form 8-K” means the periodic report on Form 8-K, required by the SEC, pursuant to the Exchange Act for reporting companies subject thereto.

“Form 10-K” means the annual report on Form 10-K, required by the SEC, pursuant to the Exchange Act for reporting companies thereunder.

“Form 10-Q” means the quarterly report on Form 10-Q, required by the SEC, pursuant to the Exchange Act for reporting companies thereunder.

“GAAP” means generally accepted accounting principles in the United States of America, consistently applied.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“Group A Obligor,” “Group B Obligor,” “Group C Obligor” or “Group D Obligor” shall be determined as of any date with respect any single Obligor (other than a Special Obligor) and its Affiliates (if any) based on the short term unsecured debt ratings currently assigned to them by S&P and Moody’s (or in the absence thereof, the equivalent long term unsecured senior debt ratings) and the table set forth in the definition of “Concentration Percentage”.

“Group E Obligor” means any Obligor that is not a Group A Obligor, Group B Obligor, Group C Obligor or Group D Obligor; provided, that any Obligor (or its parent or majority owner, as applicable, if such Obligor is unrated) that is not rated by both Moody’s and S&P shall be a Group E Obligor.

“GST/HST” means any goods and services tax/harmonized sales tax imposed under the *Excise Tax Act* (Canada).

“Guarantee Obligation” means as to any Person (the “guaranteeing person”), any obligation, including a reimbursement, counterindemnity or similar obligation, of the guaranteeing Person that guarantees or in effect guarantees, or which is given to induce the creation of a separate obligation by another Person (including any bank under any letter of credit) that guarantees or in effect guarantees, any Debt, leases, dividends or other obligations (the “primary obligations”) of any other third Person (the “primary obligor”) in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the

lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Master Servicer in good faith.

“Guaranteed Obligations” has the meaning set forth in Section 3.01.

“Guaranty” means, with respect to any Person, any obligation of such Person guarantying or in effect guarantying any Debt, liability or obligation of any other Person in any manner, whether directly or indirectly, including any such liability arising by virtue of partnership agreements, including any agreement to indemnify or hold harmless any other Person, any performance bond or other suretyship arrangement and any other form of assurance against loss, except endorsement of negotiable or other instruments for deposit or collection in the ordinary course of business.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Seller or any of its Affiliates under any Transaction Document and (b) to the extent not otherwise described in clause (a) above, Other Taxes.

“Independent Manager” has the meaning set forth in Section 8.03(c).

“Initial Schedule of Sold Receivables” means the list identifying all Sold Receivables as of the Closing Date, which list is attached as Schedule IV hereto.

“Insolvency Proceeding” means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors or (b) any general assignment for the benefit of creditors of a Person, composition or readjustment of debts, appointment of a receiver, trustee (other than a trustee under a deed of trust, indenture or similar instrument), custodian, sequestrator (or other similar official) for such Person or the creditors of such Person, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, in each of clauses (a) and (b) undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

“Insolvent” means with respect to any Multiemployer Plan, the condition that such plan is insolvent within the meaning of Section 4245 of ERISA.

“Intended Tax Treatment” has the meaning set forth in Section 14.14.

“Investment” means any payment of Capital to the Seller by a Purchaser pursuant to Section 2.01(a) or 2.02.

“Investment Company Act” means the Investment Company Act of 1940, as amended or otherwise modified from time to time.

“Investment Request” means a letter in substantially the form of Exhibit A hereto executed and delivered by the Seller to the Administrative Agent and the Purchasers pursuant to Section 2.02(a).

“IRS” means the United States Internal Revenue Service.



“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, security interest, encumbrance, lien (statutory or otherwise), preference, priority or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the UCC as adopted and in effect in the relevant jurisdiction or other similar recording or notice statute, and any lease in the nature thereof).

“Limited Liability Company Agreement” means the Seller’s Amended and Restated Limited Liability Company Agreement, dated as of the Closing Date.

“Lock-Box” means each Canadian Lock-Box and each U.S. Lock-Box.

“Loss Reserve” means, for any Calculation Period, the product (expressed as a percentage) of (a) the Stress Factor, *times* (b) the highest three-month rolling average Default Ratio during the 12 Calculation Periods ending on the immediately preceding Cut-Off Date, *times* (c) the Default Horizon Ratio as of the immediately preceding Cut-Off Date.

“Majority Purchasers” means one or more Purchasers which, taken together, represent more than 50% of the aggregate Commitments of all Purchasers (or, if the Commitments have been terminated, Purchasers representing 100% of the aggregate outstanding Capital held by all the Purchasers); *provided, however*, that in no event shall the Majority Purchasers include fewer than two (2) Purchasers at any time when there are two (2) or more Purchasers.

“Margin Stock” as defined in Regulation U of the Board of Governors as in effect from time to time.

“Master Servicer” has the meaning set forth in the preamble to this Agreement.

“Master Servicer Indemnified Amounts” has the meaning set forth in Section 13.02(a).

“Master Servicer Indemnified Party” has the meaning set forth in Section 13.02(a).

“Material Adverse Effect” means relative to any Person (*provided* that if no particular Person is specified, “Material Adverse Effect” shall be deemed to be relative to the Seller, the Master Servicer, the Performance Guarantor and the Originators, individually and in the aggregate) with respect to any event or circumstance, a material adverse effect on any of the following:

(a) the assets, operations, business or financial condition of the Seller, the Master Servicer, the Performance Guarantor or any Originator;

(b) the ability of the Seller, the Master Servicer, the Performance Guarantor or any Originator to perform its obligations under this Agreement or any other Transaction Document to which it is a party;

(c) the validity or enforceability of this Agreement or any other Transaction Document, or the validity, enforceability, value or collectibility of any material portion of the Pool Receivables;

(d) the status, perfection, enforceability or priority of the Administrative Agent’s ownership or security interest in the Sold Assets or Seller Collateral; or

(e) the rights and remedies of any Purchaser Party under the Transaction Documents or associated with its respective interest in the Sold Assets or the Seller Collateral.

“Monthly Report” means a report, in substantially the form of Exhibit G.

“Monthly Settlement Date” means (i) initially, January 23, 2023 and (ii) thereafter, the 22<sup>nd</sup> day of each calendar month (or if such day is not a Business Day, the next occurring Business Day).

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto that is a nationally recognized statistical rating organization.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Net Pool Balance” means, at any time, (a) the aggregate Outstanding Balance of all Eligible Receivables at such time in the Receivables Pool, minus (b) the Excess Concentration at such time, minus (c) on or after the Contractual Dilution Accrual Start Date, the Contractual Dilution Accrual at such time.

“Non-Contractual Dilution” means all Dilution other than Contractual Dilution.

“Non-Rated Obligor” means any Obligor rated below A-3 or P-3 by S&P or Moody’s, respectively, or which is not rated by either S&P or Moody’s.

“Notice of Exclusive Control” means, with respect to a Control Agreement, a notice given by the Administrative Agent to the related Collection Account Bank in substantially the form prescribed by or attached to such Control Agreement pursuant to which the Administrative Agent exercises its exclusive right to direct the disposition of funds on deposit in the applicable Collection Account(s) in accordance with such Control Agreement.

“Obligor” means with respect to any Receivable, the Person obligated to make payments pursuant to the Contract relating to such Receivable.

“Obligor Percentage” means, at any time of determination, for each Obligor, a fraction, expressed as a percentage, (a) the numerator of which is the aggregate Outstanding Balance of the Eligible Receivables of such Obligor and its Affiliates and (b) the denominator of which is the aggregate Outstanding Balance of all Eligible Receivables at such time.

“OFAC” means the U.S. Department of Treasury’s Office of Foreign Assets Control.

“Originator” means each Canadian Originator and each U.S. Originator.

“Other Connection Taxes” means, with respect to any Affected Person, Taxes imposed as a result of a present or former connection between such Affected Person and the jurisdiction imposing such Tax (other than connections arising from such Affected Person having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Transaction Document, or sold or assigned an interest in any Capital or Transaction Document).

“Other Taxes” means any and all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes or any other excise or property Taxes, charges or similar levies or fees arising from any payment made hereunder or from the execution, delivery, performance, registration, filing, recording or enforcement of, from the receipt or perfection of a security interest under, or otherwise in respect of, this Agreement, the other Transaction Documents and the other documents or agreements to be delivered hereunder or thereunder.

“Outstanding Balance” means, at any time of determination, with respect to any Receivable, the then outstanding principal balance thereof.

“Parent” means Wolverine.

“Parent Group” has the meaning set forth in Section 8.03(c).

“Participant” has the meaning set forth in Section 14.03(d).

“Participant Register” has the meaning set forth in Section 14.03(e).

“PATRIOT Act” has the meaning set forth in Section 14.15.

“PBGC” means the Pension Benefit Guaranty Corporation established pursuant to ERISA and any successor entity performing similar functions.

“Pension Plan” means any Plan subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA.

“Percentage” means, at any time of determination, with respect to any Purchaser, a fraction (expressed as a percentage), (a) the numerator of which is (i) prior to the termination of all Commitments hereunder, its Commitment at such time or (ii) if all Commitments hereunder have been terminated, the aggregate outstanding Capital of such Purchasers at such time and (b) the denominator of which is (i) prior to the termination of all Commitments hereunder, the aggregate Commitments of all Purchasers at such time or (ii) if all Commitments hereunder have been terminated, the Aggregate Capital at such time.

“Performance Guarantee” means the Performance Guaranty, dated as of the Closing Date, by the Performance Guarantor in favor of the Administrative Agent for the benefit of the Secured Parties.

“Performance Guarantor” means Parent.

“Permitted Discretion” means a determination made by Administrative Agent or any Purchaser in good faith and in the exercise of reasonable (from the perspective of an institutional investor in accounts) business judgment exercised in accordance with the Administrative Agent’s or such Purchaser’s generally applicable policies for the purchase or financing of accounts.

“Person” means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or any Governmental Authority.

“Plan” means any employee benefit plan as defined in Section 3(3) of ERISA, including any employee welfare benefit plan (as defined in Section 3(1) of ERISA), any employee pension benefit plan (as defined in Section 3(2) of ERISA but excluding any Multiemployer Plan), and any plan which is both an employee welfare benefit plan and an employee pension benefit plan,

and in respect of which any Wolverine Party or any ERISA Affiliate is (or, if such Plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in section 3(5) of ERISA.

“Pool Receivable” means a Receivable in the Receivables Pool. For the avoidance of doubt, the Pool Receivables shall include both Sold Receivables and Unsold Receivables.

“Portion of Capital” means, with respect to any Purchaser and its related Capital, the portion of such Capital being funded or maintained by such Purchaser by reference to a particular interest rate basis.

“Post-Closing Canada Conditions” means each of the conditions set forth in Section 14.21(a).

“Post-Closing Canada Date” means December 30, 2022.

“Post-Closing Date” means the date that is sixty (60) days following the Closing Date.

“Post-Closing U.S. Conditions” means each of the conditions set forth in Section 14.21(b).

“PPSA” means the Personal Property Security Act (Ontario) as in effect from time to time and the similar legislation in force in the other provinces and territories of Canada, as the context dictates, including in the Province of Quebec, the Civil Code of Quebec as in effect from time to time.

“Prime Rate” means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Purchase and Sale Termination Event” has the meaning set forth in the applicable Sale Agreement.

“Purchaser Party” means each Purchaser and the Administrative Agent.

“Purchasers” means Wells and each other Person that is or becomes a party to this Agreement in the capacity of a “Purchaser”.

“Purchaser’s Account” means, with respect to any Purchaser, the applicable account set forth on Schedule V hereto or such other account from time to time designated in writing by such Purchaser to the Seller and the Administrative Agent for purposes of receiving payments to or for the account of such Purchaser hereunder.

“Quebec Assignment” means each assignment agreement (if any) entered into in connection with the Quebec Receivable Eligibility Conditions.

“Quebec Receivable” means a Receivable (i) owed by an Obligor (other than a guarantor) who is domiciled (within the meaning of the Civil Code of Quebec) in the Province of Quebec or whose address (as indicated in the related contract or invoice evidencing the Receivable) is located in the Province of Quebec, or (ii) in respect of which the related Contract (including any invoice) provides that payments are to be made to an address or a bank account located or maintained in the Province of Quebec or (iii) in respect of which the related Contract governing

the Receivable contains a stipulation to the effect that such contract is governed by the laws of the Province of Quebec.

“Quebec Receivable Eligibility Conditions” means, as of any date of determination, the receipt by the Administrative Agent of each of the following items (in form and substance reasonably satisfactory to the Administrative Agent): (i) an executed Quebec assignment agreement between the Canadian Originator, as seller, and the Seller, as purchaser; (ii) an executed Quebec assignment agreement between the Seller, as seller, and the Administrative Agent, as agent for the Purchasers, as purchasers; (iii) evidence of the registration of each such Quebec assignment agreement with the Register of Personal and Movable Real Rights (Quebec); (iv) a favorable legal opinion from Quebec counsel to the Canadian Originator and the Seller confirming that, among other things, the Quebec Receivables assigned under the terms of each such Quebec assignment agreement constitute a universality of claims for the purposes of the Civil Code of Quebec and that all such registrations have been duly effected and are sufficient to render such Quebec assignment agreements opposable against third persons; (v) all releases, estoppels and no-interest letters from any Person who has made a registration with the Register of Personal and Movable Real Rights (Quebec) that covers or purports to cover the Quebec Receivables which are to be sold by the Canadian Originator to the Seller; and (vi) a subordinated note made by the Seller in favour of the Canadian Originator as partial consideration for the Quebec Receivables, in each case in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion.

“Receivable” means any right to payment of a monetary obligation, whether or not earned by performance, owed to any Originator or the Seller (as assignee of an Originator), whether constituting an account, chattel paper, payment intangible, instrument or general intangible, in each instance arising in connection with the sale of goods that have been or are to be sold or for services rendered or to be rendered, and includes, without limitation, the obligation to pay any service charges, finance charges, interest, fees and other charges with respect thereto. Any such right to payment arising from any one transaction, including, without limitation, any such right to payment represented by an individual invoice or agreement, shall constitute a Receivable separate from a Receivable consisting of any such right to payment arising from any other transaction.

“Receivables Pool” means, at any time of determination, all of the then outstanding Receivables (including both Sold Receivables and Unsold Receivables) transferred (or purported to be transferred) to the Seller pursuant to the Sale Agreements.

“Receivables Transaction Attributed Indebtedness” has the meaning set forth in the Wolverine Credit Agreement as in effect on the Closing Date (without giving effect to any waiver, amendment, restatement, supplement or other modification or termination thereof).

“Records” means, with respect to any Receivable, all Contracts and other documents, books, records and other information (including, without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) relating to such Receivable, any Related Security therefor and the related Obligor.

“Register” has the meaning set forth in Section 14.03(b).

“Related Rights” has the meaning set forth in Section 1.1 of the applicable Sale Agreement, together with the benefit of all representations, warranties, indemnities and other covenants made under such Sale Agreement by any party thereto with respect to the applicable Receivables.

“Related Security” means, with respect to any Receivable:

- (a) all right, title and interest (if any) in the goods, the sale of which gave rise to such Receivable, and any and all insurance contracts with respect thereto;
- (b) all other Security Interests or Liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all UCC and PPSA financing statements and security agreements describing any collateral securing such Receivable;
- (c) all guaranties, letters of credit, insurance and other supporting obligations, agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise;
- (d) all service contracts and other contracts and agreements associated with such Receivable;
- (e) all Records related to such Receivable;
- (f) all of the applicable Originator’s and the Seller’s right, title and interest in each Lock-Box and each Collection Account;
- (g) all of Seller’s rights and remedies under the Performance Guarantee and the applicable Sale Agreement; and
- (h) all Collections and other proceeds (as defined in the applicable UCC or PPSA) of any of the foregoing.

“Release” has the meaning set forth in Section 4.01(a).

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA or the regulations issued thereunder, with respect to a Pension Plan, other than those events as to which notice is waived.

“Representatives” has the meaning set forth in Section 14.06(c).

“Required Capital Amount” means \$25,000,000.

“Required Reserve” means, on any day during a month, the sum of (I) the product of (a) the greater of (i) the Reserve Floor and (ii) the Dynamic Reserve, times (b) the Net Pool Balance as of the Cut-Off Date immediately preceding such month, plus (II) the Currency Reserve Amount.

“Reserve Floor” means, for any Calculation Period, the sum (expressed as a percentage) of (i) the product of the Adjusted Dilution Ratio and the Dilution Horizon Ratio, plus (ii) the Yield Reserve, plus (iii) the Servicing Reserve, plus (iv) the Concentration Coverage Percentage, in each case, as of the immediately preceding Cut-Off Date.

“Restricted Payments” has the meaning set forth in Section 8.01(r).

“Returned Goods” means all right, title and interest in and to returned, repossessed or foreclosed goods and/or merchandise the sale of which gave rise to a Receivable; provided that such goods shall no longer constitute Returned Goods after a Deemed Collection has been deposited in a Collection Account with respect to the full Outstanding Balance of the related Receivables.

“S&P” means Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business, and any successor thereto that is a nationally recognized statistical rating organization.

“Sale Agreements” means the Canadian Sale Agreement and the U.S. Sale Agreement.

“Sale Date” means each of the following: (a) the Closing Date, (b) the last day of each Calculation Period to the extent that an Investment occurred during such Calculation Period, (c) the last day of each fiscal quarter of the Seller and (d) each other day (if any) designated as a “Sale Date” by the Seller in its discretion by prior written notice thereof to the Administrative Agent and each Purchaser; provided, however, that no Sale Date shall occur on or after the Termination Date.

“Sanctioned Country” means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (including, without limitation, at the time of this agreement, the Crimea Region of Ukraine, the so-called Donetsk People’s Republic or Luhansk People’s Republic regions of Ukraine, Russia, Cuba, Iran, North Korea and Syria).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC (including OFAC’s Specially Designated Nationals and Blocked Persons List and OFAC’s Consolidated Non-SDN List), the U.S. Department of State, the United Nations Security Council, the European Union, any European member state, Her Majesty’s Treasury, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any such Person or Persons described in clauses (a) and (b), including a Person that is deemed by OFAC to be a Sanctions target based on the ownership of such legal entity by Sanctioned Person(s) or (d) any Person otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

“Sanctions” means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws, including but not limited to those imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC or the U.S. Department of State), the United Nations Security Council, the European Union, any European member state, Her Majesty’s Treasury, the Government of Canada or other relevant sanctions authority in any jurisdiction in which (a) any Wolverine Party or any of its Subsidiaries or Affiliates is located or conducts business, (b) in which any of the proceeds of the Investments will be used, or (c) from which repayment of the Seller Obligations will be derived.

“Scheduled Termination Date” means December 5, 2025.

“SEC” means the U.S. Securities and Exchange Commission or any governmental agencies substituted therefor.

“Secured Parties” means each Purchaser Party, each Seller Indemnified Party and each Affected Person.

“Securities Act” means the Securities Act of 1933, as amended or otherwise modified from time to time.

“Security Interest” has the meaning ascribed thereto in Article 9 of the UCC.

“Seller” has the meaning specified in the preamble to this Agreement.

“Seller Collateral” has the meaning set forth in Section 3.09(a).

“Seller Guaranty” has the meaning set forth in Section 3.01.

“Seller Indemnified Amounts” has the meaning set forth in Section 13.01(a).

“Seller Indemnified Party” has the meaning set forth in Section 13.01(a).

“Seller Obligation Final Due Date” means the date that is the earlier of (i) one hundred and fifty (150) days following the Scheduled Termination Date and (ii) one hundred and fifty (150) days following the date on which the “Termination Date” is declared or deemed to have occurred under Section 10.01.

“Seller Obligations” means all present and future indebtedness, reimbursement obligations, and other liabilities and obligations (howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or due or to become due) of the Seller to any Purchaser Party, Seller Indemnified Party and/or any Affected Person, arising under or in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, and shall include, without limitation, all obligations of the Seller in respect of the Seller Guaranty and the payment of all Capital, Yield, Fees and other amounts due or to become due under the Transaction Documents (whether in respect of fees, costs, expenses, indemnifications or otherwise), including, without limitation, interest, fees and other obligations that accrue after the commencement of any Insolvency Proceeding with respect to the Seller (in each case whether or not allowed as a claim in such proceeding).

“Seller’s Net Worth” means, at any time of determination, an amount equal to (i) the Outstanding Balance of all Pool Receivables at such time, minus (ii) the sum of (A) the Aggregate Capital at such time, plus (B) the Aggregate Yield at such time, plus (C) the aggregate accrued and unpaid Fees at such time, plus (D) the aggregate outstanding principal balance of all Subordinated Notes at such time, plus (E) the aggregate accrued and unpaid interest on all Subordinated Notes at such time, plus (F) without duplication, the aggregate accrued and unpaid other Seller Obligations at such time.

“Servicing Fee” means the fee referred to in Section 9.06(a) of this Agreement.

“Servicing Fee Rate” means the rate referred to in Section 9.06(a) of this Agreement.

“Servicing Reserve” means, the product (expressed as a percentage) of (a) 1.0%, times (b) a fraction, the numerator of which is the highest Days Sales Outstanding for the most recent 12 months and the denominator of which is 360.

“Settlement Date” means with respect to any Portion of Capital for any Yield Period or any Yield or Fees, (i) so long as no Event of Termination has occurred and is continuing and the Termination Date has not occurred, the Monthly Settlement Date and (ii) on and after the Termination Date or if an Event of Termination has occurred and is continuing, each day selected from time to time by the Administrative Agent (with the consent or at the direction of



the Majority Purchasers) (it being understood that the Administrative Agent (with the consent or at the direction of the Majority Purchasers) may select such Settlement Date to occur as frequently as daily), or, in the absence of such selection, the Monthly Settlement Date.

“Sold Assets” has the meaning set forth in Section 2.01(b).

“Sold Receivables” means, collectively, (i) the Pool Receivables specified as “Sold Receivables” on the Initial Schedule of Sold Receivables, (ii) all additional Pool Receivables specified as “Sold Receivables” on each Monthly Report delivered hereunder and (iii) all additional Pool Receivables designated as “Sold Receivables” and transferred by the Seller pursuant to Section 2.01(b) in connection with a Release as contemplated by the first paragraph in Section 4.01(a).

“Solvent” means, with respect to any Person and as of any particular date, (i) the present fair market value (or present fair saleable value) of the assets of such Person is not less than the total amount required to pay the probable liabilities of such Person on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured, (ii) such Person is able to pay its debts and other liabilities as they become due, (iii) such Person is not incurring debts or liabilities beyond its ability to pay such debts and liabilities as they mature and (iv) such Person is not engaged in any business or transaction, and is not about to engage in any business or transaction, for which its property would constitute unreasonably small capital in light of the contemplated business operations of such Person and after giving due consideration to the prevailing practice in the industry in which such Person is engaged.

“Special Country” means a country listed on Schedule VI hereto as Special but only so long as (i) at least one of its transfer and convertibility assessment by S&P, foreign currency deposit ceiling by Moody’s and country ceiling by Fitch is at least “BBB-” (or the equivalent) and (ii) it is an OECD Country;

*provided, however*, that any Special Country may be cancelled by the Administrative Agent or any Purchaser in its sole discretion upon not less than ten (10) days’ written notice to the Seller and the Administrative Agent and upon such cancellation such country shall cease to be a Special Country.

“Special Obligor” has the meaning set forth in the Fee Letter.

“Spot Rate” means, on any day, (i) for the purpose of exchanging U.S. Dollars to Alternative Currency or Alternative Currency to U.S. Dollars in connection with applying funds to pay amounts owing hereunder or under the Transaction Documents in accordance with this Agreement, the actual rate used by the Administrative Agent’s principal foreign exchange trading office for the purchase by the Administrative Agent of the applicable currency with the other currency through its principal foreign exchange trading office, and (ii) for the purpose of making any calculation hereunder that does not require the actual exchange of U.S. Dollars for Alternative Currency or Alternative Currency for U.S. Dollars to make a payment of amounts owing hereunder or under the Transaction Documents or, (a) with respect to the determination of the U.S. Dollar Equivalent of any amount denominated in Alternative Currency, the exchange rate at which such Alternative Currency may be exchanged into Dollars as set forth at approximately 11:00 a.m. New York City time, on such day as published on the Bloomberg Key Cross-Currency Rates Page for such Alternative Currency and (b) with respect to the determination of the Alternative Currency equivalent of any amount denominated in U.S. Dollars, the exchange rate at which U.S. Dollars may be exchanged into Alternative Currency as set forth at approximately 11:00 a.m. New York City time, on such day as published on the Bloomberg Key Cross-Currency Rates Page for U.S. Dollars. In the event that such rate does not

appear on any Bloomberg Key Cross Currency Rates Page, the Spot Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be selected by the Administrative Agent or, in the absence of such an agreement, such Spot Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about 11:00 a.m. New York City time, on such date for the purchase of U.S. Dollars with the applicable Alternative Currency for delivery two (2) Business Days later; provided that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent may use any reasonable method it deems appropriate to determine such rate, and such determination shall be conclusive absent manifest error.

“Stress Factor” means 2.00.

“Sub-Servicer” has the meaning set forth in Section 9.01(d).

“Subordinated Note” has the meaning set forth in the applicable Sale Agreement.

“Subsidiary” means, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock of each class or other interests having ordinary voting power (other than stock or other interests having such power only by reason of the happening of a contingency) to elect a majority of the Board of Directors or other managers of such entity are at the time owned, or management of which is otherwise controlled: (a) by such Person, (b) by one or more Subsidiaries of such Person or (c) by such Person and one or more Subsidiaries of such Person.

“Tax” and “Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority and all interest, penalties, additions to tax and any similar liabilities with respect thereto.

“Termination Date” means the earliest to occur of (a) the Scheduled Termination Date, (b) the date on which the “Termination Date” is declared or deemed to have occurred under Section 10.01 and (c) the date selected by the Seller on which all Commitments have been reduced to zero pursuant to Section 2.02(e).

“Tier 1 Country” means a country listed on Schedule VI hereto as Tier 1 but only so long as (i) at least one of its transfer and convertibility assessment by S&P, foreign currency deposit ceiling by Moody’s and country ceiling by Fitch is at least “BBB-” (or the equivalent), (ii) it is an OECD Country and (iii) no Purchaser has determined, in its Permitted Discretion, that such country shall no longer constitute a “Tier 1 Country” and has provided the Master Servicer at least ten (10) days’ notice thereof.

“Tier 2 Country” means a country listed on Schedule VI hereto as Tier 2 (and any other country (if any) listed on Schedule VI hereto as Tier 1 but for which any Purchaser has determined, in its Permitted Discretion, that such country shall be a “Tier 2 Country” and has provided at least ten (10) days’ notice thereof to the Master Servicer) but only so long as (i) at least one of its transfer and convertibility assessment by S&P, foreign currency deposit ceiling by Moody’s and country ceiling by Fitch is at least “BBB-” (or the equivalent), (ii) it is an OECD Country and (iii) no Purchaser has determined, in its Permitted Discretion, that such country shall no longer constitute a “Tier 2 Country” and has provided the Master Servicer at least ten (10) days’ notice thereof.

“Tier 3 Country” means a country listed on Schedule VI hereto as Tier 3 (and any other country (if any) listed on Schedule VI hereto as Tier 1 or Tier 2 but for which any Purchaser has determined, in its Permitted Discretion, that such country shall be a “Tier 3 Country” and has provided at least ten (10) days’ notice thereof to the Master Servicer) (or at any time that Chile ceases to be a Special Country, Chile) but only so long as (i) at least one of its transfer and convertibility assessment by S&P, foreign currency deposit ceiling by Moody’s and country ceiling by Fitch is at least “BBB-” (or the equivalent), (ii) it is an OECD Country and (iii) no Purchaser has determined, in its Permitted Discretion, that such country shall no longer constitute a “Tier 2 Country” and has provided the Master Servicer at least ten (10) days’ notice thereof.

“Top Four Group E Obligors” means, at any time of determination, the four largest Group E Obligors by Outstanding Balance of Eligible Receivables at such time.

“Transaction Documents” means this Agreement, each Sale Agreement, the Control Agreements, the Fee Letter, each Subordinated Note, each Quebec Assignment, the Performance Guarantee, and all other certificates, instruments, UCC financing statements, PPSA financing statements, reports, notices, agreements and documents executed or delivered under or in connection with this Agreement.

“UCC” means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction.

“Unbilled Receivable” means, at any time, any Receivable as to which the invoice or bill with respect thereto has not yet been sent to the Obligor thereof.

“Unmatured Event of Termination” means an event that but for notice or lapse of time or both would constitute an Event of Termination.

“Unsold Receivables” means, at any time, all Pool Receivables that are not then Sold Receivables.

“U.S.” means the United States of America.

“U.S. Collection Account” means each account listed on Schedule II hereto (in each case, in the name of the Seller) and maintained at a bank or other financial institution acting as a U.S. Collection Account Bank pursuant to a U.S. Control Agreement for the purpose of receiving Collections.

“U.S. Collection Account Bank” means, at any time, any bank at which a U.S. Collection Account or U.S. Lock-Box is maintained.

“U.S. Control Agreement” means an agreement, in form reasonably acceptable to the Administrative Agent, in which a U.S. Collection Account Bank agrees to take instructions from the Administrative Agent, either directly or as assignee of Seller, with respect to the disposition of funds in a U.S. Collection Account without further consent of any applicable Wolverine Party.

“U.S. Dollar Equivalent” means, on any date on which a determination thereof is to be made, with respect to (a) any amount denominated in U.S. Dollars, such amount and (b) any amount denominated in an Alternative Currency, the U.S. Dollar equivalent of such amount of such Alternative Currency determined by reference to the Spot Rate determined as of such determination date.

“U.S. Dollars” and “\$” each mean the lawful currency of the United States of America.

“U.S. Government Securities Business Day” shall mean any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“U.S. Lock-Box” means each locked postal box with respect to which a U.S. Collection Account Bank has executed a U.S. Control Agreement pursuant to which it has been granted exclusive access for the purpose of retrieving and processing payments made on the Receivables and which is listed on Schedule II.

“U.S. Originator” means each Person that is a party to the U.S. Sale Agreement as an “Originator” thereunder.

“U.S. Originator Receivable” means each Receivable originated by a U.S. Originator.

“U.S. Person” means a United States person (within the meaning of Section 7701(a)(30) of the Code).

“U.S. Sale Agreement” means that certain U.S. Receivables Sale Agreement, dated as of the Closing Date, by and among the U.S. Originators, the Master Servicer and the Seller.

“U.S. Tax Compliance Certificate” has the meaning set forth in Section 5.03(f)(ii)(B)(3).

“Volcker Rule” means Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder.

“Weekly Report” means a report, in substantially the form of Exhibit J.

“Weighted Average Payment Term Adjuster” means, at any time, the ratio computed by dividing (a) the Calculated Weighted Average Payment Terms at such time minus 30, by (b) 30.

“Wells” has the meaning set forth in the preamble to this Agreement.

“Withdrawal Liability” means any liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Title IV of ERISA.

“Withholding Agent” means the Seller, Master Servicer, Performance Guarantor and Administrative Agent.

“Wolverine” has the meaning set forth in the preamble to this Agreement.

“Wolverine Credit Agreement” means that certain Credit Agreement, dated as of July 31, 2012, as amended and restated as of October 10, 2013, as further amended and restated as of July 13, 2015, as further amended as of September 15, 2016, as further amended and restated as of December 6, 2018, as further amended on May 5, 2020 and as further amended and restated on October 31, 2021, among Wolverine, as parent borrower, the additional borrowers party thereto, the several lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties party thereto, as such agreement may be amended, modified, supplemented or restated in accordance with its terms.

“Wolverine Credit Agreement Financial Covenants” means the financial covenants set forth in Sections 7.1(a) and 7.1(b) of the Wolverine Credit Agreement as in effect on the Closing Date and without giving effect to any amendment, restatement, supplement, modification, waiver or termination thereof (unless otherwise agreed to in writing by the Administrative Agent and each Purchaser in its sole discretion).

“Wolverine Outdoors” means Wolverine Outdoors, Inc., a Michigan corporation.

“Wolverine Party” means the Seller, the Master Servicer, each Sub-Servicer, each Originator, Wolverine, Wolverine Outdoors, Parent and the Performance Guarantor.

“Yield” means an amount payable to each Purchaser in respect of its Capital accruing on each day when such Purchaser has Capital outstanding, which amount for any Purchaser’s Capital (or portion thereof) for any day during any Yield Period (or portion thereof) is the amount accrued on such Capital (or portion thereof) during such Yield Period (or portion thereof) in accordance with Section 2.03(b).

“Yield and Fee Payment Date” means the 5<sup>th</sup> day of each calendar month (or if such day is not a Business Day, the next occurring Business Day).

“Yield Period” means, with respect to any Purchaser’s Capital (or any portion thereof), (a) before the Termination Date: (i) initially, the period commencing on the date of the Investment pursuant to which such Capital (or portion thereof) is funded by a Purchaser to the Seller pursuant to Section 2.01 (or in the case of any fees payable hereunder, commencing on the Closing Date) and ending on (but not including) the last day of the applicable calendar month and (ii) thereafter, each calendar month and (b) on and after the Termination Date, such period (including a period of one day) as shall be selected from time to time by the Administrative Agent (with the consent or at the direction of the Majority Purchasers) or, in the absence of any such selection, each calendar month.

“Yield Rate” means, for any day in any Yield Period for any Purchaser’s Capital (or any portion thereof), the sum of Adjusted Daily One Month Term SOFR plus the Applicable Margin; provided, that the “Yield Rate” for any Purchaser’s Capital (or any portion thereof) on any day while an Event of Termination has occurred and is continuing shall be a rate per annum equal to the sum of 2.00% per annum plus the greater of (i) the applicable “Yield Rate” for such Purchaser’s Capital as set forth above and (ii) the sum of the Alternative Base Rate in effect on such day plus the Applicable Margin; provided, further, that no provision of this Agreement shall require the payment or permit the collection of Yield in excess of the maximum permitted by Applicable Law; provided, further, that Yield for any Capital (or such portion thereof) shall not be considered paid by any distribution to the extent that at any time all or a portion of such distribution is rescinded or must otherwise be returned for any reason.

“Yield Reserve” means, for any Calculation Period, the product (expressed as a percentage) of (i) 1.50, times (ii) the Alternative Base Rate as of the immediately preceding Cut-Off Date, times (iii) a fraction, the numerator of which is the highest Days Sales Outstanding for the most recent 12 Calculation Periods and the denominator of which is 360.

SECTION 1.01. Other Interpretative Matters. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York and not specifically defined herein, are used herein as defined in such Article 9. Unless otherwise expressly indicated, all references herein to “Article,” “Section,” “Schedule,” “Exhibit” or “Annex” means articles and sections of, and schedules, exhibits and annexes to, this Agreement. For purposes of this Agreement, the other

Transaction Documents and all such certificates and other documents, unless the context otherwise requires: (a) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (b) the words “hereof,” “herein” and “hereunder” and words of similar import refer to such agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of such agreement (or such certificate or document); (c) references to any Article, Section, Schedule, Exhibit or Annex are references to Articles, Sections, Schedules, Exhibits and Annexes in or to such agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (d) the term “including” means “including without limitation”; (e) references to any Applicable Law refer to that Applicable Law as amended from time to time and include any successor Applicable Law; (f) references to any agreement refer to that agreement as from time to time amended, restated or supplemented or as the terms of such agreement are waived or modified in accordance with its terms; (g) references to any Person include that Person’s permitted successors and assigns; (h) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof; (i) unless otherwise provided, in the calculation of time from a specified date to a later specified date, the term “from” means “from and including”, and the terms “to” and “until” each means “to but excluding”; (j) terms in one gender include the parallel terms in the neuter and opposite gender; (k) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (l) the term “or” is not exclusive and (m) on any day when any computation or calculation hereunder requires the aggregation of amounts denominated in more than one currency, all amounts that are denominated in an Alternative Currency shall be deemed to be the U.S. Dollar Equivalent thereof on such day for purposes of such computation or calculation.

## ARTICLE II

### TERMS OF THE PURCHASES AND INVESTMENTS

#### SECTION 1.01. Purchase Facility.

(a) Investments. Upon a request by the Seller pursuant to Section 2.02, and on the terms and subject to the conditions hereinafter set forth, the Purchasers shall, ratably in accordance with their respective Commitments, severally and not jointly, make payments of Capital to the Seller from time to time during the period from the Closing Date to (but excluding) the Termination Date. Each such payment of Capital by a Purchaser to the Seller shall constitute an Investment hereunder for all purposes. Under no circumstances shall any Purchaser be obligated to make any Investment if, after giving effect thereto:

- (i) the Aggregate Capital would exceed the Facility Limit at such time;
- (ii) the aggregate outstanding Capital of such Purchaser would exceed its Commitment; or
- (iii) the Aggregate Capital would exceed the Capital Coverage Amount at such time.

(b) Sale of Receivables and Other Sold Assets. In consideration of the Purchasers’ respective agreements to make Investments in accordance with the terms hereof, the Seller, on each Sale Date, hereby sells, assigns and transfers to the Administrative Agent (for the ratable benefit of the Purchasers according to their Capital as increased or reduced from time to

time hereunder), all of the Seller's right, title and interest in, to and under all of the following, whether now or hereafter owned, existing or arising (collectively, the "Sold Assets"): (i) all Sold Receivables, (ii) all Related Security with respect to such Sold Receivables, (iii) all Collections with respect to such Sold Receivables and (iv) all proceeds of the foregoing. Such sales, assignments and transfers by the Seller shall, in each case, occur and be deemed to occur for all purposes in accordance with the terms hereof automatically without further action, notice or consent of any party.

(c) Intended Characterization as a Purchase and Sale. It is the intention of the parties to this Agreement that the transfer and conveyance of the Seller's right, title and interest in, to and under the Sold Assets to the Administrative Agent (for the ratable benefit of the Purchasers according to their Capital as increased or reduced from time to time hereunder) on each Sale Date pursuant to this Agreement shall constitute a purchase and sale and not a pledge for security, and such purchase and sale of the Sold Assets hereunder shall be treated as a sale for all purposes (except as provided in Sections 2.01(d) and 14.14). For the avoidance of doubt, this clause (c) shall not be construed to limit or otherwise modify Section 5.05 or any rights, interests, liabilities or obligations of any party thereunder.

(d) Obligations Not Assumed. Notwithstanding any provision contained in this Agreement or any other Transaction Document to the contrary, the foregoing sales, assignments, transfers and conveyances set forth in Section 2.01(b) do not constitute, and are not intended to result in, the creation or an assumption by the Administrative Agent or any Purchaser of any obligation or liability of the Seller, any Originator, the Master Servicer, or any other Person under or in connection with all, or any portion of, any Sold Assets, all of which shall remain the obligations and liabilities of the Seller, the Originators, the Master Servicer and such other Persons, as applicable.

(e) Selection, Designation and Reporting of Sold Receivables. The Seller (or the Master Servicer on its behalf) shall select and identify from the Pool Receivables all Sold Receivables to be sold pursuant to Section 2.01(b) in its sole discretion; provided, however, that (i) the Seller shall ensure that each Sold Receivable is both (x) an Eligible Receivable and (y) a Billed Receivable, on the date when first included as a Sold Receivable, (ii) the Seller shall select Sold Receivables from the Pool Receivables on an invoice-by-invoice basis, and the Seller shall transfer pursuant to Section 2.01(b) 100% of its interest in any invoice that reflects Sold Receivables, such that all Receivables reflected or evidenced by such an invoice shall be included as Sold Receivables, and (iii) the Seller shall not permit the aggregate Outstanding Balance of Sold Receivables to exceed the Aggregate Capital at any time. The Seller shall maintain (or cause the Master Servicer to maintain) books and records sufficient to readily identify the Sold Receivables. The Seller and Master Servicer shall cause all Sold Receivables to be identified (i) on each Monthly Report delivered hereunder for which the related Cut-Off Date is the last day of a fiscal quarter of the Seller and (ii) on each other Monthly Report delivered hereunder to the extent that an Investment occurred during the related Calculation Period.

(f) No Right to Repurchase or Obligation to Retransfer. The Seller hereby acknowledges and agrees that under no circumstance shall the Seller have any right to repurchase all or any portion of the Sold Assets from the Administrative Agent or any Purchaser. Additionally, each of the parties hereto acknowledges and agrees that neither the Administrative Agent nor any Purchaser shall have any obligation to transfer all or any portion of the Sold Assets to the Seller.

SECTION 1.02. Making Investments; Return of Capital. (a) Each Investment hereunder shall be made on prior written request from the Seller to the Administrative Agent and each Purchaser delivered on a Business Day in the form of an Investment Request attached

hereto as Exhibit A. Each such request for an Investment shall be made no later than 12:00 p.m. (New York City time) on the proposed date of such Investment (it being understood that any such request made after such time shall be deemed to have been made on the following Business Day) and shall specify (i) the amount of Capital requested (which amount shall be denominated in U.S. Dollars and shall not (x) be less than \$500,000 and shall be an integral multiple of \$100,000 and (y) cause the aggregate Outstanding Balance of all Sold Receivables (after giving effect to the addition of Pool Receivables to the Sold Receivables in connection with such Investment) to exceed the Aggregate Capital), (ii) the allocation of such amount among the Purchasers (which shall be ratable based on the Commitments) and (iii) the date such requested Investment is to be made (which shall be a Business Day). Unless the information in each Investment Request is also entered by the Seller on-line in the Administrative Agent's electronic "C.E.O." portal, the requested Investment shall be subject to (and unless the Administrative Agent elects otherwise in the exercise of its sole discretion, such Investment shall not be funded until) satisfactory completion of the Administrative Agent's authentication process.

(a) Funding Investments.

(i) On the date of each Investment specified in the applicable Investment Request, the Purchasers shall, upon satisfaction of the applicable conditions set forth in Article VI and pursuant to the other conditions set forth in this Article II, deliver to the Administrative Agent by wire transfer of immediately available funds at the account from time to time designated in writing by the Administrative Agent, an amount equal to such Purchaser's ratable share of the amount of Capital requested. On the date of each Investment, the Administrative Agent will make available to the Seller, in immediately available funds, at the Facility Account, the amount of such Capital funded by all Purchasers on such date.

(ii) Unless the Administrative Agent shall have received notice from a Purchaser, with a copy to the Seller, prior to the proposed date of any Investment that such Purchaser will not make available to the Administrative Agent such Purchaser's share of such Investment, the Administrative Agent may assume that such Purchaser has made such share available on such date in accordance with the foregoing clause (b)(i) and may, in reliance upon such assumption, make available to the Seller a corresponding amount. In such event, if a Purchaser has not in fact made its share of the applicable Investment available to the Administrative Agent, then such Purchaser and the Seller severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Seller to but excluding the date of payment to the Administrative Agent, at (A) in the case of such Purchaser, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (B) in the case of the Seller, the Alternative Base Rate. If such Purchaser pays such amount to the Administrative Agent, then such amount shall constitute such Purchaser's Investment. If the Seller and such Purchaser shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Seller the amount of such interest paid by the Seller for such period. If the Seller shall have returned any such amount with interest thereon to the Administrative Agent, then the outstanding Investments of the applicable Purchaser shall be reduced by such amount paid by the Seller (including the amount of interest thereon paid by the Seller). Any such payment by the Seller shall be without prejudice to any claim the Seller may have against a Purchaser that shall have failed to make such payment to the Administrative Agent.



(b) Each Purchaser's obligation shall be several, such that the failure of any Purchaser to make available to the Seller any funds in connection with any Investment shall not relieve any other Purchaser of its obligation, if any, hereunder to make funds available on the date such Investments are requested (it being understood, that no Purchaser shall be responsible for the failure of any other Purchaser to make funds available to the Seller in connection with any Investment hereunder).

(c) The Seller shall ensure that the Aggregate Capital has been reduced to zero on the Seller Obligation Final Due Date. Prior thereto, the Seller shall, on each Settlement Date, reduce the outstanding Capital of the Purchasers to the extent required under Section 4.01 and otherwise in accordance with such Section 4.01 (subject to the priorities for payment set forth therein) by paying the amount of such reduction to the Administrative Agent for distribution to the Purchasers in accordance with Section 4.02. Additionally, if on any Business Day the Seller or the Master Servicer determines or is advised that a Capital Coverage Deficit exists, the Seller shall within one Business Day reduce the outstanding Capital of the Purchasers to the extent required to eliminate such Capital Coverage Deficit. Notwithstanding the foregoing, the Seller, in its discretion, shall have the right to reduce, in whole or in part by payment in accordance with Section 4.02, the outstanding Capital of the Purchasers on any Business Day upon two (2) Business Days' prior written notice thereof to the Administrative Agent and each Purchaser in the form of a Reduction Notice attached hereto as Exhibit E; provided, however, that (i) each such reduction shall be in a minimum aggregate amount of \$500,000 and shall be an integral multiple of \$100,000; provided, however that notwithstanding the foregoing, a reduction may be in an amount necessary to reduce any Capital Coverage Deficit existing at such time to zero and (ii) any accrued Yield and Fees in respect of the portion(s) of Capital so reduced shall be paid in full on the immediately following Yield and Fee Payment Date.

(d) The Seller may, at any time upon at least thirty (30) days' prior written notice to the Administrative Agent and each Purchaser, terminate the Facility Limit in whole or ratably reduce the Facility Limit in part. Each partial reduction in the Facility Limit shall be in a minimum aggregate amount of \$5,000,000 or integral multiples of \$1,000,000 in excess thereof, and no such partial reduction shall reduce the Facility Limit to an amount less than \$100,000,000. In connection with any partial reduction in the Facility Limit, the Commitment of each Purchaser shall be ratably reduced.

(e) In connection with any reduction of the Commitments, the Seller shall remit to the Administrative Agent (i) instructions regarding such reduction and (ii) for payment to the Purchasers, cash in an amount sufficient to pay (A) Capital of each Purchaser in excess of its Commitment as so reduced and (B) all other outstanding Seller Obligations with respect to such reduction (determined based on the ratio of the reduction of the Commitments being effected to the amount of the Commitments prior to such reduction or, if the Administrative Agent reasonably determines that any portion of the outstanding Seller Obligations is allocable solely to that portion of the Commitments being reduced or has arisen solely as a result of such reduction, all of such portion). Upon receipt by the Administrative Agent of any such amounts, the Administrative Agent shall apply such amounts first to the reduction of the outstanding Capital, and second to the payment of the remaining outstanding Seller Obligations with respect to such reduction, by paying such amounts to the Purchasers.

(f) Increases in Commitments. So long as no Event of Termination or Unmatured Event of Termination has occurred and is continuing, upon notice to the Administrative Agent and each Purchaser, the Seller may request on a one-time basis that the Purchasers ratably increase their respective Commitments, in an aggregate amount not to exceed \$75,000,000; provided, that such request for an increase shall be in a minimum amount of

\$5,000,000. At the time of sending such notice with respect to the Purchasers, the Seller (in consultation with the Administrative Agent and the Purchasers) shall specify (i) the aggregate amount of such increase and (ii) the time period within which such Purchasers and the Administrative Agent are requested to respond to the Seller's request (which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the Administrative Agent and the Purchasers). Each of the Purchasers and the Administrative Agent shall notify the Seller and the Master Servicer within the applicable time period whether or not such Person agrees, in its respective sole discretion, to make such ratable increase in such Purchaser's Commitment or otherwise agrees to any lesser increase in its Commitment. Any such Person not responding within such time period shall be deemed to have declined to consent to an increase in such Purchaser's Commitment. In the event that one or more Purchasers fails to consent to all or any portion of any such request for an increase in its Commitment, the Seller may (in consultation with the Administrative Agent) request that any unaccepted portion of the requested increases in Commitments be allocated to one or more willing Purchasers as agreed in writing among the Seller, the Administrative Agent and such willing Purchasers (in each case, in their sole discretion), such that such Purchasers' increase in their Commitment exceeds such Purchaser's ratable share. Any such Purchaser may agree, in its sole discretion, to such increase in its Commitment. If the Commitment of any Purchaser is increased in accordance with this clause (g), the Administrative Agent, the Purchasers, the Seller and the Master Servicer shall (i) determine the effective date with respect to such increase and shall enter into such documents as agreed to by such parties to document such increase; it being understood and agreed that the Administrative Agent or any Purchaser increasing its Commitment pursuant to this clause (g) may request any of (x) resolutions of the Board of Directors of the Seller approving or consenting to such Commitment increase and authorizing the execution, delivery and performance of any amendment to this Agreement, (y) a corporate and enforceability opinion of counsel of the Seller and (z) such other documents, agreements and opinions reasonably requested by such Purchaser or the Administrative Agent and (ii) if applicable, rebalance Capital among the Purchasers such that after giving effect thereto, the aggregate outstanding Capital of the Purchasers is distributed ratably among the Purchasers.

SECTION 1.03. Yield and Fees.

(a) On each Yield and Fee Payment Date, the Seller shall pay to the Administrative Agent for distribution to each Purchaser and the Administrative Agent certain fees (collectively, the "Fees") in the amounts set forth in the fee letter agreements from time to time entered into, among the Seller, the Purchasers and/or the Administrative Agent (each such fee letter agreement, as amended, restated, supplemented or otherwise modified from time to time, collectively being referred to herein as the "Fee Letter").

(b) Each Purchaser's Capital shall accrue Yield on each day when such Capital remains outstanding at the then applicable Yield Rate for such Capital (or each applicable portion thereof). The Seller shall pay all Yield and Fees accrued during each Yield Period on each Yield and Fee Payment Date.

(c) For the avoidance of doubt, the Seller's obligation to pay all Fees and Yield hereunder when due shall not be contingent upon the receipt or availability of Collections and to the extent any such amount is not otherwise paid on the related Yield and Fee Payment Date, such amount shall be paid on the following Settlement Date in accordance with the terms and priorities for payment set forth in Section 4.01.

SECTION 1.04. Records of Investments and Capital. Each Purchaser shall record in its records, the date and amount of each Investment made by the Purchasers hereunder, the Yield Rate with respect to the related Capital (and each portion thereof), the Yield accrued on

such Purchasers' Capital and each repayment and payment thereof. Subject to Section 14.03(c), such records shall be conclusive and binding absent manifest error. The failure to so record any such information or any error in so recording any such information shall not, however, limit or otherwise affect the obligations of the Seller hereunder or under the other Transaction Documents to repay the Capital of each Purchaser, together with all Yield accruing thereon and all other Seller Obligations.

### ARTICLE III

#### SELLER GUARANTY

SECTION 1.01. Guaranty of Payment. The Seller hereby absolutely, irrevocably and unconditionally guarantees to each Purchaser, the Administrative Agent and the other Secured Parties the prompt payment of the Sold Receivables by the related Obligors and all other payment obligations included in the Sold Assets (collectively, the "Guaranteed Obligations"), in each case, in full when due, whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise (such guaranty, the "Seller Guaranty"). The Seller Guaranty is a guaranty of payment and not of collection and is a continuing irrevocable guaranty and shall apply to all Guaranteed Obligations whenever arising. To the extent the obligations of the Seller hereunder in respect to the Seller Guaranty shall be adjudicated to be invalid or unenforceable for any reason (including because of any applicable state or federal law relating to fraudulent conveyances or transfers) then such obligations of the Seller shall be limited to the maximum amount that is permissible under Applicable Law (whether federal or state or otherwise and including the Bankruptcy Code and any other applicable bankruptcy, insolvency, reorganization or other similar laws).

SECTION 1.02. Unconditional Guaranty. The obligations of the Seller under the Seller Guaranty are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any Guaranteed Obligations, any Contract, any Transaction Document or any other agreement or instrument referred to therein, to the fullest extent permitted by Applicable Law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor. The Seller agrees that the Seller Guaranty may be enforced by the Administrative Agent or the Purchasers without the necessity at any time of resorting to or exhausting any other security or collateral and without the necessity at any time of having recourse to any of the other Transaction Documents or any collateral, including the Sold Assets, hereafter securing the Guaranteed Obligations, the Seller Obligations or otherwise, and the Seller hereby waives the right to require the Administrative Agent or the Purchasers to make demand on or proceed against any Obligor, any Originator, the Master Servicer or the Performance Guarantor or any other Person or to require the Administrative Agent or the Purchasers to pursue any other remedy or enforce any other right. The Seller further agrees that no Person or Governmental Authority shall have any right to request any return or reimbursement of funds from the Administrative Agent or the Purchasers in connection with monies received under or in respect of the Seller Guaranty. The Seller further agrees that nothing contained herein shall prevent the Administrative Agent or the Purchasers from suing on any of the other Transaction Documents or foreclosing its or their, as applicable, security interest in or lien on the Sold Assets or any other collateral securing the Guaranteed Obligations or the Seller Obligations or from exercising any other rights available to it or them, as applicable, under any Transaction Document, or any other instrument of security and the exercise of any of the aforesaid rights and the completion of any foreclosure proceedings shall not constitute a discharge of the Seller's obligations under the Seller Guaranty; it being the purpose and intent of the Seller that its obligations under the Seller Guaranty shall be absolute, independent and unconditional under any and all circumstances. Neither the Seller Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed or released in any

manner whatsoever by an impairment, modification, change, release, increase or limitation of the liability of any Obligor, any Originator, the Master Servicer or the Performance Guarantor or by reason of the bankruptcy or insolvency of any Obligor, any Originator, the Master Servicer or the Performance Guarantor. The Seller hereby waives any and all notice of the creation, renewal, extension, accrual, or increase of any of the Guaranteed Obligations and notice of or proof of reliance by the Administrative Agent or any Purchaser on the Seller Guaranty or acceptance of the Seller Guaranty. All dealings between any Obligor, any Originator, the Master Servicer, the Performance Guarantor or the Seller, on the one hand, and the Administrative Agent and the Purchasers, on the other hand, shall be conclusively presumed to have been had or consummated in reliance upon the Seller Guaranty. The Seller hereby represents and warrants that it is, and immediately after giving effect to the Seller Guaranty and the obligation evidenced hereby, will be, Solvent. The Seller Guaranty and the obligations of the Seller under the Seller Guaranty shall be valid and enforceable and shall not be subject to any limitation, impairment or discharge for any reason (other than payment in full of all Guaranteed Obligations), including the occurrence of any of the following, whether or not the Administrative Agent or any Purchaser shall have had notice or knowledge of any of them: (A) any failure to assert or enforce or agreement not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy with respect to the Sold Assets or the Guaranteed Obligations or any agreement relating thereto, or with respect to any guaranty of or other security for the payment of the Sold Assets or the Guaranteed Obligations, (B) any waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including provisions relating to Events of Termination) of any Transaction Document or any agreement or instrument executed pursuant thereto, or of any guaranty or other security for the Sold Assets or the Guaranteed Obligations, (C) to the fullest extent permitted by Applicable Law, any of the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect, (D) the application of payments received from any source to the payment of Debt other than the Guaranteed Obligations, even though the Administrative Agent might have elected to apply such payment to any part or all of the Guaranteed Obligations, (E) any failure to perfect or continue perfection of a security interest in any of the Sold Assets or other Seller Collateral, (F) any defenses, set-offs or counterclaims which the Seller, any Originator, the Master Servicer, the Performance Guarantor or any Obligor may allege or assert against the Administrative Agent or any Purchaser in respect of the Sold Assets or the Guaranteed Obligations, including failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury, and (G) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of the Seller as an obligor in respect of the Sold Assets or the Guaranteed Obligations.

SECTION 1.03. Modifications. The Seller agrees that: (a) all or any part of any security interest, lien, collateral security or supporting obligation now or hereafter held for any Guaranteed Obligation may be exchanged, compromised or surrendered from time to time; (b) none of the Purchasers or the Administrative Agent shall have any obligation to protect, perfect, secure or insure any security interest or lien now or hereafter held, if any, for the Guaranteed Obligations; (c) the time or place of payment of any Guaranteed Obligation may be changed or extended, in whole or in part, to a time certain or otherwise, and may be renewed or accelerated, in whole or in part; (d) any Obligor, any Originator, the Seller, the Master Servicer or the Performance Guarantor and any other party (including any co-guarantor) liable for payment of any Guaranteed Obligation may be granted indulgences generally; (e) any of the provisions of Contracts or any other agreements or documents governing or giving rise to any Guaranteed Obligation may be modified, amended or waived; and (f) any deposit balance for the credit of any Obligor, any Originator, the Master Servicer, the Performance Guarantor or the Seller or any other party (including any co-guarantor) liable for the payment of any Guaranteed Obligation or liable upon any security therefor may be released, in whole or in part, at, before or

after the stated, extended or accelerated maturity of the Guaranteed Obligations, all without notice to or further assent by the Seller, which shall remain bound thereon, notwithstanding any such exchange, compromise, surrender, extension, renewal, acceleration, modification, indulgence or release.

SECTION 1.04. Waiver of Rights. The Seller expressly waives to the fullest extent permitted by Applicable Law: (a) notice of acceptance of the Seller Guaranty by the Purchasers and the Administrative Agent; (b) presentment and demand for payment or performance of any of the Guaranteed Obligations; (c) protest and notice of dishonor or of default (except as specifically required in this Agreement) with respect to the Guaranteed Obligations or with respect to any security therefor; (d) notice of the Purchasers or the Administrative Agent obtaining, amending, substituting for, releasing, waiving or modifying any security interest or lien, if any, hereafter securing the Guaranteed Obligations, or the Purchasers or the Administrative Agent subordinating, compromising, discharging or releasing such security interests or liens, if any; (e) all other notices, demands, presentments, protests or any agreement or instrument related to the Sold Assets or the Guaranteed Obligations to which the Seller might otherwise be entitled; (f) any right to require the Administrative Agent or any Purchaser as a condition of payment or performance by the Seller, to (A) proceed against any Obligor, any Originator, the Master Servicer, the Performance Guarantor or any other Person, (B) proceed against or exhaust any other security held from any Obligor, any Originator, the Master Servicer, the Performance Guarantor or any other Person, (C) proceed against or have resort to any balance of any deposit account, securities account or credit on the books of the Administrative Agent, the Purchasers or any other Person, or (D) pursue any other remedy in the power of the Administrative Agent or the Purchasers whatsoever; (g) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of any Obligor, any Originator, the Master Servicer, the Performance Guarantor or any other Person including any defense based on or arising out of the lack of validity or the unenforceability of the Sold Assets or the Guaranteed Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of any Obligor, any Originator, the Master Servicer, the Performance Guarantor or any other Person from any cause other than payment in full of the Sold Assets and the Guaranteed Obligations; (h) any defense based upon any Applicable Law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (i) any defense based upon the Administrative Agent's or any Purchaser's errors or omissions in the administration of the Sold Assets or the Guaranteed Obligations; (j) (A) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Agreement and any legal or equitable discharge of the Sold Assets or the Guaranteed Obligations, (B) the benefit of any statute of limitations affecting the Seller's liability under the Seller Guaranty or the enforcement of the Seller Guaranty, (C) any rights to set-offs, recoupments and counterclaims, and (D) promptness, diligence and any requirement that the Administrative Agent and the Purchasers protect, secure, perfect or insure any other security interest or lien or any property subject thereto; and (k) to the fullest extent permitted by Applicable Law, any defenses or benefits that may be derived from or afforded by Applicable Law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of this Agreement and the Seller Guaranty.

SECTION 1.05. Reinstatement. Notwithstanding anything contained in this Agreement or the other Transaction Documents, the obligations of the Seller under this Article III shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Seller agrees that it will indemnify Administrative Agent and each Purchaser on demand for all reasonable costs and expenses (including reasonable fees of counsel) incurred by such Person in connection with such

rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

SECTION 1.06. Remedies. The Seller agrees that, as between the Seller, on the one hand, and Administrative Agent and the Purchasers, on the other hand, the Guaranteed Obligations may be declared to be forthwith due and payable as provided in Article X (and shall be deemed to have become automatically due and payable in the circumstances provided in Article X) notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing such Guaranteed Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or such Guaranteed Obligations being deemed to have become automatically due and payable), such Guaranteed Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Seller.

SECTION 1.07. Subrogation. The Seller hereby waives all rights of subrogation (whether contractual or otherwise) to the claims of the Administrative Agent, the Purchasers and the other Secured Parties against any Obligor, any Originator, the Master Servicer, the Performance Guarantor or any other Person in respect of the Guaranteed Obligations until such time as all Guaranteed Obligations have been indefeasibly paid in full in cash and the Final Payout Date has occurred. The Seller further agrees that, to the extent such waiver of its rights of subrogation is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation shall be junior and subordinate to any rights the Administrative Agent or any Purchaser may have against any Obligor, any Originator, the Master Servicer, the Performance Guarantor or any other Person in respect of the Guaranteed Obligations.

SECTION 1.08. Inducement. The Purchasers have been induced to make the Investments under this Agreement in part based upon the Seller Guaranty that the Seller desires that the Seller Guaranty be honored and enforced as separate obligations of the Seller, should Administrative Agent and the Purchasers desire to do so.

SECTION 1.09. Security Interest.

(a) To secure the prompt payment and performance of the Guaranteed Obligations, the Seller Guaranty and all other Seller Obligations, the Seller hereby grants to the Administrative Agent, for the benefit of the Purchasers and the other Secured Parties, a continuing security interest in and lien upon all property and assets of the Seller, whether now or hereafter owned, existing or arising and wherever located, including the following (collectively, the "Seller Collateral"): (i) all Unsold Receivables, (ii) all Related Security with respect to such Unsold Receivables, (iii) all Collections with respect to such Unsold Receivables, (iv) the Lock-Boxes and Collection Accounts and all amounts on deposit therein, and all certificates and instruments, if any, from time to time evidencing such Lock-Boxes and Collection Accounts and amounts on deposit therein, (v) all rights (but none of the obligations) of the Seller under the Sale Agreements; (vi) all other personal and fixture property or assets of the Seller of every kind and nature including, without limitation, all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, securities accounts, securities entitlements, letter-of-credit rights, commercial tort claims, securities and all other investment property, supporting obligations, money, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles) (each as defined in the UCC) and (vii) all proceeds of, and all amounts received or receivable under any or all of, the foregoing.

(b) The Administrative Agent (for the benefit of the Secured Parties) shall have, with respect to all the Seller Collateral, and in addition to all the other rights and remedies available to the Administrative Agent (for the benefit of the Secured Parties), all the rights and remedies of a secured party under any applicable UCC. The Seller hereby authorizes the Administrative Agent to file financing statements describing the collateral covered thereby as “all of the debtor’s personal property or assets” or words to that effect, notwithstanding that such wording may be broader in scope than the collateral described in this Agreement.

(c) Immediately upon the occurrence of the Final Payout Date, the Seller Collateral shall be automatically released from the lien created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent, the Purchasers and the other Purchaser Parties hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Seller Collateral shall revert to the Seller; provided, however, that promptly following written request therefor by the Seller delivered to the Administrative Agent following any such termination, and at the expense of the Seller, the Administrative Agent shall execute and deliver to the Seller UCC-3 termination statements and such other documents as the Seller shall reasonably request to evidence such termination.

(d) For the avoidance of doubt, the grant of security interest pursuant to this Section 3.09 shall be in addition to, and shall not be construed to limit or modify, the sale of Sold Assets pursuant to Section 2.01(b) or the Seller’s grant of security interest pursuant to Section 5.05.

SECTION 1.10. Further Assurances. Promptly upon request, the Seller shall deliver such instruments, assignments or other documents or agreements, and shall take such actions, as the Administrative Agent or any Purchaser deems appropriate to evidence or perfect its security interest and lien on any of the Seller Collateral, or otherwise to give effect to the intent of this Article III.

#### ARTICLE IV

#### SETTLEMENT PROCEDURES AND PAYMENT PROVISIONS

SECTION 1.01. Settlement Procedures.

(a) The Master Servicer shall set aside and hold in trust for the benefit of the Secured Parties (or, if so requested by the Administrative Agent, segregate in a separate account designated by the Administrative Agent, which shall be an account maintained and controlled by the Administrative Agent unless the Administrative Agent otherwise instructs in its sole discretion), for application in accordance with the priority of payments set forth below, all Collections on Pool Receivables that are received by the Master Servicer or the Seller or received in any Lock-Box or Collection Account; provided, however, that so long as each of the conditions precedent set forth in Section 6.03 are satisfied on such date, (A) the Master Servicer may release to the Seller from such Collections received on Unsold Receivables the amount (if any) necessary to pay the purchase price for Receivables purchased by the Seller on such date in accordance with the terms of the applicable Sale Agreement and (B) the Master Servicer may release to the Seller all or a portion of such Collections received on Sold Receivables in exchange for the Seller designating an equivalent amount (based on aggregate Outstanding Balances) of Unsold Receivables as new Sold Receivables on Seller’s books and records pursuant to Section 2.01(e), which new Sold Receivables will be automatically and immediately sold by the Seller to the Administrative Agent (for the ratable benefit of the Purchasers) pursuant to Section 2.01(b) upon such release (each such release of Collections described in clauses (A)).

and (B) above, a “Release”). On each Settlement Date, the Master Servicer (or, following its assumption of control of the Collection Accounts (to the extent that funds have not previously been released by the Administrative Agent to the Master Servicer), the Administrative Agent) shall, distribute such Collections in the following order of priority:

(i) first, to the Master Servicer for the payment of the accrued Servicing Fees payable for the immediately preceding Yield Period (plus, if applicable, the amount of Servicing Fees payable for any prior Yield Period to the extent such amount has not been distributed to the Master Servicer);

(ii) second, to the Administrative Agent for distribution to each Purchaser and other Purchaser Party (ratably, based on the amount then due and owing), all accrued and unpaid Yield and Fees due to such Purchaser and other Purchaser Party for the immediately preceding Yield Period (including any additional amounts or indemnified amounts payable under Sections 5.03 and 13.01 in respect of such payments), plus, if applicable, the amount of any such Yield and Fees (including any additional amounts or indemnified amounts payable under Sections 5.03 and 13.01 in respect of such payments) payable for any prior Yield Period to the extent such amount has not been distributed to such Purchaser or Purchaser Party;

(iii) third, as set forth in clause (x), (y) or (z) below, as applicable:

(x) prior to the occurrence of the Termination Date, to the extent that a Capital Coverage Deficit exists on such date, to the Administrative Agent for distribution to the Purchasers (ratably, based on the aggregate outstanding Capital of each Purchaser at such time) for the return of a portion of the outstanding Aggregate Capital at such time, in an aggregate amount equal to the amount necessary to reduce the Capital Coverage Deficit to zero (\$0);

(y) on and after the occurrence of the Termination Date, to the Administrative Agent for distribution to each Purchaser (ratably, based on the aggregate outstanding Capital of each Purchaser at such time) for the return in full of the aggregate outstanding Capital of such Purchaser at such time; or

(z) prior to the occurrence of the Termination Date, at the election of the Seller and in accordance with Section 2.02(d), to the Administrative Agent for distribution to each Purchaser for the return of all or any portion of the outstanding Capital of the Purchasers at such time (ratably, based on the aggregate outstanding Capital of each Purchaser at such time);

(iv) fourth, to the Administrative Agent for distribution to the Purchaser Parties, the Affected Persons and the Seller Indemnified Parties (ratably, based on the amount due and owing at such time), for the payment of all other Seller Obligations then due and owing by the Seller to the Purchaser Parties, the Affected Persons and the Seller Indemnified Parties; and

(v) fifth, the balance, if any, to be paid to the Seller for its own account.



Amounts payable pursuant to clauses first through fourth above shall be paid first from available Collections on Sold Receivables and other Sold Assets, and second, to the extent necessary in order to make all such payments in full, from Collections on Unsold Receivables and other Seller Collateral. The Seller's right to receive payments (if any) from time to time pursuant to clause fifth above shall, to the extent arising from Collections on Sold Receivables, constitute compensation to the Seller for the Seller's provision of the Seller Guaranty and the Purchaser Parties' interests in the Seller Collateral.

(b) All payments or distributions to be made by the Master Servicer, the Seller and any other Person to the Purchasers (or their respective related Affected Persons and the Seller Indemnified Parties), shall be paid or distributed to the Administrative Agent for distribution to the related Purchaser at its Purchaser's Account. Each Purchaser, upon its receipt in the applicable Purchaser's Account of any such payments or distributions, shall distribute such amounts to the applicable Purchasers, Affected Persons and the Seller Indemnified Parties ratably; provided that if such Purchaser shall have received insufficient funds to pay all of the above amounts in full on any such date, such Purchaser shall pay such amounts to the applicable Purchasers, Affected Persons and the Seller Indemnified Parties in accordance with the priority of payments forth above, and with respect to any such category above for which there are insufficient funds to pay all amounts owing on such date, ratably (based on the amounts in such categories owing to each such Person) among all such Persons entitled to payment thereof. Notwithstanding anything to the contrary set forth in this Section 4.01, the Administrative Agent shall have no obligation to distribute or pay any amount under this Section 4.01 except to the extent actually received by the Administrative Agent. Additionally, each Purchaser hereby covenants and agrees to provide timely and accurate responses to each of the Administrative Agent's requests for information necessary for the Administrative Agent to make the allocations to the Purchasers required to be made by the Administrative Agent hereunder, including the applicable account of each Purchaser for which amounts should be distributed.

(c) If and to the extent the Administrative Agent, any Purchaser Party, any Affected Person or any Seller Indemnified Party shall be required for any reason to pay over to any Person (including any Obligor or any trustee, receiver, custodian or similar official in any Insolvency Proceeding) any amount received on its behalf hereunder, such amount shall be deemed not to have been so received but rather to have been retained by the Seller and, accordingly, the Administrative Agent, such Purchaser Party, such Affected Person or such Seller Indemnified Party, as the case may be, shall have a claim against the Seller for such amount.

(d) For the purposes of this Section 4.01:

(i) if on any day the Outstanding Balance of any Pool Receivable is reduced or adjusted as a result of any defective, rejected, returned, repossessed or foreclosed goods or services, or any revision, cancellation, allowance, rebate, credit memo, discount or other adjustment made by the Seller, any Originator, the Master Servicer or any Affiliate of the Master Servicer, or any setoff, counterclaim or dispute between the Seller or any Affiliate of the Seller, an Originator or any Affiliate of an Originator, or the Master Servicer or any Affiliate of the Master Servicer, and an Obligor (any such reduction or adjustment, a "Dilution"), the Seller shall be deemed to have received on such day a Collection of such Pool Receivable in the amount of such reduction or adjustment and, to the extent that either (x) the effect of such Dilution is to cause a Capital Coverage Deficit or (y) such Dilution occurs on or after the Termination Date or when an Event of Termination exists, shall within two (2) Business Days after written notice to, or knowledge thereof by, any Wolverine Party pay to a Collection Account (or as otherwise directed by the Administrative Agent at such time) for the

benefit of the Purchaser Parties for application pursuant to Section 4.01(a), an amount equal to (x) if such Dilution occurs prior to the Termination Date and at a time when no Event of Termination exists, the lesser of (A) the sum of all deemed Collections with respect to such Dilution and (B) the amount necessary to eliminate any Capital Coverage Deficit and (y) if such Dilution occurs on or after the Termination Date or at any time when an Event of Termination exists, the sum of all deemed Collections with respect to such Dilution;

(ii) if on any day any of the representations or warranties in Section 7.01 is not true with respect to any Pool Receivable, the Seller shall be deemed to have received on such day a Collection of such Pool Receivable in full and, to the extent that either (x) the effect of such breach is to cause a Capital Coverage Deficit or (y) such breach occurs on or after the Termination Date or when an Event of Termination exists, shall within two (2) Business Days after written notice to, or knowledge thereof by, any Wolverine Party pay to a Collection Account (or as otherwise directed by the Administrative Agent at such time) for the benefit of the Purchaser Parties for application pursuant to Section 4.01(a), an amount equal to (x) if such breach occurs prior to the Termination Date and at a time when no Event of Termination exists, the lesser of (A) the sum of all deemed Collections with respect to such breach and (B) the amount necessary to eliminate any Capital Coverage Deficit and (y) if such breach occurs on or after the Termination Date or at any time when an Event of Termination exists, the sum of all deemed Collections with respect to such breach (Collections deemed to have been received pursuant to this Section 4.01(d)) are hereinafter sometimes referred to as "Deemed Collections";

(iii) except as provided in clauses (i) or (ii) above or otherwise required by Applicable Law or the relevant Contract, all Collections received from an Obligor of any Receivable shall be applied to the Receivables of such Obligor in the order of the age of such Receivables, starting with the oldest such Receivable, unless such Obligor designates in writing its payment for application to specific Receivables; and

(iv) if and to the extent the Administrative Agent, any Purchaser Party, any Affected Person or any Seller Indemnified Party shall be required for any reason to pay over to an Obligor (or any trustee, receiver, custodian or similar official in any Insolvency Proceeding) any amount received by it hereunder, such amount shall be deemed not to have been so received by such Person but rather to have been retained by the Seller and, accordingly, such Person shall have a claim against the Seller for such amount, payable when and to the extent that any distribution from or on behalf of such Obligor is made in respect thereof.

**SECTION 1.02. Payments and Computations, Etc.** (a) All amounts to be paid by the Seller or the Master Servicer to the Administrative Agent, any Purchaser Party, any Affected Person or any Seller Indemnified Party hereunder shall be paid no later than noon (New York City time) on the day when due in same day funds to the account(s) designated by the Administrative Agent. All amounts to be paid by any Purchaser to the Administrative Agent hereunder shall be paid no later than 2:00 p.m. (New York City time) on the day when due in same day funds to the account(s) designated by the Administrative Agent. Unless the Administrative Agent shall have received notice from the Seller prior to the date on which any payment is due to the Administrative Agent for the account of any Purchasers hereunder that the Seller (or the Master Servicer on its behalf) will not make such payment (including because Collections are not available therefor), the Administrative Agent may assume that the Seller has made or will make such payment on such date in accordance herewith and may (but shall not be obligated to), in reliance upon such assumption, distribute to the Purchasers the amount due. In

such event, if the Seller (or the Master Servicer on its behalf) has not in fact made such payment, then each Purchaser severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Purchaser, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(a) Interest on Unpaid Amounts. Each of the Seller and the Master Servicer shall, to the extent permitted by Applicable Law, pay interest on any amount not paid or deposited by it when due hereunder, at an interest rate per annum equal to 2.50% per annum above the Alternative Base Rate, payable on demand.

(b) Computational Conventions. All computations of interest under subsection (b) above and all computations of Yield, Fees and other amounts hereunder shall be made on the basis of a year of 360 days (or, in the case of amounts determined by reference to the Alternative Base Rate, 365 or 366 days, as applicable) for the actual number of days (including the first but excluding the last day) elapsed. Whenever any payment or deposit to be made hereunder shall be due on a day other than a Business Day, such payment or deposit shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of such payment or deposit.

(c) Application by Currency. In making the distributions and payments out of Collections hereunder and in setting aside and reserving Collections for future distributions and payments hereunder (including distributions and payments in respect of Releases, Capital, Interest and fees), the Master Servicer shall, to the extent Collections are available therefor and subject to any applicable priorities of payment set forth herein, (i) first, apply Collections received in a particular currency to amounts distributable or payable in such currency, and (ii) second, to the extent that Collections received in a particular currency are not sufficient to distribute, pay, set aside or reserve for amounts distributable or payable in such currency, apply any excess Collections received in another currency to such amounts.

(d) Conversions of Currencies. If on any Settlement Date or any other day a payment is due and payable hereunder it is necessary for funds in one currency to be converted into any other currency in order to make any payment required to be made hereunder, the Master Servicer shall solicit offer quotations from at least two (2) foreign exchange dealer that the Administrative Agent has previously indicated is reasonably acceptable for effecting such exchange and shall select the quotation which provides for the best exchange rate. The Master Servicer shall effect such exchange on such Settlement Date or other day, as the case may be.

## ARTICLE V

### INCREASED COSTS; FUNDING LOSSES; TAXES; ILLEGALITY AND BACK-UP SECURITY INTEREST

#### SECTION 1.01. Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Affected Person;

(ii) subject any Affected Person to any Taxes (except to the extent such Taxes are (A) Indemnified Taxes for which relief is sought under Section 5.03, (B) Taxes described in clause (b) and (c) of the definition of Excluded Taxes or (C) Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes) on its loans, loan principal, letters of credit, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Affected Person any other condition, cost or expense (other than Taxes) (A) affecting the Sold Assets, the Seller Collateral, this Agreement, any other Transaction Document, any Capital or any participation therein or (B) affecting its obligations or rights to make Investments or fund or maintain Capital;

and the result of any of the foregoing shall be to increase the cost to such Affected Person of (A) acting as the Administrative Agent or a Purchaser hereunder with respect to the transactions contemplated hereby, (B) making any Investment or funding or maintaining any Capital (or any portion thereof) or (C) maintaining its obligation to make any Investment or to fund or maintain any Capital (or any portion thereof), or to reduce the amount of any sum received or receivable by such Affected Person hereunder, then, upon request of such Affected Person, the Seller shall pay to such Affected Person such additional amount or amounts as will compensate such Affected Person for such additional costs incurred or reduction suffered.

(b) Capital and Liquidity Requirements. If any Affected Person determines that any Change in Law affecting such Affected Person or any lending office of such Affected Person or such Affected Person's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of (x) increasing the amount of capital required to be maintained by such Affected Person or Affected Person's holding company, if any, (y) reducing the rate of return on such Affected Person's capital or on the capital of such Affected Person's holding company, if any, or (z) causing an internal capital or liquidity charge or other imputed cost to be assessed upon such Affected Person or Affected Person's holding company, if any, in each case, as a consequence of (A) this Agreement or any other Transaction Document, (B) the commitments of such Affected Person hereunder or under any other Transaction Document, (C) the Investments made by such Affected Person, or (D) any Capital (or portion thereof), to a level below that which such Affected Person or such Affected Person's holding company could have achieved but for such Change in Law (taking into consideration such Affected Person's policies and the policies of such Affected Person's holding company with respect to capital adequacy and liquidity), then from time to time, upon request of such Affected Person, the Seller will pay to such Affected Person such additional amount or amounts as will compensate such Affected Person or such Affected Person's holding company for any such increase, reduction or charge.

(c) Adoption of Changes in Law. The Seller acknowledges that any Affected Person may institute measures in anticipation of a Change in Law (including, without limitation, the imposition of internal charges on such Affected Person's interests or obligations under any Transaction Document), and may commence allocating charges to or seeking compensation from the Seller under this Section 5.01 in connection with such measures, in advance of the effective date of such Change in Law, and the Seller agrees to pay such charges or compensation to such Affected Person, following demand therefor in accordance with the terms of this Section 5.01, without regard to whether such effective date has occurred.

(d) Certificates for Reimbursement. A certificate of an Affected Person setting forth the amount or amounts necessary to compensate such Affected Person or its holding company, as the case may be, as specified in clause (a), (b) or (c) of this Section and delivered to

the Seller, shall be conclusive absent manifest error. The Seller shall, subject to the priorities of payment set forth in Section 4.01, pay such Affected Person the amount shown as due on any such certificate on the first Settlement Date occurring after the Seller's receipt of such certificate.

(e) Delay in Requests. Failure or delay on the part of any Affected Person to demand compensation pursuant to this Section shall not constitute a waiver of such Affected Person's right to demand such compensation.

SECTION 1.02. [Reserved].

SECTION 1.03. Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Seller or any of its Affiliates under any Transaction Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of the applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment to a Purchaser Party, Affected Person or Seller Indemnified Party, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law, and, if such Tax is an Indemnified Tax, then the sum payable by the Seller or such Affiliate shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section), the applicable Purchaser Party, Affected Person or Seller Indemnified Party receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Seller. The Seller shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or, at the option of the Administrative Agent, timely reimburse the Administrative Agent for the payment of, any Other Taxes.

(c) Indemnification by the Seller. The Seller shall indemnify each Affected Person, within ten (10) days after demand therefor, for the full amount of any (I) Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Affected Person or required to be withheld or deducted from a payment to such Affected Person and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority and (II) any incremental Taxes that arise because an Investment or any Capital is not treated consistently with the Intended Tax Treatment (such indemnification will include any Taxes necessary to make such Affected Person whole on an after-tax basis taking into account the taxability of receipt of payments under this clause (II)) and any reasonable expenses (other than Taxes) arising out of, relating to, or resulting from the foregoing). Promptly upon notice by the Administrative Agent or any Affected Person, the Seller shall pay such Indemnified Taxes directly to the relevant taxing authority or Governmental Authority (or to the Administrative Agent or such Affected Person if such Taxes have already been paid to the relevant taxing authority or Governmental Authority); provided that neither the Administrative Agent nor any Affected Person shall be under any obligation to provide any such notice to the Seller. A certificate as to the amount of such payment or liability delivered to the Seller by an Affected Person (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of an Affected Person, shall be conclusive absent manifest error.

(d) Indemnification by the Purchasers. Each Purchaser shall severally indemnify the Administrative Agent, within ten days after demand therefor, for (i) any Indemnified Taxes attributable to such Purchaser or any of its respective Affiliates that are Affected Persons (but only to the extent that the Seller and its Affiliates have not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting any obligation of the Seller, the Master Servicer or their Affiliates to do so), (ii) any Taxes attributable to the failure of such Purchaser or any of their respective Affiliates that are Affected Persons to comply with Section 14.03 relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Purchaser or any of its respective Affiliates that are Affected Persons, in each case, that are payable or paid by the Administrative Agent in connection with any Transaction Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Purchaser by the Administrative Agent shall be conclusive absent manifest error. Each Purchaser hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Purchaser or any of its respective Affiliates that are Affected Persons under any Transaction Document or otherwise payable by the Administrative Agent to such Purchaser or any of its respective Affiliates that are Affected Persons from any other source against any amount due to the Administrative Agent under this clause (d).

(e) Evidence of Payments. As soon as practicable after any payment of Taxes by the Seller or any of its Affiliates to a Governmental Authority pursuant to this Section 5.03, the Seller shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) Status of the Purchaser. (i) Any Purchaser that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Transaction Document shall deliver to the Seller and the Administrative Agent, at the time or times reasonably requested by the Seller or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Seller or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Purchaser, if reasonably requested by the Seller or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Seller or the Administrative Agent as will enable the Seller or the Administrative Agent to determine whether or not such Purchaser is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 5.03(f)(ii)(A), 5.03(f)(ii)(B) and 5.03(g)) shall not be required if, in the Purchaser's reasonable judgment, such completion, execution or submission would subject such Purchaser to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Purchaser.

(i) Without limiting the generality of the foregoing:

(A) a Purchaser that is a U.S. Person shall deliver to the Seller and the Administrative Agent on or prior to the date on which any payments are made under any Transaction Document and from time to time upon the reasonable request of the Seller or the Administrative Agent, executed originals or copies of Internal Revenue Service Form W-9

certifying that such Purchaser is exempt from U.S. federal backup withholding Tax;

(B) any Purchaser that is not a U.S. Person shall, to the extent it is legally entitled to do so, deliver to the Seller and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which any payments are made under any Transaction Document and from time to time upon the reasonable request of the Seller or the Administrative Agent, whichever of the following is applicable:

(1) in the case of such a Purchaser claiming the benefits of an income tax treaty to which the United States is a party, (x) with respect to payments of interest under any Transaction Document, executed originals or copies of Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Transaction Document, Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed originals or copies of Internal Revenue Service Form W-8ECI;

(3) in the case of such a Purchaser claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Purchaser is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Seller within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed originals or copies of Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable; or

(4) to the extent such Purchaser is not the beneficial owner, executed originals or copies of Internal Revenue Service Form W-8IMY, accompanied by Internal Revenue Service Form W-8ECI, Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate, Internal Revenue Service Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that, if such Purchaser is a partnership and one or more direct or indirect partners of such Purchaser are claiming the portfolio interest exemption, such Purchaser may

provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner; and

(C) any Purchaser that is not a U.S. Person shall, to the extent it is legally entitled to do so, deliver to the Seller and the Administrative Agent (in such number of copies as shall be requested by the recipient), from time to time upon the reasonable request of the Seller or the Administrative Agent, executed originals or copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Seller or the Administrative Agent to determine the withholding or deduction required to be made.

(g) Documentation Required by FATCA. If a payment made to a Purchaser under any Transaction Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Purchaser were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Purchaser shall deliver to the Seller and the Administrative Agent at the time or times prescribed by Applicable Law and at such time or times reasonably requested by the Seller or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Seller or the Administrative Agent as may be necessary for the Seller and the Administrative Agent to comply with their obligations under FATCA and to determine that such Purchaser has complied with such Purchaser's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (g), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(h) Survival. Each party's obligations under this Section 5.03 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Purchaser Party or any other Affected Person, the termination of the Commitments and the repayment, satisfaction or discharge of all the Seller Obligations and the Master Servicer's obligations hereunder.

(i) Updates. Each Purchaser agrees that if any form or certification it previously delivered pursuant to this Section 5.03 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Seller and the Administrative Agent in writing of its legal inability to do so.

SECTION 1.04. Circumstances Affecting Benchmark Availability; Change in Legality.

(a) Subject to Section 5.06, in connection with any request for any Investment accruing yield at a rate based on Daily One Month Term SOFR or a conversion to or continuation thereof or otherwise, if for any reason (i) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for ascertaining Daily One Month Term SOFR with respect to a proposed Investment or Portion of Capital, as applicable, accruing yield by reference to Daily One Month Term SOFR on any day or (ii) the Majority Purchasers shall determine (which determination shall be conclusive and binding absent manifest error) that Daily One Month Term SOFR does not adequately and fairly reflect the cost to such Purchasers of making or maintaining any such Investment or Portion of Capital, as applicable, on any day and, in the case



of clause (ii), the Majority Purchasers have provided notice of such determination to the Administrative Agent, then, in each case, the Administrative Agent shall promptly give notice thereof to the Seller. Upon notice thereof by the Administrative Agent to the Seller, any obligation of the Purchasers to make Investments accruing yield at a rate based on Daily One Month Term SOFR and any right of the Seller to convert or continue any Investment or Portion of Capital, as applicable, as an Investment or Portion of Capital, as applicable, accruing yield at a rate based on Daily One Month Term SOFR, shall be suspended (to the extent of the affected Investment or Portion of Capital, as applicable) until the Administrative Agent (with respect to clause (ii), at the instruction of the Majority Purchasers) revokes such notice. Upon receipt of such notice, (A) the Seller may revoke any pending request for a making of, conversion to or continuation of Investment or Portion of Capital accruing yield at a rate based on Daily One Month Term SOFR, (to the extent of the affected Investment or Portion of Capital, as applicable) or, failing that, the Seller will be deemed to have converted any such request into a request for a making of or conversion to an Investment or Portion of Capital, as applicable, accruing yield at the sum of the Alternative Base Rate plus the Applicable Margin in the amount specified therein and (B) any outstanding affected Investment or Portion of Capital, as applicable, will be deemed to have been immediately converted into an Investment or Portion of Capital, as applicable, accruing yield at the sum of the Alternative Base Rate plus the Applicable Margin with respect to any Investment or Portion of Capital, as applicable, accruing yield at Daily One Month Term SOFR.

(b) If, after the date hereof, the introduction of, or any change in, any Applicable Law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Purchasers (or any of their respective lending offices) with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Purchasers (or any of their respective lending offices) to honor its obligations hereunder to make or maintain any Investment accruing yield at a rate based on Daily One Month Term SOFR, or to determine or charge yield based upon SOFR, the Term SOFR Reference Rate or Daily One Month Term SOFR, such Purchaser shall promptly give notice thereof to the Administrative Agent and the Administrative Agent shall promptly give notice to the Seller and the other Purchasers (an "Illegality Notice"). Thereafter, until each affected Purchaser notifies the Administrative Agent and the Administrative Agent notifies the Seller that the circumstances giving rise to such determination no longer exist, (i) any obligation of the Purchasers to make any Investment accruing yield at a rate based on Daily One Month Term SOFR and any right of the Seller to convert any request for an Investment to an Investment accruing yield at a rate based on Daily One Month Term SOFR, shall be suspended and (ii) if necessary to avoid such illegality, the Administrative Agent shall compute the Alternative Base Rate without reference to clause (c) of the definition of "Alternative Base Rate". Upon receipt of an Illegality Notice, the Seller shall, if necessary to avoid such illegality, upon demand from any Purchaser (with a copy to the Administrative Agent), prepay or, if applicable, convert all affected Investments or Portions of Capital, as applicable to an Investment or Portion of Capital, as applicable, accruing yield at the Alternative Base Rate (in each case, if necessary to avoid such illegality, the Administrative Agent shall compute the Alternative Base Rate without reference to clause (c) of the definition of "Alternative Base Rate") with respect to any Investment or Portion of Capital, as applicable, accruing yield at a rate based on the sum of the Daily One Month Term SOFR plus the Applicable Margin, on the last day of the Yield Period therefor, if all affected Purchasers may lawfully continue to maintain such Investment or Portion of Capital, as applicable, accruing yield at a rate based on Daily One Month Term SOFR to such day, or immediately, if any Purchaser may not lawfully continue to maintain such Investment or Portion of Capital, as applicable, accruing yield at a rate based on Daily One Month Term SOFR to such day.

SECTION 1.05. Back-Up Security Interest.

(a) If, notwithstanding the intent of the parties stated in Section 2.01(c), the sale, assignment and transfer of any Sold Assets to the Administrative Agent (for the ratable benefit of the Purchasers) hereunder (including pursuant to Section 2.01(b)) is not treated as a sale for all purposes (except as provided in Sections 2.01(d) and 14.14), then such sale, assignment and transfer of such Sold Assets shall be treated as the grant of a security interest by the Seller to the Administrative Agent (for the ratable benefit of the Purchasers) to secure the payment and performance of all the Seller's obligations to the Administrative Agent, the Purchasers and the other Secured Parties hereunder and under the other Transaction Documents (including all Seller Obligations). Therefore, as security for the performance by the Seller of all the terms, covenants and agreements on the part of the Seller to be performed under this Agreement or any other Transaction Document, including the punctual payment when due of the Aggregate Capital and all Yield and all other Seller Obligations, the Seller hereby grants to the Administrative Agent for its benefit and the ratable benefit of the Secured Parties, a continuing security interest in, all of the Seller's right, title and interest in, to and under all of the Sold Assets, whether now or hereafter owned, existing or arising.

(b) The Administrative Agent (for the benefit of the Secured Parties) shall have, with respect to all the Sold Assets, and in addition to all the other rights and remedies available to the Administrative Agent (for the benefit of the Secured Parties), all the rights and remedies of a secured party under any applicable UCC or PPSA. The Seller hereby authorizes the Administrative Agent to file financing statements describing the collateral covered thereby as "all of the debtor's personal property or assets" or words to that effect, notwithstanding that such wording may be broader in scope than the collateral described in this Agreement.

(c) For the avoidance of doubt, (i) the grant of security interest pursuant to this Section 5.05 shall be in addition to, and shall not be construed to limit or modify, the sale of Sold Assets pursuant to Section 2.01(b) or the Seller's grant of security interest pursuant to Section 3.09, (ii) nothing in Section 2.01 shall be construed as limiting the rights, interests (including any security interest), obligations or liabilities of any party under this Section 5.05, and (iii) subject to the foregoing clauses (i) and (ii), this Section 5.05 shall not be construed to contradict the intentions of the parties set forth in Section 2.01(c).

SECTION 1.06. Benchmark Replacement Setting

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Transaction Document, upon the occurrence of a Benchmark Transition Event, the Administrative Agent and the Seller may amend this Agreement to replace such Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. (New York City time) on the fifth (5<sup>th</sup>) Business Day after the Administrative Agent has posted such proposed amendment to all affected Purchasers and the Seller so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Purchasers comprising the Majority Purchasers. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 5.06 will occur prior to the applicable Benchmark Transition Start Date.

(b) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Transaction Document.

(c) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Seller and the Purchasers of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will promptly notify the Seller of the removal or reinstatement of any tenor of a Benchmark pursuant to Section 5.06(d). Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Purchaser (or group of Purchasers) pursuant to this Section 5.06, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Transaction Document, except, in each case, as expressly required pursuant to this Section 5.06.

(d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Transaction Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if any then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Administrative Agent may modify the definition of “Yield Period” (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of “Yield Period” (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Benchmark Unavailability Period. Upon the Seller’s receipt of notice of the commencement of a Benchmark Unavailability Period, the Seller may revoke any request for a conversion to or continuation of Investments to be made, converted or continued during such Benchmark Unavailability Period and, failing that, the Seller will be deemed to have converted any such request into a request for a conversion under the Alternative Base Rate. During a Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Alternative Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternative Base Rate.

(f) Certain Defined Terms. As used in this Section 5.06:

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Yield Period” pursuant to Section 5.06(d).

“Benchmark” means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 5.06(a).

“Benchmark Replacement” means, with respect to any Benchmark Transition Event, the sum of: (A) the alternate benchmark rate that has been selected by the Administrative Agent and the Seller giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for U.S. Dollar-denominated syndicated credit facilities at such time and (B) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Transaction Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Seller giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. Dollar-denominated syndicated credit facilities.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event”, the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Start Date” means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90<sup>th</sup> day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

“Benchmark Unavailability Period” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Transaction Document in accordance with Section 5.06 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Transaction Document in accordance with Section 5.06.

“Floor” means a rate of interest equal to 0.0%.

“Relevant Governmental Body” means, the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“Term SOFR Adjustment” means, for any calculation with respect to any Capital, a percentage per annum equal to 0.10%.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

(g) Initial Benchmark Conforming Changes. In connection with the use or administration of any Benchmark, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Transaction Document. The Administrative Agent will promptly notify the Seller and the Purchasers of the effectiveness of any Conforming Changes in connection with the use or administration of any Benchmark.

## ARTICLE VI

### CONDITIONS TO EFFECTIVENESS AND INVESTMENTS

SECTION 1.01. Conditions Precedent to Effectiveness and the Initial Investment. This Agreement shall become effective as of the Closing Date when (a) the Administrative Agent shall have received each of the documents, agreements (in fully executed form), opinions of counsel, lien search results, UCC filings, certificates and other deliverables listed on the closing memorandum attached as Exhibit I hereto, in each case, in form and substance reasonably acceptable to the Administrative Agent and (b) all fees and expenses payable by the Seller on the Closing Date (which has been notified to the Seller at least one (1) days prior to the Closing Date) to the Purchaser Parties have been paid in full in accordance with the terms of the Transaction Documents.

SECTION 1.02. Conditions Precedent to All Investments. Each Investment hereunder on or after the Closing Date shall be subject to the conditions precedent that:

- (a) the Seller shall have delivered to the Administrative Agent and each Purchaser an Investment Request for such Investment, in accordance with Section 2.02(a);
- (b) the Master Servicer shall have delivered to the Administrative Agent and each Purchaser all Monthly Reports and Weekly Reports required to be delivered hereunder;
- (c) the conditions precedent to such Investment specified in Section 2.01(a)(i) through (iii), shall be satisfied;
- (d) each of the Post-Closing Canada Conditions shall have been satisfied;
- (e) each of the Post-Closing U.S. Conditions shall have been satisfied;

(f) the most recently delivered Weekly Report (if any) does not show that a Capital Coverage Deficit will result from such Investment; and

(g) on the date of such Investment the following statements shall be true and correct (and upon the occurrence of such Investment, the Seller and the Master Servicer shall be deemed to have represented and warranted that such statements are then true and correct):

(i) the representations and warranties of the Seller and the Master Servicer contained in Sections 7.01 and 7.02 are true and correct in all material respects on and as of the date of such Investment as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;

(ii) no Event of Termination or Unmatured Event of Termination has occurred and is continuing, and no Event of Termination or Unmatured Event of Termination would result from such Investment;

(iii) no Capital Coverage Deficit exists or would exist after giving effect to such Investment;

(iv) the Aggregate Capital does not exceed the Facility Limit; and

(v) the Termination Date has not occurred.

SECTION 1.03. Conditions Precedent to All Releases. Each Release hereunder on or after the Closing Date shall be subject to the conditions precedent that:

(a) after giving effect to such Release, the Master Servicer shall be holding in trust for the benefit of the Secured Parties an amount of Collections sufficient to pay the sum of (x) all accrued and unpaid Servicing Fees, Yield and Fees, in each case, through the date of such Release, (y) the amount of any Capital Coverage Deficit and (z) the amount of all other accrued and unpaid Seller Obligations through the date of such Release;

(b) the Seller shall use the proceeds of such Release solely to pay the purchase price for Receivables purchased by the Seller in accordance with the terms of the applicable Sale Agreement; and

(c) on the date of such Release the following statements shall be true and correct (and upon the occurrence of such Release, the Seller and the Master Servicer shall be deemed to have represented and warranted that such statements are then true and correct):

(i) the representations and warranties of the Seller and the Master Servicer contained in Sections 7.01 and 7.02 are true and correct in all material respects on and as of the date of such Release as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;

(ii) no Event of Termination or Unmatured Event of Termination has occurred and is continuing, and no Event of Termination or Unmatured Event of Termination would result from such Release;

(iii) no Capital Coverage Deficit exists or would exist after giving effect to such Release;

- (iv) the Aggregate Capital does not exceed the Facility Limit; and
- (v) the Termination Date has not occurred.

## ARTICLE VII

### REPRESENTATIONS AND WARRANTIES

SECTION 1.01. Representations and Warranties of the Seller. The Seller represents and warrants to each Purchaser Party as of the Closing Date, on each Settlement Date, and on the day of each Investment and Release:

(a) Organization and Good Standing. The Seller is a limited liability company duly organized and validly existing in good standing under the laws of the State of Delaware and has full power and authority under its constitutional documents and under the laws of its jurisdiction to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted.

(b) Due Qualification. The Seller is duly qualified to do business as a limited liability company, is in good standing as a foreign limited liability company, and has obtained all necessary licenses and approvals in all jurisdictions in which the conduct of its business requires such qualification, licenses or approvals, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Power and Authority; Due Authorization. The Seller (i) has all necessary limited liability company power and authority to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) perform its obligations under this Agreement and the other Transaction Documents to which it is a party and (C) grant a security interest in the Sold Assets and Seller Collateral to the Administrative Agent on the terms and subject to the conditions herein provided and (ii) has duly authorized by all necessary limited liability company action such grant and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Agreement and the other Transaction Documents to which it is a party.

(d) Binding Obligations. This Agreement and each of the other Transaction Documents to which the Seller is a party constitutes the legal, valid and binding obligations of the Seller, enforceable against the Seller in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Conflict or Violation. The execution, delivery and performance of, and the consummation of the transactions contemplated by, this Agreement and the other Transaction Documents to which the Seller is a party, and the fulfillment of the terms hereof and thereof, will not (i) conflict with, result in any breach of any of the terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under its organizational documents or any indenture, sale agreement, credit agreement, loan agreement, security agreement, mortgage, deed of trust, or other agreement or instrument to which the Seller is a party or by which it or any of its properties is bound, (ii) result in the creation or imposition of any Adverse Claim upon any of the Sold Assets or Seller Collateral pursuant to the terms of any such indenture, credit agreement, loan agreement, security agreement, mortgage, deed of trust, or other agreement or instrument other than this Agreement and the other Transaction Documents



or (iii) conflict with or violate any Applicable Law except where such conflict or violation could not reasonably be expected to have a Material Adverse Effect.

(f) Litigation and Other Proceedings. (i) There is no action, suit, proceeding or investigation pending or, to the best knowledge of the Seller, threatened, against the Seller before any Governmental Authority and (ii) the Seller is not subject to any order, judgment, decree, injunction, stipulation or consent order of or with any Governmental Authority that, in the case of either of the foregoing clauses (i) and (ii), (A) asserts the invalidity of this Agreement or any other Transaction Document, (B) seeks to prevent the grant of a security interest in any Sold Assets or Seller Collateral by the Seller to the Administrative Agent, the ownership or acquisition by the Seller of any Pool Receivables, any other Sold Assets or any Seller Collateral or the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document, (C) seeks any determination or ruling that could materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of, this Agreement or any other Transaction Document or (D) individually or in the aggregate for all such actions, suits, proceedings and investigations could reasonably be expected to have a Material Adverse Effect.

(g) Governmental Approvals. Except where the failure to obtain or make such authorization, consent, order, approval or action could not reasonably be expected to have a Material Adverse Effect, all authorizations, consents, orders and approvals of, or other actions by, any Governmental Authority that are required to be obtained by the Seller in connection with the grant of a security interest in the Sold Assets or Seller Collateral to the Administrative Agent hereunder or the due execution, delivery and performance by the Seller of this Agreement or any other Transaction Document to which it is a party and the consummation by the Seller of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party have been obtained or made and are in full force and effect.

(h) Margin Regulations. The Seller is not engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meanings of Regulations T, U and X of the Board of Governors of the Federal Reserve System).

(i) Solvency. The Seller is, and after giving effect to the transactions contemplated by this Agreement and the other Transaction Documents, will be, Solvent.

(j) Offices; Legal Name. The Seller's sole jurisdiction of organization is the State of Delaware and such jurisdiction has not changed within four months prior to the date of this Agreement. The office of the Seller is located at the address set forth on Schedule III hereto. The legal name of the Seller is Rockford ARS, LLC.

(k) Investment Company Act; Volcker Rule. The Seller (i) is not an "investment company" registered or required to be registered under the Investment Company Act and (ii) is not a "covered fund" under the Volcker Rule. In determining that the Seller is not a "covered fund" under the Volcker Rule, the Seller relies on, and is entitled to rely on, the exemption from the definition of "investment company" set forth in Section 3(c)(5) of the Investment Company Act.

(l) No Material Adverse Effect. Since the date of formation of the Seller, no event has occurred that could reasonably be expected to have a Material Adverse Effect.

(m) Ownership of Seller. Wolverine Outdoors directly owns one hundred percent (100%) of the issued and outstanding Capital Stock and all other equity interests of the

Seller, free and clear of any Adverse Claim. The Seller's membership interests are validly issued and there are no options, warrants or other rights to acquire membership interests of the Seller.

(n) Payments to Applicable Originators. With respect to each Pool Receivable, the Seller has given reasonably equivalent value to the applicable Originator in consideration therefor and such transfer was not made for or on account of an antecedent debt.

(o) Accuracy of Information. All Monthly Reports, Weekly Reports, Investment Requests, schedules, certificates, reports, statements, documents and other information furnished to the Administrative Agent or any other Purchaser Party by or on behalf of the Seller pursuant to any provision of this Agreement or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement or any other Transaction Document, is, at the time the same are so furnished, complete and correct in all material respects on the date the same are furnished to the Administrative Agent or such other Purchaser Party, and does not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(p) Anti-Corruption Laws; Anti-Money Laundering Laws and Sanctions.

(i) None of (i) the Seller, any Subsidiary, any of their respective directors, officers, or, to the knowledge of the Seller or such Subsidiary, any of their respective employees or Affiliates, or (ii) any agent or representative of the Seller or any Subsidiary that will act in any capacity in connection with or benefit from the Transaction Documents, (A) is a Sanctioned Person or currently the subject or target of any Sanctions, (B) has its assets located in a Sanctioned Country, (C) is under administrative, civil or criminal investigation for an alleged violation of, or received notice from or made a voluntary disclosure to any governmental entity regarding a possible violation of, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions by a governmental authority that enforces Sanctions or any Anti-Corruption Laws or Anti-Money Laundering Laws, or (D) directly or indirectly derives revenues from investments in, or transactions with, Sanctioned Persons.

(ii) Each of the Seller and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by the Seller and its Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions.

(iii) Each of the Seller and its Subsidiaries, each director, officer, and to the knowledge of the Seller, employee, agent and Affiliate of the Seller and each such Subsidiary, is in compliance with all Anti-Corruption Laws, Anti-Money Laundering Laws in all respects and Sanctions.

(iv) No proceeds of any Investment have been used, directly or indirectly, by the Seller, any of its Subsidiaries or any of its or their respective directors, officers, employees and agents in violation of Section 8.01(x).

(q) Enforceability of Contracts. Each Contract with respect to each Pool Receivable is effective to create, and has created, a valid and binding obligation of the related Obligor to pay the Outstanding Balance of such Receivable created thereunder and any accrued interest thereon, enforceable against such Obligor in accordance with its terms, except as such

enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(r) Perfection Representations.

(i) This Agreement creates a valid and continuing ownership or security interest (as defined in the applicable UCC) in the Seller's right, title and interest in, to and under the Sold Assets and Seller Collateral which (A) ownership or security interest has been perfected and is enforceable against creditors of and purchasers from the Seller and (B) will be free of all Adverse Claims in such Sold Assets and Seller Collateral.

(ii) The Receivables constitute (x) in the case of U.S. Originator Receivables, "accounts" or "general intangibles" within the meaning of Section 9-102 of the UCC and (y) in the case of Canadian Originator Receivables, "accounts" within the meaning of the PPSA.

(iii) Prior to the sale of, or grant of security interest in, the Sold Assets and Seller Collateral hereunder, the Seller owns and has good and marketable title to such Sold Assets and Seller Collateral free and clear of any Adverse Claim of any Person. After giving effect to the sale of, and grant of security interest in, the Sold Assets and Seller Collateral hereunder, the Administrative Agent owns or has a first priority perfected security interest in the Sold Assets and Seller Collateral free and clear of any Adverse Claim of any Person.

(iv) All appropriate financing statements, financing statement amendments, financing change statements and continuation statements have been filed in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect (and continue the perfection of) the sale and contribution of the Receivables and Related Security from each Originator to the Seller pursuant to the applicable Sale Agreement and the Seller's sale of, and grant of a security interest in, the Sold Assets and Seller Collateral to the Administrative Agent pursuant to this Agreement.

(v) Other than the security interest granted to the Administrative Agent pursuant to this Agreement, the Seller has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Sold Assets or Seller Collateral except as permitted by this Agreement and the other Transaction Documents. The Seller has not authorized the filing of and is not aware of any financing statements filed against the Seller that include a description of collateral covering the Sold Assets or Seller Collateral other than any financing statement (i) in favor of the Administrative Agent or (ii) that has been terminated. The Seller is not aware of any judgment lien, ERISA lien or tax lien filings against the Seller.

(vi) Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations contained in this Section 7.01(r) shall be continuing and remain in full force and effect until the Final Payout Date.

(s) The Lock-Boxes and Collection Accounts.

(i) Instructions. The Seller or the Master Servicer have instructed all Obligors to remit payments on Receivables to the Lock-Boxes or the Collection Accounts, and has not delivered to any Obligor any instructions to the contrary. The Seller has taken, or have caused to be taken, all actions necessary or advisable to assure that all Collections are received in the Lock-Boxes and the Collection Accounts.

(ii) Nature of U.S. Collection Accounts. Each U.S. Collection Account constitutes a “deposit account” within the meaning of the applicable UCC.

(iii) Ownership. Each Lock-Box and Collection Account is in the name of the Seller, and the Seller owns and has good and marketable title to the Collection Accounts free and clear of any Adverse Claim.

(iv) Arrangement. No Wolverine Party has established any lock-box, lock-box account or other deposit account for the receipt of Collections other than the Lock-Boxes and the Collection Accounts. Each Lock-Box is linked to a Collection Account.

(v) Control Agreements. Each Lock-Box and Collection Account is subject to a Control Agreement. No Wolverine Party has granted any Person (other than the Administrative Agent, the Seller, the Master Servicer and their respective assigns) access to or control of any such Lock-Box or Collection Account, or the right to take dominion and control of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event. To the extent that funds other than Collections are deposited into any Collection Account, the Seller or the Master Servicer can promptly trace and identify which funds constitute Collections.

(vi) Perfection. The Administrative Agent has (A) “control” (as defined in Section 9-104 of the UCC) over each U.S. Collection Account and (B) a perfected security interest in each Canadian Collection Account.

(t) Ordinary Course of Business. Each remittance of Collections by or on behalf of the Seller to the Purchaser Parties under this Agreement will have been (i) in payment of an obligation incurred by the Seller in the ordinary course of business or financial affairs of the Seller and (ii) made in the ordinary course of business or financial affairs of the Seller.

(u) Compliance with Laws. The Seller has complied with all applicable Laws to which it may be subject the violation of which could have a Material Adverse Effect.

(v) Bulk Sales Act. No transaction contemplated by this Agreement requires compliance by it with any bulk sales act or similar law.

(w) Eligible Receivables. Each Receivable included as an Eligible Receivable in the calculation of the Net Pool Balance as of any date is an Eligible Receivable as of such date.

(x) Taxes. The Seller has (i) timely filed all income (or similar Tax in lieu of income) and other material Tax returns (federal, state and local) required to be filed by it (taking into account extensions) and (ii) paid, or caused to be paid, all income and other Taxes, assessments and other governmental charges, if any, other than Taxes, assessments and other

governmental charges being contested in good faith by appropriate proceedings diligently conducted and as to which adequate reserves have been provided in accordance with GAAP.

(y) Tax Status. The Seller (i) is, and shall at all relevant times continue to be, a “disregarded entity” within the meaning of U.S. Treasury Regulation § 301.7701-3 for U.S. federal income tax purposes that is wholly owned by a U.S. Person and (ii) is not and will not at any relevant time become an association (or publicly traded partnership) taxable as a corporation for U.S. federal income tax purposes. The Seller is not subject to any Tax in any jurisdiction outside the United States. The Seller is not subject to any material amount of Taxes imposed by a state or local taxing authority.

(z) Opinions. The facts regarding the Wolverine Parties, the Receivables, the Related Security and the related matters set forth or assumed in each of the bankruptcy opinions of counsel delivered in connection with this Agreement and the Transaction Documents are true and correct in all material respects.

(aa) Wolverine Credit Agreement. The facility established by this Agreement and the other Transaction Documents constitutes a “Qualified Receivables Financing” and the Seller constitutes a “Receivables Subsidiary”, in each case as defined in the Wolverine Credit Agreement.

(ab) Subordinated Notes. Each of the Subordinated Notes are owned directly by an Originator, free and clear of any Adverse Claim.

(ac) Beneficial Ownership Certification. As of the Closing Date, all of the information included in the Beneficial Ownership Certification is true and correct.

(ad) Canadian Originators. Each representation and warranty made by a Canadian Originator under the Canadian Sale Agreement is true and correct in all material respects as of the date when made.

(ae) Other Transaction Documents. Each representation and warranty made by the Seller under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made.

Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations and warranties contained in this Section shall remain in full force and effect until the Final Payout Date.

SECTION 1.02. Representations and Warranties of the Master Servicer. The Master Servicer represents and warrants to each Purchaser Party as of the Closing Date, on each Settlement Date, and on the day of each Investment and Release:

(a) Due Organization and Qualification. The Master Servicer is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware, with the power and authority under its organizational documents and under the laws of Delaware to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted.

(b) Due Qualification. The Master Servicer is duly qualified to do business, is in good standing as a foreign entity and has obtained all necessary licenses and approvals in all jurisdictions in which the conduct of its business or the servicing of the Pool Receivables as

required by this Agreement requires such qualification, licenses or approvals, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Power and Authority; Due Authorization. The Master Servicer has all necessary power and authority to (i) execute and deliver this Agreement and the other Transaction Documents to which it is a party and (ii) perform its obligations under this Agreement and the other Transaction Documents to which it is a party and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Agreement and the other Transaction Documents to which it is a party have been duly authorized by the Master Servicer by all necessary action.

(d) Binding Obligations. This Agreement and each of the other Transaction Documents to which it is a party constitutes legal, valid and binding obligations of the Master Servicer, enforceable against the Master Servicer in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Conflict or Violation. The execution and delivery of this Agreement and each other Transaction Document to which the Master Servicer is a party, the performance of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms of this Agreement and the other Transaction Documents by the Master Servicer will not (i) conflict with, result in any breach of any of the terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under, the organizational documents of the Master Servicer or any indenture, sale agreement, credit agreement, loan agreement, security agreement, mortgage, deed of trust or other agreement or instrument to which the Master Servicer is a party or by which it or any of its property is bound, (ii) result in the creation or imposition of any Adverse Claim upon any of the Sold Assets or Seller Collateral pursuant to the terms of any such indenture, credit agreement, loan agreement, security agreement, mortgage, deed of trust or other agreement or instrument, other than this Agreement and the other Transaction Documents or (iii) conflict with or violate any Applicable Law, except to the extent that any such conflict, breach, default, Adverse Claim or violation could not reasonably be expected to have a Material Adverse Effect.

(f) Litigation and Other Proceedings. There is no action, suit, proceeding or investigation pending, or to the Master Servicer's knowledge threatened, against the Master Servicer before any Governmental Authority: (i) asserting the invalidity of this Agreement or any of the other Transaction Documents; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document; (iii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Master Servicer of its obligations under, or the validity or enforceability of, this Agreement or any of the other Transaction Documents or (iv) individually or in the aggregate for all such actions, suits, proceedings and investigations could reasonably be expected to have a Material Adverse Effect.

(g) No Consents. The Master Servicer is not required to obtain the consent of any other party or any consent, license, approval, registration, authorization or declaration of or with any Governmental Authority in connection with the execution, delivery, or performance of this Agreement or any other Transaction Document to which it is a party that has not already been obtained, except where the failure to obtain such consent, license, approval, registration, authorization or declaration could not reasonably be expected to have a Material Adverse Effect.

(h) Compliance with Laws. The Master Servicer has (i) complied with all Applicable Laws, the non-compliance with which could reasonably be expected to have a Material Adverse Effect, (ii) maintained in effect all qualifications required under Applicable Law in order to properly service the Pool Receivables and (iii) complied in all material respects with all Applicable Laws in connection with servicing the Pool Receivables.

(i) Accuracy of Information. All Monthly Reports, Weekly Reports, Investment Requests, schedules, certificates, reports, statements, documents and other information furnished to the Administrative Agent or any other Purchaser Party by the Master Servicer pursuant to any provision of this Agreement or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement or any other Transaction Document, is, at the time the same are so furnished, complete and correct in all material respects on the date the same are furnished to the Administrative Agent or such other Purchaser Party, and does not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(j) Location of Records. The offices where the initial Master Servicer keeps all of its records relating to the servicing of the Pool Receivables are located at the Master Servicer's address specified on Schedule III.

(k) Credit and Collection Policy. The Master Servicer has complied in all material respects with the Credit and Collection Policy with regard to each Pool Receivable and the related Contracts.

(l) Eligible Receivables. Each Receivable included as an Eligible Receivable in the calculation of the Net Pool Balance as of any date is an Eligible Receivable as of such date.

(m) Servicing Programs. No license or approval is required for the Administrative Agent's use of any software or other computer program used by the Master Servicer, any Originator or any Sub-Servicer in the servicing of the Pool Receivables, other than (i) those which have been obtained and are in full force and effect and (ii) those for which the failure to obtain could not reasonably be expected to have a Material Adverse Effect.

(n) Servicing of Pool Receivables. Since the Closing Date there has been no material adverse change in the ability of the Master Servicer to service and collect the Pool Receivables and the Related Security.

(o) The Lock-Boxes and Collection Accounts.

(i) Instructions. The Seller or the Master Servicer have instructed all Obligors to remit payments on Receivables to the Lock-Boxes or the Collection Accounts, and has not delivered to any Obligor any instructions to the contrary. The Seller has taken, or have caused to be taken, all actions necessary or advisable to assure that all Collections are received in the Lock-Boxes and the Collection Accounts.

(ii) Nature of U.S. Collection Accounts. Each U.S. Collection Account constitutes a "deposit account" within the meaning of the applicable UCC.

(iii) Ownership. Each Lock-Box and Collection Account is in the name of the Seller, and the Seller owns and has good and marketable title to the Collection Accounts free and clear of any Adverse Claim.

(iv) Arrangement. No Wolverine Party has established any lock-box, lock-box account or other deposit account for the receipt of Collections other than the Lock-Boxes and the Collection Accounts. Each Lock-Box is linked to a Collection Account.

(v) Control Agreements. Each Lock-Box and Collection Account is subject to a Control Agreement. No Wolverine Party has granted any Person (other than the Administrative Agent, the Seller, the Master Servicer and their respective assigns) access to or control of any such Lock-Box or Collection Account, or the right to take dominion and control of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event. To the extent that funds other than Collections are deposited into any Collection Account, the Seller or the Master Servicer can promptly trace and identify which funds constitute Collections.

(vi) Perfection. The Administrative Agent has (A) “control” (as defined in Section 9-104 of the UCC) over each U.S. Collection Account and (B) a perfected security interest in each Canadian Collection Account.

(p) Wolverine Credit Agreement. The facility established by this Agreement and the other Transaction Documents constitutes a “Qualified Receivables Transaction” and the Seller constitutes a “Securitization Subsidiary”, in each case as defined in the Wolverine Credit Agreement.

(q) Other Transaction Documents. Each representation and warranty made by the Master Servicer under each other Transaction Document to which it is a party (including, without limitation, each Sale Agreement) is true and correct in all material respects as of the date when made.

(r) No Material Adverse Effect. Since December 31, 2021, no event has occurred that could reasonably be expected to have a Material Adverse Effect.

(s) Investment Company Act. The Master Servicer is not an “investment company” registered or required to be registered under the Investment Company Act.

(t) Anti-Corruption Laws; Anti-Money Laundering Laws and Sanctions.

(i) None of (i) the Master Servicer, any Subsidiary, any of their respective directors, officers, or, to the knowledge of the Master Servicer or such Subsidiary, any of their respective employees or Affiliates, or (ii) any agent or representative of the Master Servicer or any Subsidiary that will act in any capacity in connection with or benefit from the Transaction Documents, (A) is a Sanctioned Person or currently the subject or target of any Sanctions, (B) has its assets located in a Sanctioned Country, (C) is under administrative, civil or criminal investigation for an alleged violation of, or received notice from or made a voluntary disclosure to any governmental entity regarding a possible violation of, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions by a governmental authority that enforces Sanctions or any Anti-Corruption Laws or Anti-Money Laundering Laws, or (D) directly or indirectly derives revenues from investments in, or transactions with, Sanctioned Persons.

(ii) Each of the Master Servicer and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by the Master Servicer and its Subsidiaries and their respective



directors, officers, employees, agents and Affiliates with all Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions.

(iii) Each of the Master Servicer and its Subsidiaries, each director, officer, and to the knowledge of Master Servicer, employee, agent and Affiliate of Master Servicer and each such Subsidiary, is in compliance with all Anti-Corruption Laws, Anti-Money Laundering Laws in all respects and applicable Sanctions.

(iv) No proceeds of any Investment have been used, directly or indirectly, by the Master Servicer, any of its Subsidiaries or any of its or their respective directors, officers, employees and agents in violation of Section 8.01(x).

(u) Financial Condition. The audited consolidated balance sheets of the Parent and its consolidated Subsidiaries as of December 31, 2021 and the related statements of income and shareholders' equity of the Parent and its consolidated Subsidiaries for the fiscal year then ended, copies of which have been furnished to the Administrative Agent and the Purchasers, present fairly in all material respects the consolidated financial position of the Parent and its consolidated Subsidiaries for the period ended on such date, all in accordance with GAAP.

(v) ERISA. Except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect: (a) each Wolverine Party and each of their respective ERISA Affiliates is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to Plans or Foreign Plans and the regulations and published interpretations thereunder; and (b) no ERISA Event or Foreign Plan Event has occurred or is reasonably expected to occur. The present value of all accumulated benefit obligations under each Pension Plan (based on the assumptions used for purposes of Accounting Standards Codification No. 715: Compensation-Retirement Benefits) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Pension Plan allocable to such accrued benefits by an amount that could reasonably be expected to have a Material Adverse Effect, and the present value of all accumulated benefit obligations of all underfunded Pension Plans (based on the assumptions used for purposes of Accounting Standards Codification No. 715: Compensation-Retirement Benefits) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Pension Plans by an amount that could reasonably be expected to have a Material Adverse Effect.

(w) Solvency. The Master Servicer is Solvent.

(x) Bulk Sales Act. No transaction contemplated by this Agreement requires compliance by it with any bulk sales act or similar law.

(y) Subordinated Notes. Each of the Subordinated Notes are owned directly by an Originator, free and clear of any Adverse Claim.

(z) Taxes. The Master Servicer has (i) timely filed all material income and other Tax returns (federal, state and local) required to be filed by it (taking into account extensions) and (ii) paid, or caused to be paid, all material income and other Taxes, assessments and other governmental charges, if any, other than Taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP.

(aa) Tax Status. The Seller (i) is, and shall at all relevant times continue to be, a “disregarded entity” within the meaning of U.S. Treasury Regulation § 301.7701-3 for U.S. federal income tax purposes that is wholly owned by a U.S. Person and (ii) is not and will not at any relevant time become an association (or publicly traded partnership) taxable as a corporation for U.S. federal income tax purposes. The Seller is not subject to any Tax in any jurisdiction outside the United States. The Seller is not subject to any material amount of Taxes imposed by a state or local taxing authority.

(ab) Opinions. The facts regarding the Wolverine Parties, the Receivables, the Related Security and the related matters set forth or assumed in each of the bankruptcy opinions of counsel delivered in connection with this Agreement and the Transaction Documents are true and correct in all material respects.

(ac) Other Transaction Documents. Each representation and warranty made by the Master Servicer under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made.

Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations and warranties contained in this Section shall remain in full force and effect until the Final Payout Date.

## ARTICLE VIII

### COVENANTS

SECTION 1.01. Covenants of the Seller. At all times from the Closing Date until the Final Payout Date:

(a) Payment of Principal and Yield. The Seller shall duly and punctually pay Capital, Yield, Fees and all other amounts payable by the Seller hereunder in accordance with the terms of this Agreement.

(b) Financial Statements, Reports, Certificates. The Seller agrees to (a) maintain a system of accounting that enables the Seller to produce financial statements in accordance with GAAP and (b) maintain (or cause to be maintained) and implement administrative and operating procedures (including an ability to recreate records evidencing the Receivables in the event of the destruction of the originals thereof) and keep and maintain, all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including records adequate to permit the daily identification of all collections of and adjustments of each Receivable).

(c) Existence. The Seller shall keep in full force and effect its existence and rights as a limited liability company under the laws of the State of Delaware, and shall obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the other Transaction Documents, the Sold Assets and the Seller Collateral.

(d) Financial Reporting. The Seller will maintain a system of accounting established and administered in accordance with GAAP, and the Seller (or the Master Servicer on its behalf) shall furnish to the Administrative Agent and each Purchaser:

(i) Annual Financial Statements of the Seller. Promptly upon completion and in no event later than 90 days after the close of each fiscal year of the

Seller, annual unaudited financial statements of the Seller certified by a Financial Officer of the Seller that they fairly present in all material respects, in accordance with GAAP, the financial condition of the Seller as of the date indicated and the results of its operations for the periods indicated.

(ii) Monthly Reports. As soon as available and in any event not later than (A) with respect to the first Monthly Report, December 21, 2022 and (B) thereafter, two (2) Business Days prior to each Settlement Date, a Monthly Report as of the most recently completed Calculation Period.

(iii) Weekly Reports. If requested by the Administrative Agent or any Purchaser in its sole discretion, a Weekly Report not later than the second Business Day of each calendar week, calculated as of the last day of the immediately prior calendar week.

(iv) Other Information. Such other information (including non-financial information) as the Administrative Agent or any Purchaser may from time to time reasonably request.

(v) Know Your Customer. Promptly upon the request thereof, such other information and documentation required under applicable “know your customer” rules and regulations, the PATRIOT Act or any applicable Anti-Money Laundering Laws or Anti-Corruption Laws, in each case as from time to time reasonably requested by the Administrative Agent or any Purchaser.

(vi) Other Reports and Filings. Promptly (but in any event within ten days) after the filing or delivery thereof, copies of all financial information, definitive proxy materials, and reports on Form 8-K, Form 10-K or Form 10-Q, if any, which Parent or any of its consolidated Subsidiaries shall publicly file with the SEC or deliver to holders (or any trustee, agent or other representative therefor) of any of its material Debt pursuant to the terms of the documentation governing the same (provided that delivery may be effected in accordance with Section 8.02(b)(iii) below).

(e) Notices. The Seller (or the Master Servicer on its behalf) will notify the Administrative Agent and each Purchaser in writing of any of the following events promptly upon (but in no event later than three (3) Business Days after) a Financial Officer or other officer learning of the occurrence thereof, with such notice describing the same, and if applicable, the steps being taken by the Person(s) affected with respect thereto:

(i) Notice of Events of Termination or Unmatured Events of Termination. A statement of a Financial Officer of the Seller setting forth details of any Event of Termination or Unmatured Event of Termination that has occurred and is continuing and the action which the Seller proposes to take with respect thereto.

(ii) Representations and Warranties. The failure of any representation or warranty made or deemed to be made by the Seller under this Agreement or any other Transaction Document to be true and correct in any material respect when made.

(iii) Litigation. The institution of any litigation, arbitration proceeding or governmental proceeding with respect to any Wolverine Party, which with respect to any Person other than the Seller, could reasonably be expected to have a Material Adverse Effect.

(iv) Adverse Claim. (A) Any Person shall obtain an Adverse Claim upon the Sold Assets or Seller Collateral or any portion thereof, (B) any Person other than the Seller, the Master Servicer or the Administrative Agent shall obtain any rights or direct any action with respect to any Collection Account (or related Lock-Box) or (C) any Obligor shall receive any change in payment instructions with respect to Pool Receivable(s) from a Person other than the Master Servicer or the Administrative Agent.

(v) Name Changes. At least thirty (30) days before any change in any Originator's or the Seller's name, jurisdiction of organization or any other change requiring the amendment of financing statements or other documents filed pursuant to the UCC or PPSA.

(vi) Change in Accountants or Accounting Policy. Any change in (A) the external accountants of any Wolverine Party, (B) any accounting policy of the Seller or (C) any material accounting policy of any Originator that is relevant to the transactions contemplated by this Agreement or any other Transaction Document (it being understood that any change to the manner in which any Originator accounts for the Pool Receivables shall be deemed "material" for such purpose).

(vii) Termination Event. The occurrence of a Purchase and Sale Termination Event under any Sale Agreement.

(f) Conduct of Business. The Seller will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and will do all things necessary to remain duly organized, validly existing and in good standing as a domestic organization in its jurisdiction of organization and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

(g) Compliance with Laws. The Seller will comply with all Applicable Laws to which it may be subject if (other than with respect to any Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions) the failure to comply could reasonably be expected to have a Material Adverse Effect.

(h) Furnishing of Information and Inspection of Receivables. The Seller will furnish or cause to be furnished to the Administrative Agent and each Purchaser from time to time such information with respect to the Pool Receivables and the other Sold Assets and the Seller Collateral as the Administrative Agent or any Purchaser may reasonably request. The Seller will, at the Seller's expense, during regular business hours with reasonable prior written notice (i) permit the Administrative Agent and each Purchaser or their respective agents or representatives to (A) examine and make copies of and abstracts from all books and records relating to the Pool Receivables or other Sold Assets and the Seller Collateral, (B) visit the offices and properties of the Seller for the purpose of examining such books and records and (C) discuss matters relating to the Pool Receivables, the other Sold Assets, the Seller Collateral or the Seller's performance hereunder or under the other Transaction Documents to which it is a party with any of the officers, directors, employees or independent public accountants of the Seller having knowledge of such matters and (ii) without limiting the provisions of clause (i) above, during regular business hours, at the Seller's expense, upon prior written notice from the Administrative Agent, permit certified public accountants or other auditors acceptable to the Administrative Agent to conduct a review of its books and records with respect to such Pool Receivables and other Sold Assets and the Seller Collateral; provided, that the Seller shall be required to reimburse the Administrative Agent for only one (1) such review pursuant to clause (ii) above in any twelve-month period, unless (x) an Event of Termination has occurred and is continuing or (y) the first such review had one or more material adverse findings.

(i) Payments on Receivables, Collection Accounts. The Seller (or the Master Servicer on its behalf) will, and will cause each Originator to, at all times, instruct all Obligor to deliver payments on the Pool Receivables to a Collection Account or a Lock-Box. The Seller (or the Master Servicer on its behalf) will, and will cause each Originator to, at all times, maintain such books and records necessary (i) to identify Collections received from time to time on Pool Receivables and (ii) to segregate such Collections from other property of the Master Servicer and the Originators. If any payments on the Pool Receivables or other Collections are received by the Seller, the Master Servicer or an Originator, each of the Seller and the Master Servicer shall, and shall cause such Originator to, hold such payments in trust for the benefit of the Administrative Agent, the Purchasers and the other Secured Parties and promptly (but in any event within two (2) Business Days after receipt) remit such funds into a Collection Account. The Seller (or the Master Servicer on its behalf) will cause each Collection Account Bank to comply with the terms of each applicable Control Agreement. The Seller shall not permit funds other than (i) Collections on Pool Receivables and (ii) other Sold Assets and Seller Collateral, to be deposited into any Collection Account. If such funds are nevertheless deposited into any Collection Account, the Seller (or the Master Servicer on its behalf) will within two (2) Business Days identify and transfer such funds to the appropriate Person entitled to such funds. The Seller will not, and will not permit the Master Servicer, any Originator or any other Person to commingle Collections or other funds to which the Administrative Agent, any Purchaser or any other Secured Party is entitled, with any other funds. The Seller shall only add a Collection Account (or a related Lock-Box) or a Collection Account Bank to those listed on Schedule II to this Agreement, if the Administrative Agent has received notice of such addition and an executed and acknowledged copy of a Control Agreement (or an amendment thereto) in form and substance acceptable to the Administrative Agent from the applicable Collection Account Bank. The Seller shall only terminate a Collection Account Bank or close a Collection Account (or a related Lock-Box) with the prior written consent of the Administrative Agent. The Seller shall ensure that no disbursements are made from any Collection Account, other than such disbursements that are made at the direction and for the account of the Seller.

(j) Disposal of Assets. Except as otherwise provided herein, the Seller will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Pool Receivable, Sold Assets or any Seller Collateral, or assign any right to receive income in respect thereof.

(k) Extension or Amendment of Pool Receivables. Except as otherwise permitted in Section 9.02, the Seller will not, and pursuant to Section 8.02(i) the Master Servicer will not, alter the delinquency status or adjust the Outstanding Balance or otherwise modify the terms of any Pool Receivable in any material respect, or amend, modify or waive, in any material respect, any term or condition of any related Contract. The Seller shall at its expense, timely and fully perform and comply in all material respects with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables, and timely and fully comply with the Credit and Collection Policy with regard to each Pool Receivable and the related Contract.

(l) Change in Credit and Collection Policy. The Seller will not make any material change in the Credit and Collection Policy (including changes that would materially increase the Contractual Dilution with respect to the Pool Receivables) without the prior written consent of the Administrative Agent and the Majority Purchasers. Promptly following any change in the Credit and Collection Policy, the Seller or Master Servicer will deliver a copy of the updated Credit and Collection Policy and a summary of all changes to the Administrative Agent and each Purchaser.

(m) Fundamental Changes. The Seller shall not, without the prior written consent of the Administrative Agent and the Majority Purchasers, permit itself (i) to merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person or (ii) undertake any division of its rights, assets, obligations, or liabilities pursuant to a plan of division or otherwise pursuant to Applicable Law or (iii) to be directly owned by any Person other than an Originator. The Seller shall not, without the prior written consent of the Administrative Agent and the Majority Purchasers, make any change in the Seller's name, identity, corporate structure or location or make any other change in the Seller's identity or corporate structure that could impair or otherwise render any financing statement or other document filed pursuant to the UCC or PPSA in connection with this Agreement or any other Transaction Document or otherwise render any such financing statement or other document filed pursuant to the UCC or PPSA "seriously misleading" as such term (or similar term) is used in the applicable UCC or PPSA.

(n) Books and Records. The Seller shall maintain and implement (or cause the Master Servicer to maintain and implement) administrative and operating procedures (including an ability to recreate records evidencing Pool Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain (or cause the Master Servicer to keep and maintain) all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Pool Receivables (including records adequate to permit the daily identification of each Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(o) Identifying of Records. The Seller shall: (i) identify (or cause the Master Servicer to identify) its master data processing records relating to Pool Receivables and related Contracts with a legend that indicates that the Pool Receivables have been pledged in accordance with this Agreement and (ii) cause each Originator so to identify its master data processing records with such a legend.

(p) Change in Payment Instructions to Obligors. The Seller shall not (and shall not permit the Master Servicer or any Sub-Servicer to) add, replace or terminate any Collection Account (or any related Lock-Box) or make any change in its (or their) instructions to the Obligors regarding payments to be made to the Collection Accounts (or any related Lock-Box), other than any instruction to remit payments to a different Collection Account (or any related Lock-Box), unless the Administrative Agent shall have received (i) prior written notice of such addition, termination or change and (ii) a signed and acknowledged Control Agreement (or amendment thereto) with respect to such new Collection Accounts (or any related Lock-Box), and the Administrative Agent shall have consented to such change in writing.

(q) Security Interest, Etc. The Seller shall (and shall cause the Master Servicer to), at its expense, take all action necessary or reasonably desirable to establish and maintain a valid and enforceable ownership or security interest in the Sold Assets and Seller Collateral, and a first priority perfected security interest in the Sold Assets and Seller Collateral, in each case free and clear of any Adverse Claim, in favor of the Administrative Agent (on behalf of the Secured Parties), including taking such action to perfect, protect or more fully evidence the security interest of the Administrative Agent (on behalf of the Secured Parties) as the Administrative Agent or any Secured Party may reasonably request. In order to evidence the security interests of the Administrative Agent under this Agreement, the Seller shall, from time to time take such action, or execute and deliver such instruments as may be necessary (including, without limitation, such actions as are reasonably requested by the Administrative Agent) to maintain and perfect, as a first-priority interest, the Administrative Agent's security interest in the Receivables, Related Security and Collections. The Seller shall, from time to time and within

the time limits established by law, prepare and present to the Administrative Agent for the Administrative Agent's authorization and approval, all financing statements, amendments, continuations or initial financing statements in lieu of a continuation statement, or other filings necessary to continue, maintain and perfect the Administrative Agent's security interest as a first-priority interest. The Administrative Agent's approval of such filings shall authorize the Seller to file such financing statements or other documents under the UCC or PPSA without the signature of the Seller, any Originator or the Administrative Agent where allowed by Applicable Law. Notwithstanding anything else in the Transaction Documents to the contrary, the Seller shall not have any authority to file a termination, partial termination, release, partial release, or any amendment that deletes the name of a debtor or excludes any Sold Assets or Seller Collateral of any such financing statements filed in connection with the Transaction Documents, without the prior written consent of the Administrative Agent.

(r) Certain Agreements. Without the prior written consent of the Administrative Agent and the Majority Purchasers, the Seller will not (and will not permit any Originator or the Master Servicer to) amend, modify, waive, revoke or terminate any Transaction Document to which it is a party or any provision of the Seller's organizational documents which requires the consent of the "Independent Director" (as such term is used in the Seller's Certificate of Formation and Limited Liability Company Agreement).

(s) Restricted Payments. (i) Except pursuant to clause (ii) below, the Seller will not: (A) purchase or redeem any of its membership interests, (B) declare or pay any dividend or set aside any funds for any such purpose, (C) prepay, purchase or redeem any Debt, (D) lend or advance any funds or (E) repay any loans or advances to, for or from any of its Affiliates (the amounts described in clauses (A) through (E) being referred to as "Restricted Payments").

(i) Subject to the limitations set forth in clause (iii) below, the Seller may make Restricted Payments so long as such Restricted Payments are made only in one or more of the following ways: (A) the Seller may make cash payments (including prepayments) on the Subordinated Notes in accordance with their respective terms and (B) the Seller may declare and pay dividends if, both immediately before and immediately after giving effect thereto, the Seller's Net Worth is not less than the Required Capital Amount.

(ii) The Seller may make Restricted Payments only out of the funds, if any, it receives pursuant to Sections 4.01 of this Agreement; provided that the Seller shall not pay, make or declare any Restricted Payment (including any dividend) if, after giving effect thereto, any Event of Termination or Unmatured Event of Termination shall have occurred and be continuing.

(t) Other Business. The Seller will not: (i) engage in any business other than the transactions contemplated by the Transaction Documents, (ii) create, incur, assume, suffer to exist, guarantee, or otherwise become or remain, directly or indirectly, liable with respect to any Debt, except for Debt evidenced by this Agreement or the other Transaction Documents or (iii) form or acquire any Subsidiary or make any investments in any other Person.

(u) Use of Collections Available to the Seller. The Seller shall apply the Collections available to the Seller to make payments in the following order of priority: (i) the payment of its obligations under this Agreement and each of the other Transaction Documents (other than the Subordinated Notes), (ii) the payment of accrued and unpaid interest on the Subordinated Notes and (iii) other legal and valid purposes.

(v) Further Assurances; Change in Name or Jurisdiction of Origination, etc. (i) The Seller hereby authorizes and hereby agrees from time to time, at its own expense, promptly to execute (if necessary) and deliver all further instruments and documents, and to take all further actions, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or more fully evidence the security interest granted pursuant to this Agreement or any other Transaction Document, or to enable the Administrative Agent (on behalf of the Secured Parties) to exercise and enforce the Secured Parties' rights and remedies under this Agreement and the other Transaction Document. Without limiting the foregoing, the Seller hereby authorizes, and will, upon the request of the Administrative Agent, at the Seller's own expense, execute (if necessary) and file such financing statements or continuation statements, or amendments thereto, and such other instruments and documents, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or evidence any of the foregoing.

(i) The Seller authorizes the Administrative Agent to file financing statements, continuation statements and amendments thereto and assignments thereof, relating to the Receivables, the Related Security, the related Contracts, Collections with respect thereto and the other Sold Assets and Seller Collateral without the signature of the Seller. A photocopy or other reproduction of this Agreement shall be sufficient as a financing statement where permitted by law.

(ii) The Seller shall at all times be organized under the laws of the State of Delaware and shall not take any action to change its jurisdiction of organization.

(iii) The Seller will not change its name, location, identity or corporate structure unless (x) the Seller, at its own expense, shall have taken all action necessary or appropriate to perfect or maintain the perfection of the security interest under this Agreement (including, without limitation, the filing of all financing statements and the taking of such other action as the Administrative Agent may request in connection with such change or relocation) and (y) if requested by the Administrative Agent, the Seller shall cause to be delivered to the Administrative Agent, one or more opinions, in form and substance satisfactory to the Administrative Agent as to such UCC and PPSA perfection and priority matters as the Administrative Agent may request at such time.

(iv) The Seller shall promptly execute and deliver, and cause the Canadian Originator to execute and deliver, to the Administrative Agent, upon the Administrative Agent's request and at the Seller's expense, such notices of assignment to debtors, information, applications for registration with the Register of Personal and Movable Real Rights (Quebec) and such other writings as the Administrative Agent may reasonably request to give effect to the sale, assignment and transfer of Quebec Receivables from the Canadian Originator to the Seller and from the Seller to the Administrative Agent.

(w) Compliance with Anti-Corruption Laws; Beneficial Ownership Regulation; Anti-Money Laundering Laws and Sanctions. The Seller will (i) maintain in effect and enforce policies and procedures designed to ensure compliance by the Seller, its Subsidiaries and their respective directors, officers, employees and agents with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions, (ii) notify the Administrative Agent and each Purchaser that previously received a Beneficial Ownership Certification (or a certification that the Seller qualifies for an express exclusion to the "legal entity customer" definition under the Beneficial Ownership Regulation) of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein (or, if applicable, the Seller ceasing to fall within an express exclusion to the



definition of “legal entity customer” under the Beneficial Ownership Regulation) and (iii) promptly upon the reasonable request of the Administrative Agent or any Purchaser, provide the Administrative Agent or directly to such Purchaser, as the case may be, any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation.

(x) Use of Proceeds. The Seller will not request any Investment, and the Seller shall not use, and shall ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Investment, directly or indirectly, (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws, (ii) to fund, finance or facilitate any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

(y) Seller’s Net Worth. The Seller shall not permit the Seller’s Net Worth to be less than the Required Capital Amount.

(z) Transactions with Affiliates. The Seller will not, directly or indirectly, enter into or permit to exist any transaction with any Affiliate of the Seller except for the transactions permitted or contemplated by this Agreement, the Sale Agreements and the other Transaction Documents.

(aa) Taxes. The Seller will (i) timely file (including, without limitation, on or prior to any applicable deadline under any extension) all income (or similar Tax in lieu of income) and other material Tax returns (federal, state and local) required to be filed by it and (ii) pay, or cause to be paid, all Taxes, assessments and other governmental charges, if any, other than Taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings diligently conducted and as to which adequate reserves have been provided in accordance with GAAP.

(ab) Commingling. The Seller (or the Master Servicer on their behalf) will, and will cause each Originator to, at all times, take commercially reasonable actions to ensure that on and after the Closing Date that no funds are deposited into any Collection Account other than Collections on Pool Receivables.

(ac) Seller’s Tax Status. The Seller will remain a wholly-owned subsidiary of a U.S. Person and not be subject to withholding under Section 1446 of the Code. The Seller shall not (i) become treated other than as a “disregarded entity” within the meaning of U.S. Treasury Regulation § 301.7701-3 for U.S. federal income tax purposes that is wholly owned by a U.S. Person or (ii) become an association taxable as a corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. The Seller shall not become subject to any Tax in any jurisdiction outside the United States. The Seller shall not become subject to any material amount of Taxes imposed by a state or local taxing authority.

SECTION 1.02. Covenants of the Master Servicer. At all times from the Closing Date until the Final Payout Date:

(a) Existence. The Master Servicer shall keep in full force and effect its existence and rights as a corporation or other entity under the laws of the State of New York. The Master Servicer shall obtain and preserve its qualification to do business in each jurisdiction in which the conduct of its business or the servicing of the Pool Receivables as required by this

Agreement requires such qualification, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Financial Reporting. The Master Servicer will maintain a system of accounting established and administered in accordance with GAAP, and the Master Servicer shall furnish to the Administrative Agent and each Purchaser:

(i) Quarterly Financial Statements of Parent. As soon as available, and in any event within 45 days after the close of each of the first three quarterly periods of each fiscal year of the Borrower, a consolidated balance sheet, income statement and statement of cash flows of Parent and its Subsidiaries as of the end of such fiscal quarter, in each case setting forth in comparative form figures for the corresponding period of the preceding fiscal year, all such financial information described above to be in reasonable form and detail and reasonably acceptable to the Administrative Agent, and, in each case, accompanied by a certificate of a Financial Officer of the Master Servicer to the effect that such quarterly financial statements fairly present in all material respects the financial condition of such person and have been prepared in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments. Notwithstanding the above, it is understood and agreed that the public availability of Parent's applicable report on Form 10-Q shall satisfy the requirements of this Section 8.02(b)(i).

(ii) Annual Financial Statements of Parent. As soon as available, and in any event within 90 days after the close of each fiscal year of Parent, a copy of the audited consolidated balance sheet of the Parent and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income, stockholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by Ernst & Young LLP or other independent certified public accountants of nationally recognized standing. Notwithstanding the above, it is understood and agreed that the public availability of Parent's applicable report on Form 10-K shall satisfy the requirements of this Section 8.02(b)(ii).

(iii) Compliance Certificates. Within 90 days of the end of each fiscal year of Parent and within 45 days of the end of each fiscal quarter of Parent (other than the fourth fiscal quarter), a certificate of a Financial Officer of the Master Servicer substantially in the form of Exhibit H stating that no Event of Termination or Unmatured Event of Termination has occurred and is continuing, or if any Event of Termination or Unmatured Event of Termination has occurred and is continuing, stating the nature and status thereof.

(iv) Monthly Report. As soon as available and in any event not later than two (2) Business Days prior to each Settlement Date, a Monthly Report as of the most recently completed Calculation Period.

(v) Weekly Reports. If requested by the Administrative Agent or any Purchaser in its sole discretion, a Weekly Report not later than the second Business Day of each calendar week, calculated as of the last day of the immediately prior calendar week.

(vi) Know Your Customer. Promptly upon the request thereof, such other information and documentation required under applicable "know your customer" rules and regulations, the PATRIOT Act or any applicable Anti-Money Laundering Laws

or Anti-Corruption Laws, in each case as from time to time reasonably requested by the Administrative Agent or any Purchaser.

(vii) Other Information. Such other information (including non-financial information) as the Administrative Agent or any Purchaser may from time to time reasonably request.

(c) Notices. The Master Servicer will notify the Administrative Agent and each Purchaser in writing of any of the following events promptly upon (but in no event later than three (3) Business Days after) a Financial Officer or other officer learning of the occurrence thereof, with such notice describing the same, and if applicable, the steps being taken by the Person(s) affected with respect thereto:

(i) Notice of Events of Termination or Unmatured Events of Termination. A statement of a Financial Officer of the Master Servicer setting forth details of any Event of Termination or Unmatured Event of Termination that has occurred and is continuing and the action which the Master Servicer proposes to take with respect thereto.

(ii) Representations and Warranties. The failure of any representation or warranty made or deemed made by the Master Servicer under this Agreement or any other Transaction Document to be true and correct in any material respect when made.

(iii) Litigation. The institution of any litigation, arbitration proceeding or governmental proceeding which could reasonably be expected to have a Material Adverse Effect.

(iv) Adverse Claim. (A) Any Person shall obtain an Adverse Claim upon the Sold Assets or the Seller Collateral or any portion thereof, (B) any Person other than the Seller, the Master Servicer or the Administrative Agent shall obtain any rights or direct any action with respect to any Collection Account (or related Lock-Box) or (C) any Obligor shall receive any change in payment instructions with respect to Pool Receivable(s) from a Person other than the Master Servicer or the Administrative Agent.

(v) Name Changes. At least thirty (30) days before any change in any Originator's or the Seller's name, jurisdiction of organization or any other change requiring the amendment of financing statements or other documents filed pursuant to the UCC or PPSA.

(vi) Change in Accountants or Accounting Policy. Any change in (A) the external accountants of any Wolverine Party, (B) any accounting policy of the Seller or (C) any material accounting policy of any Originator that is relevant to the transactions contemplated by this Agreement or any other Transaction Document (it being understood that any change to the manner in which any Originator accounts for the Pool Receivables shall be deemed "material" for such purpose).

(vii) Termination Event. The occurrence of a Purchase and Sale Termination Event under any Sale Agreement.

(d) Conduct of Business. The Master Servicer will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted, and will do all things necessary to remain duly organized, validly existing and in good standing as a domestic corporation in its jurisdiction of organization and maintain all

requisite authority to conduct its business in each jurisdiction in which its business is conducted if the failure to have such authority could reasonably be expected to have a Material Adverse Effect.

(e) Compliance with Laws. The Master Servicer will comply with all Applicable Laws to which it may be subject if the failure to comply could reasonably be expected to have a Material Adverse Effect.

(f) Furnishing of Information and Inspection of Receivables. The Master Servicer will furnish or cause to be furnished to the Administrative Agent and each Purchaser from time to time such information with respect to the Pool Receivables and the other Sold Assets and Seller Collateral as the Administrative Agent or any Purchaser may reasonably request. The Master Servicer will, at the Master Servicer's expense, during regular business hours with reasonable prior written notice, (i) permit the Administrative Agent and each Purchaser or their respective agents or representatives to (A) examine and make copies of and abstracts from all books and records relating to the Pool Receivables or other Sold Assets and the Seller Collateral, (B) visit the offices and properties of the Master Servicer for the purpose of examining such books and records and (C) discuss matters relating to the Pool Receivables, the other Sold Assets, the Seller Collateral or the Master Servicer's performance hereunder or under the other Transaction Documents to which it is a party with any of the officers, directors, employees or independent public accountants of the Master Servicer having knowledge of such matters and (ii) without limiting the provisions of clause (i) above, during regular business hours, at the Master Servicer's expense, upon prior written notice from the Administrative Agent, permit certified public accountants or other auditors acceptable to the Administrative Agent to conduct a review of its books and records with respect to the Pool Receivables, the other Sold Assets and the Seller Collateral; provided, that the Master Servicer shall be required to reimburse the Administrative Agent for only one (1) such review pursuant to clause (ii) above in any twelve-month period unless (x) an Event of Termination has occurred and is continuing or (y) the first such review had one or more material adverse findings.

(g) Payments on Receivables, Collection Accounts. The Master Servicer will at all times, instruct all Obligor to deliver payments on the Pool Receivables to a Collection Account or a Lock-Box. The Master Servicer will, at all times, maintain such books and records necessary to (i) identify Collections received from time to time on Pool Receivables and (ii) to segregate such Collections from other property of the Master Servicer and the Originators. If any payments on the Pool Receivables or other Collections are received by the Seller, the Master Servicer or an Originator, it shall hold such payments in trust for the benefit of the Administrative Agent, the Purchasers and the other Secured Parties and promptly (but in any event within one (1) Business Day after receipt) remit such funds into a Collection Account. The Master Servicer shall not permit funds other than (i) Collections on Pool Receivables and (ii) other Sold Assets and Seller Collateral, to be deposited into any Collection Account. If such funds are nevertheless deposited into any Collection Account, the Master Servicer will within two (2) Business Days identify and transfer such funds to the appropriate Person entitled to such funds. The Master Servicer will not, and will not permit the Seller, any Originator or any other Person to commingle Collections or other funds to which the Administrative Agent, any Purchaser or any other Secured Party is entitled, with any other funds. The Master Servicer shall only add a Collection Account (or a related Lock-Box), or a Collection Account Bank to those listed on Schedule II to this Agreement, if the Administrative Agent has received notice of such addition and an executed and acknowledged copy of a Control Agreement (or an amendment thereto) in form and substance acceptable to the Administrative Agent from the applicable Collection Account Bank. The Master Servicer shall only terminate a Collection Account Bank or close a Collection Account (or a related Lock-Box) with the prior written consent of the Administrative Agent. The Master Servicer shall ensure that no disbursements are made from

any Collection Account, other than such disbursements that are made at the direction and for the account of the Seller.

(h) Extension or Amendment of Pool Receivables. Except as otherwise permitted in Section 9.02, the Master Servicer will not alter the delinquency status or adjust the Outstanding Balance or otherwise modify the terms of any Pool Receivable in any material respect, or amend, modify or waive, in any material respect, any term or condition of any related Contract. The Master Servicer shall at its expense, timely and fully perform and comply in all material respects with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables, and timely and fully comply with the Credit and Collection Policy with regard to each Pool Receivable and the related Contract.

(i) Change in Credit and Collection Policy. The Master Servicer will not make any material change in the Credit and Collection Policy (including changes that would materially increase the Contractual Dilution with respect to the Pool Receivables) without the prior written consent of the Administrative Agent and the Majority Purchasers. Promptly following any change in the Credit and Collection Policy, the Master Servicer will deliver a copy of the updated Credit and Collection Policy and a summary of all changes to the Administrative Agent and each Purchaser.

(j) Records. The Master Servicer will maintain and implement administrative and operating procedures (including an ability to recreate records evidencing Pool Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the timely and full collection of all Pool Receivables (including records adequate to permit the daily identification of each new Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(k) Identifying of Records. The Master Servicer shall identify its master data processing records relating to Pool Receivables and related Contracts with a legend that indicates that the Pool Receivables have been pledged in accordance with this Agreement.

(l) Change in Payment Instructions to Obligors. The Master Servicer shall not (and shall not permit any Sub-Servicer to) add, replace or terminate any Collection Account (or any related Lock-Box) or make any change in its instructions to the Obligor regarding payments to be made to the Collection Accounts (or any related Lock-Box), other than any instruction to remit payments to a different Collection Account (or any related Lock-Box), unless the Administrative Agent shall have received (i) prior written notice of such addition, termination or change and (ii) a signed and acknowledged Control Agreement (or an amendment thereto) with respect to such new Collection Accounts (or any related Lock-Box) and the Administrative Agent shall have consented to such change in writing.

(m) Security Interest, Etc. The Master Servicer shall, at its expense, take all action necessary or reasonably desirable to establish and maintain a valid and enforceable first priority perfected security interest in the Sold Assets and Seller Collateral, in each case free and clear of any Adverse Claim in favor of the Administrative Agent (on behalf of the Secured Parties), including taking such action to perfect, protect or more fully evidence the security interest of the Administrative Agent (on behalf of the Secured Parties) as the Administrative Agent or any Secured Party may reasonably request. In order to evidence the security interests of the Administrative Agent under this Agreement, the Master Servicer shall, from time to time take such action, or execute and deliver such instruments as may be necessary (including, without limitation, such actions as are reasonably requested by the Administrative Agent) to maintain and perfect, as a first-priority interest, the Administrative Agent's security interest in

the Receivables, Related Security and Collections. The Master Servicer shall, from time to time and within the time limits established by law, prepare and present to the Administrative Agent for the Administrative Agent's authorization and approval, all financing statements, amendments, financing change statements, continuations or initial financing statements in lieu of a continuation statement, or other filings necessary to continue, maintain and perfect the Administrative Agent's security interest as a first-priority interest. The Administrative Agent's approval of such filings shall authorize the Master Servicer to file such financing statements and other documents under the UCC or PPSA without the signature of the Seller, any Originator or the Administrative Agent where allowed by Applicable Law. Notwithstanding anything else in the Transaction Documents to the contrary, the Master Servicer shall not have any authority to file a termination, partial termination, release, partial release, discharge or any amendment that deletes the name of a debtor or excludes collateral of any such financing statements filed in connection with the Transaction Documents, without the prior written consent of the Administrative Agent.

(n) Further Assurances; Change in Name or Jurisdiction of Origination, etc. The Master Servicer hereby authorizes and hereby agrees from time to time, at its own expense, promptly to execute (if necessary) and deliver all further instruments and documents, and to take all further actions, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or more fully evidence the security interest granted pursuant to this Agreement or any other Transaction Document, or to enable the Administrative Agent (on behalf of the Secured Parties) to exercise and enforce their respective rights and remedies under this Agreement or any other Transaction Document. Without limiting the foregoing, the Master Servicer hereby authorizes, and will, upon the request of the Administrative Agent, at the Master Servicer's own expense, execute (if necessary) and file such financing statements or continuation statements, or amendments thereto, and such other instruments and documents, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or evidence any of the foregoing.

(o) Compliance with Anti-Corruption Laws; Beneficial Ownership Regulation, Anti-Money Laundering Laws and Sanctions. The Master Servicer will (a) maintain in effect and enforce policies and procedures designed to ensure compliance by the Master Servicer, its Subsidiaries and their respective directors, officers, employees and agents with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions, (b) notify the Administrative Agent and each Purchaser that previously received a Beneficial Ownership Certification of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein and (c) promptly upon the reasonable request of the Administrative Agent or any Purchaser, provide the Administrative Agent or such Purchaser, as the case may be, any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation.

(p) Taxes. The Master Servicer will (i) timely file (including, without limitation, on or prior to any applicable deadline under any extension) all Tax returns (federal, state and local) required to be filed by it and (ii) pay, or cause to be paid, all Taxes, assessments and other governmental charges, if any, other than Taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP.

(q) Commingling. The Master Servicer will, and will cause each Originator to, at all times, take commercially reasonable actions to ensure that on and after the Closing Date that no funds are deposited into any Collection Account other than Collections on Pool Receivables.

(r) Seller's Tax Status. The Master Servicer shall not take or cause any action to be taken that could result (and shall not fail to take any action the omission of which could result) in the Seller (i) being treated other than as a "disregarded entity" within the meaning of U.S. Treasury Regulation § 301.7701-3 that is a wholly-owned subsidiary of a U.S. Person for U.S. federal income tax purposes or (ii) becoming an association taxable as a corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

(s) Contractual Dilution. The Master Servicer shall include in each Monthly Report delivered to Administrative Agent on or after the Contractual Dilution Accrual Start Date, the Contractual Dilution Accrual for the then outstanding Pool Receivables as of the Cut-Off Date for the prior Calculation Period. The Contractual Dilution Accrual shall be calculated by the Master Servicer, on behalf of the Seller, in the ordinary course based on the Contractual Dilution then expected to occur with respect to the then outstanding Pool Receivables as reasonably determined by the Master Servicer. Additionally, the Master Servicer shall deliver such other information and reports reasonably requested by the Administrative Agent with respect to the Contractual Dilution Accrual, including (i) the specific amounts related to each applicable Obligor and (ii) a comparison of the Contractual Dilution Accrual to the actual Contractual Dilution with respect to prior Calculation Periods, in each case, in form and substance reasonably satisfactory to the Administrative Agent.

(t) Change in Contractual Dilution Accrual. The Master Servicer will not make any material change in the methodology used to calculate Contractual Dilution Reserve without the prior written consent of the Purchasers.

(u) Fiscal Calendar. The Master Servicer shall provide the Administrative Agent an updated Fiscal Calendar prior to the beginning of each of Wolverine's fiscal year.

SECTION 1.03. Separate Existence of the Seller. Each of the Seller and the Master Servicer hereby acknowledges that the Secured Parties, the Purchasers and the Administrative Agent are entering into the transactions contemplated by this Agreement and the other Transaction Documents in reliance upon the Seller's identity as a legal entity separate from any Originator, the Master Servicer, the Performance Guarantor and their Affiliates. Therefore, each of the Seller and Master Servicer shall take all steps specifically required by this Agreement or reasonably required by the Administrative Agent or any Purchaser to continue the Seller's identity as a separate legal entity and to make it apparent to third Persons that the Seller is an entity with assets and liabilities distinct from those of the Performance Guarantor, the Originators, the Master Servicer and any other Person, and is not a division of the Performance Guarantor, the Originators, the Master Servicer, its Affiliates or any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the other covenants set forth herein, each of the Seller and the Master Servicer shall take such actions as shall be required in order that:

(a) Special Purpose Entity. The Seller will be a special purpose company whose primary activities are restricted in its Limited Liability Company Agreement to: (i) purchasing or otherwise acquiring from the Originators, owning, holding, collecting, granting security interests or selling interests in the Sold Assets and Seller Collateral, (ii) entering into agreements for the selling, servicing and financing of the Receivables Pool (including the Transaction Documents) and (iii) conducting such other activities as it deems necessary or appropriate to carry out its primary activities.

(b) No Other Business or Debt. The Seller shall not engage in any business or activity except as set forth in this Agreement nor, incur any indebtedness or liability other than as expressly permitted by the Transaction Documents.

(c) Independent Manager. Not fewer than one member of the Seller's board of managers or directors (the "Independent Manager") shall be a natural person who (i) has never been, and shall at no time be, an equityholder, director, officer, manager, member, partner, officer or employee, of any member of the Parent Group (as hereinafter defined) (other than his or her service as an Independent Manager of the Seller or an independent manager of any other bankruptcy-remote special purpose entity formed for the sole purpose of securitizing, or facilitating the securitization of, financial assets of any member or members of the Parent Group), (ii) is not a customer or supplier of any member of the Parent Group (other than his or her service as an Independent Manager of the Seller or an independent manager of any other bankruptcy-remote special purpose entity formed for the sole purpose of securitizing, or facilitating the securitization of, financial assets of any member or members of the Parent Group), (iii) is not any member of the immediate family of a person described in (i) or (ii) above, and (iv) has (x) prior experience as an independent manager for a corporation or limited liability company whose organizational or charter documents required the unanimous consent of all independent managers thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy, (y) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities and (z) is employed by Global Securitization Services, LLC, Lord Securities Corporation, AMACAR Group LLC, CT Corporation, Corporation Service Company, Delaware Trust Company or Citadel SPV (USA) LLC. For purposes of this clause (c), "Parent Group" means (i) the Parent, the Master Servicer, the Performance Guarantor and each Originator, (ii) each person that directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five percent (5%) or more of the Capital Stock in the Parent, (iii) each person that controls, is controlled by or is under common control with the Parent and (iv) each of such person's officers, directors, managers, joint venturers and partners. For the purposes of this definition, "control" of a person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise. A person shall be deemed to be an "associate" of (A) a corporation or organization of which such person is an officer, director, partner or manager or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities, (B) any trust or other estate in which such person serves as trustee or in a similar capacity and (C) any relative or spouse of a person described in clause (A) or (B) of this sentence, or any relative of such spouse.

The Seller shall (A) give written notice to the Administrative Agent of the election or appointment, or proposed election or appointment, of a new Independent Manager of the Seller, which notice shall be given not later than ten (10) Business Days prior to the date such appointment or election would be effective (except when such election or appointment is necessary to fill a vacancy caused by the death, disability, or incapacity of the existing Independent Manager, or the failure of such Independent Manager to satisfy the criteria for an Independent Manager set forth in this clause (c), in which case the Seller shall provide written notice of such election or appointment within one (1) Business Day) and (B) with any such written notice, certify to the Administrative Agent that the Independent Manager satisfies the criteria for an Independent Manager set forth in this clause (c).



The Seller's Limited Liability Company Agreement shall provide that: (A) the Seller's board of managers shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy petition with respect to the Seller unless the Independent Manager shall approve the taking of such action in writing before the taking of such action and (B) such provision and each other provision requiring an Independent Manager cannot be amended without the prior written consent of the Independent Manager.

The Independent Manager shall not at any time serve as a trustee in bankruptcy for the Seller, the Parent, the Performance Guarantor, any Originator, the Master Servicer or any of their respective Affiliates.

(d) Organizational Documents. The Seller shall maintain its organizational documents in conformity with this Agreement, such that it does not amend, restate, supplement or otherwise modify its ability to comply with the terms and provisions of any of the Transaction Documents. The Seller shall in all material respects comply with the requirements of its organizational documents including, but not limited to, Section 9(j)(iv) thereof.

(e) Conduct of Business. The Seller shall conduct its affairs strictly in accordance with its organizational documents and observe all necessary, appropriate and customary company formalities, including, but not limited to, holding all regular and special members' and board of managers' meetings appropriate to authorize all company action, keeping separate and accurate minutes of its meetings, passing all resolutions or consents necessary to authorize actions taken or to be taken, and maintaining accurate and separate books, records and accounts, including, but not limited to, payroll and intercompany transaction accounts.

(f) Compensation. Any officer, employee, independent contractor, consultant or agent of the Seller will be compensated from the Seller's funds for services provided to the Seller, and to the extent that Seller shares the same officers, employees, independent contractors, consultants or agents as the Master Servicer (or any other Affiliate thereof), the salaries, fees, costs and expenses relating to such Persons shall be fairly allocated among such entities, and each such entity shall bear its fair share of the salary and benefit costs associated with such common officers, employees, independent contractors, consultants and agents. The Seller will not engage any agents other than its attorneys, auditors and other professionals, and a servicer and any other agent contemplated by the Transaction Documents for the Receivables Pool, which servicer will be fully compensated for its services by payment of the Servicing Fee.

(g) Servicing and Costs. The Seller will contract with the Master Servicer to perform for the Seller all operations required on a daily basis to service the Receivables Pool. The Seller will not incur any indirect or overhead expenses for items shared with the Master Servicer (or any other Affiliate thereof) that are not reflected in the Servicing Fee. To the extent, if any, that the Seller (or any Affiliate thereof) shares items of expenses not reflected in the Servicing Fee, such as legal, auditing and other professional services, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered.

(h) Operating Expenses. The Seller's operating expenses will not be paid by the Master Servicer, the Parent, the Performance Guarantor, any Originator or any Affiliate thereof.

(i) Stationery. The Seller will use separate stationery, invoices and checks.

(j) Books and Records. The Seller's books and records will be maintained separately from those of the Master Servicer, the Parent, the Performance Guarantor, the

Originators and any of their Affiliates and in a manner such that it will not be difficult or costly to segregate, ascertain or otherwise identify the assets and liabilities of the Seller.

(k) Disclosure of Transactions. All financial statements of the Master Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliate thereof that are consolidated to include the Seller will disclose that (i) the Seller's sole business consists of the purchase or acceptance through capital contributions of the Receivables and Related Rights from the Originators and the subsequent retransfer of or granting of a security interest in such Receivables and Related Rights to the Administrative Agent pursuant to this Agreement, (ii) the Seller is a separate legal entity with its own separate creditors who will be entitled, upon its liquidation, to be satisfied out of the Seller's assets prior to any assets or value in the Seller becoming available to the Seller's equity holders and (iii) the assets of the Seller are not available to pay creditors of the Master Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliate thereof.

(l) Segregation of Assets. The Seller's assets will be maintained in a manner that facilitates their identification and segregation from those of the Master Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliates thereof.

(m) Corporate Formalities. The Seller will strictly observe limited liability company formalities in its dealings with the Master Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliates thereof, and funds or other assets of the Seller will not be commingled with those of the Master Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliates thereof except as permitted by this Agreement in connection with servicing the Pool Receivables. The Seller shall not maintain joint bank accounts or other depository accounts to which the Master Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliate thereof (other than the Master Servicer solely in its capacity as such) has independent access. The Seller is not named, and has not entered into any agreement to be named, directly or indirectly, as a direct or contingent beneficiary or loss payee on any insurance policy with respect to any loss relating to the property of the Master Servicer, the Parent, the Performance Guarantor, the Originators or any Subsidiaries or other Affiliates thereof. The Seller will pay to the appropriate Affiliate the marginal increase or, in the absence of such increase, the market amount of its portion of the premium payable with respect to any insurance policy that covers the Seller and such Affiliate.

(n) Arm's-Length Relationships. The Seller will maintain arm's-length relationships with the Master Servicer, the Parent, the Performance Guarantor, the Originators and any Affiliates thereof. Any Person that renders or otherwise furnishes services to the Seller will be compensated by the Seller at market rates for such services it renders or otherwise furnishes to the Seller. Neither the Seller on the one hand, nor the Master Servicer, the Parent, the Performance Guarantor, any Originator or any Affiliate thereof, on the other hand, will be or will hold itself out to be responsible for the debts of the other or the decisions or actions respecting the daily business and affairs of the other. The Seller, the Master Servicer, the Parent, the Performance Guarantor, the Originators and their respective Affiliates will immediately correct any known misrepresentation with respect to the foregoing, and they will not operate or purport to operate as an integrated single economic unit with respect to each other or in their dealing with any other entity.

(o) Allocation of Overhead. To the extent that Seller, on the one hand, and the Master Servicer, the Parent, the Performance Guarantor, any Originator or any Affiliate thereof, on the other hand, have offices in the same location, there shall be a fair and appropriate allocation of overhead costs between them, and the Seller shall bear its fair share of such expenses, which may be paid through the Servicing Fee or otherwise.

(p) Conduct of Business. Seller has conducted and shall conduct its business solely in its own name.

(q) No Holding Out. Seller has not held itself out and Seller shall not hold itself out as having agreed to pay indebtedness incurred by any other Wolverine Parties or any Affiliate thereof. Seller has not guaranteed and Seller will not guarantee or become obligated for the debts of any other Person. Seller has not held and Seller will not hold itself out as being responsible for the debts or obligations of any other Person.

## ARTICLE IX

### ADMINISTRATION AND COLLECTION OF RECEIVABLES

#### SECTION 1.01. Appointment of the Master Servicer.

(a) The servicing, administering and collection of the Pool Receivables shall be conducted by the Person so designated from time to time as the Master Servicer in accordance with this Section 9.01. Until the Administrative Agent gives notice to Wolverine (in accordance with this Section 9.01) of the designation of a new Master Servicer, Wolverine is hereby designated as, and hereby agrees to perform the duties and obligations of, the Master Servicer pursuant to the terms hereof. Upon the occurrence of an Event of Termination, the Administrative Agent may (with the consent of the Majority Purchasers) and shall (at the direction of the Majority Purchasers) designate as Master Servicer any Person (including itself) to succeed Wolverine or any successor Master Servicer, on the condition in each case that any such Person so designated shall agree to perform the duties and obligations of the Master Servicer pursuant to the terms hereof.

(b) Upon the designation of a successor Master Servicer as set forth in clause (a) above, Wolverine agrees that it will terminate its activities as Master Servicer hereunder in a manner that the Administrative Agent reasonably determines will facilitate the transition of the performance of such activities to the new Master Servicer, and Wolverine shall cooperate with and assist such new Master Servicer. Such cooperation shall include access to and transfer of records (including all Contracts) related to Pool Receivables and use by the new Master Servicer of all licenses (or the obtaining of new licenses), hardware or software necessary or reasonably desirable to collect the Pool Receivables and the Related Security.

(c) Wolverine acknowledges that, in making its decision to execute and deliver this Agreement, the Administrative Agent and each Purchaser have relied on Wolverine's agreement to act as Master Servicer hereunder. Accordingly, Wolverine agrees that it will not voluntarily resign as Master Servicer without the prior written consent of the Administrative Agent and the Majority Purchasers Agents.

(d) The Master Servicer may delegate its duties and obligations hereunder to any subservicer (each a "Sub-Servicer") and the performance of such duties and obligations by the Sub-Servicer shall be deemed performance thereof by the Master Servicer; provided, that, in each such delegation: (i) such Sub-Servicer shall agree in writing to perform the delegated duties and obligations of the Master Servicer pursuant to the terms hereof, (ii) the Master Servicer shall remain liable for the performance of the duties and obligations so delegated, (iii) the Seller, the Administrative Agent and each Purchaser shall have the right to look solely to the Master Servicer for performance, (iv) the terms of any agreement with any Sub-Servicer shall provide that the Administrative Agent may terminate such agreement upon the termination of the Master Servicer hereunder by giving notice of its desire to terminate such agreement to the Master

Servicer (and the Master Servicer shall provide appropriate notice to each such Sub-Servicer) and (v) if such Sub-Servicer is not an Affiliate of the Parent, the Administrative Agent and the Majority Purchasers shall have consented in writing in advance to such delegation.

(e) Notwithstanding anything else contained in this Agreement or any other Transaction Document: (i) the Master Servicer or any Sub-Servicer shall not (and shall have no authority to) contract for, or conclude contracts in the name of, the Seller, the Administrative Agent or any other Secured Party in connection with any Receivables (including, without limitation, compromising or modifying the Receivables) in Canada; (ii) to the extent any duties or obligations of the Master Servicer involve or require the Master Servicer to contract for, or conclude a contract in the name of the Seller, the Administrative Agent or any other Secured Party, such servicing responsibility shall be fulfilled solely by an affiliate of the Master Servicer that is not resident in Canada and does not have a permanent establishment in Canada for purposes of the *Income Tax Act* (Canada) (and not by the Master Servicer) and such affiliate is authorized to take such action, but only from a place of business outside of Canada, and to the extent that any duties or obligations of any Sub-Servicer involve or require the Sub-Servicer to contract for, or conclude a contract in the name of the Seller, the Administrative Agent or any other Secured Party, such servicing responsibilities shall be fulfilled only from a place of business outside of Canada; and (iii) Servicer shall not, directly or indirectly, assign, delegate or subcontract any servicing responsibility under this Agreement to any person which is resident in Canada or has a permanent establishment in Canada for purposes of the *Income Tax Act* (Canada), except upon written consent (which consent shall not be unreasonably withheld, conditioned or delayed) of the Seller or the Administrative Agent, and in any event, any such assignee, delegate or sub-contractor may only carry out any servicing responsibility that involves or requires the assignee, delegate or sub-contractor to contract for, or conclude a contract in the name of the Seller, the Administrative Agent or any other Secured Party from a place of business outside Canada and shall not, in any manner whatsoever, carry out any such assigned, delegated or sub-contracted responsibility in Canada.

#### SECTION 1.02. Duties of the Master Servicer.

(a) The Master Servicer shall take or cause to be taken all such action as may be necessary or reasonably advisable to service, administer and collect each Pool Receivable from time to time, all in accordance with this Agreement and all Applicable Laws, with reasonable care and diligence, and in accordance with the Credit and Collection Policy and consistent with the past practices of the Originators. The Master Servicer shall set aside, for the accounts of each Purchaser, the amount of Collections to which each such Purchaser is entitled in accordance with Article IV hereof. The Master Servicer may, in accordance with the Credit and Collection Policy and consistent with past practices of the Originators, take such action, including modifications, waivers or restructurings of Pool Receivables and related Contracts, as the Master Servicer may reasonably determine to be appropriate to maximize Collections thereof or reflect adjustments expressly permitted under the Credit and Collection Policy or as expressly required under Applicable Laws or the applicable Contract; provided, that for purposes of this Agreement: (i) such action shall not, and shall not be deemed to, change the number of days such Pool Receivable has remained unpaid from the date of the original due date related to such Pool Receivable, (ii) such action shall not alter the status of such Pool Receivable as a Delinquent Receivable or a Defaulted Receivable or limit the rights of any Secured Party under this Agreement or any other Transaction Document and (iii) if an Event of Termination has occurred and is continuing, the Master Servicer may take such action only upon the prior written consent of the Administrative Agent. The Seller shall deliver to the Master Servicer and the Master Servicer shall hold for the benefit of the Administrative Agent (individually and for the benefit of each Purchaser), in accordance with their respective interests, all records and documents (including computer tapes or disks) with respect to each Pool Receivable. Notwithstanding

anything to the contrary contained herein, if an Event of Termination has occurred and is continuing, the Administrative Agent may direct the Master Servicer to commence or settle any legal action to enforce collection of any Pool Receivable that is a Defaulted Receivable or to foreclose upon or repossess any Related Security with respect to any such Defaulted Receivable.

(b) The Master Servicer's obligations hereunder shall terminate on the Final Payout Date. Promptly following the Final Payout Date, the Master Servicer shall deliver to the Seller all books, records and related materials that the Seller previously provided to the Master Servicer, or that have been obtained by the Master Servicer, in connection with this Agreement.

SECTION 1.03. Collection Account Arrangements. On or prior to the Closing Date, the Seller shall have entered into Control Agreements with all of the Collection Account Banks and delivered executed counterparts of each to the Administrative Agent. Upon the occurrence and during the continuance of an Event of Termination, the Administrative Agent may (with the consent of the Majority Purchasers) and shall (upon the direction of the Majority Purchasers) at any time thereafter give notice to each Collection Account Bank that the Administrative Agent is exercising its rights under the Control Agreements to do any or all of the following: (a) to have the exclusive ownership and control of the Collection Accounts transferred to the Administrative Agent (for the benefit of the Secured Parties) and to exercise exclusive dominion and control over the funds deposited therein (for the benefit of the Secured Parties), (b) to have the proceeds that are sent to the respective Collection Accounts redirected pursuant to the Administrative Agent's instructions rather than deposited in the applicable Collection Account and (c) to take any or all other actions permitted under the applicable Control Agreement. The Seller hereby agrees that if the Administrative Agent at any time takes any action set forth in the preceding sentence, the Administrative Agent shall have exclusive control (for the benefit of the Secured Parties) of the proceeds (including Collections) of all Pool Receivables and the Seller hereby further agrees to take any other action that the Administrative Agent may reasonably request to transfer such control. Any proceeds of Pool Receivables received by the Seller or the Master Servicer thereafter shall be sent immediately to, or as otherwise instructed by, the Administrative Agent.

SECTION 1.04. Enforcement Rights.

(a) At any time following the occurrence and during the continuation of an Event of Termination:

(i) the Administrative Agent (at the Seller's expense) may direct the Obligors that payment of all amounts payable under any Pool Receivable is to be made directly to the Administrative Agent or its designee;

(ii) the Administrative Agent may instruct the Seller or the Master Servicer to give notice of the Secured Parties' interest in Pool Receivables to each Obligor, which notice shall direct that payments be made directly to the Administrative Agent or its designee (on behalf of the Secured Parties), and the Seller or the Master Servicer, as the case may be, shall give such notice at the expense of the Seller or the Master Servicer, as the case may be; provided, that if the Seller or the Master Servicer, as the case may be, fails to so notify each Obligor within two (2) Business Days following instruction by the Administrative Agent, the Administrative Agent (at the Seller's or the Master Servicer's, as the case may be, expense) may so notify the Obligors;

(iii) the Administrative Agent may request the Master Servicer to, and upon such request the Master Servicer shall: (A) assemble all of the records necessary or desirable to collect the Pool Receivables and the Related Security, and transfer or license

to a successor Master Servicer the use of all software necessary or desirable to collect the Pool Receivables and the Related Security, and make the same available to the Administrative Agent or its designee (for the benefit of the Secured Parties) at a place selected by the Administrative Agent and (B) segregate all cash, checks and other instruments received by it from time to time constituting Collections in a manner reasonably acceptable to the Administrative Agent and, promptly upon receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Administrative Agent or its designee;

(iv) the Administrative Agent may notify the Collection Account Banks that the Seller and the Master Servicer will no longer have any access to the Collection Accounts;

(v) the Administrative Agent may (or, at the direction of the Majority Purchasers shall) replace the Person then acting as Master Servicer; and

(vi) the Administrative Agent may collect any amounts due from an Originator under any Sale Agreement or the Performance Guarantor under the Performance Guarantee.

For the avoidance of doubt, the foregoing rights and remedies of the Administrative Agent upon an Event of Termination are in addition to and not exclusive of the rights and remedies contained herein and under the other Transaction Documents.

(b) The Seller hereby authorizes the Administrative Agent (on behalf of the Secured Parties), and irrevocably appoints the Administrative Agent as its attorney-in-fact with full power of substitution and with full authority in the place and stead of the Seller, which appointment is coupled with an interest, to take any and all steps in the name of the Seller and on behalf of the Seller necessary or desirable, in the reasonable determination of the Administrative Agent, after the occurrence and during the continuation of an Event of Termination, to collect any and all amounts or portions thereof due under any and all Sold Assets and Seller Collateral, including endorsing the name of the Seller on checks and other instruments representing Collections and enforcing such Sold Assets and Seller Collateral. Notwithstanding anything to the contrary contained in this subsection, none of the powers conferred upon such attorney-in-fact pursuant to the preceding sentence shall subject such attorney-in-fact to any liability if any action taken by it shall prove to be inadequate or invalid, nor shall they confer any obligations upon such attorney-in-fact in any manner whatsoever.

(c) The Master Servicer hereby authorizes the Administrative Agent (on behalf of the Secured Parties), and irrevocably appoints the Administrative Agent as its attorney-in-fact with full power of substitution and with full authority in the place and stead of the Master Servicer, which appointment is coupled with an interest, to take any and all steps in the name of the Master Servicer and on behalf of the Master Servicer necessary or desirable, in the reasonable determination of the Administrative Agent, after the occurrence and during the continuation of an Event of Termination, to collect any and all amounts or portions thereof due under any and all Sold Assets and Seller Collateral, including endorsing the name of the Master Servicer on checks and other instruments representing Collections and enforcing such Sold Assets and Seller Collateral. Notwithstanding anything to the contrary contained in this subsection, none of the powers conferred upon such attorney-in-fact pursuant to the preceding sentence shall subject such attorney-in-fact to any liability if any action taken by it shall prove to be inadequate or invalid, nor shall they confer any obligations upon such attorney-in-fact in any manner whatsoever.

SECTION 1.05. Responsibilities of the Seller.

(a) Anything herein to the contrary notwithstanding, the Seller shall: (i) perform all of its obligations, if any, under the Contracts related to the Pool Receivables to the same extent as if interests in such Pool Receivables had not been transferred hereunder, and the exercise by the Administrative Agent, or any other Purchaser Party of their respective rights hereunder shall not relieve the Seller from such obligations and (ii) pay or cause to be paid when due any sales tax, excise tax, personal property tax or similar taxes that are payable in connection with the Pool Receivables and their creation and satisfaction. None of the Purchaser Parties shall have any obligation or liability with respect to any Sold Assets or Seller Collateral, nor shall any of them be obligated to perform any of the obligations of the Seller, the Master Servicer or any Originator thereunder.

(b) Wolverine hereby irrevocably agrees that if at any time it shall cease to be the Master Servicer hereunder, it shall act (if the then-current Master Servicer so requests) as the data-processing agent of the Master Servicer and, in such capacity, Wolverine shall conduct the data-processing functions of the administration of the Receivables and the Collections thereon in substantially the same way that Wolverine conducted such data-processing functions while it acted as the Master Servicer. In connection with any such processing functions, the Seller shall pay to Wolverine its reasonable out-of-pocket costs and expenses from the Seller's own funds (subject to the priority of payments set forth in Section 4.01).

SECTION 1.06. Servicing Fee.

(a) Subject to clause (b) below, the Seller shall pay the Master Servicer a fee (the "Servicing Fee") equal to 1.00% per annum (the "Servicing Fee Rate") of the daily average aggregate Outstanding Balance of the Pool Receivables. Accrued Servicing Fees shall be payable from Collections to the extent of available funds in accordance with Section 4.01.

(b) If the Master Servicer ceases to be Wolverine or an Affiliate thereof, the Servicing Fee shall be the greater of: (i) the amount calculated pursuant to clause (a) above and (ii) an alternative amount specified by the successor Master Servicer not to exceed 110% of the aggregate reasonable costs and expenses incurred by such successor Master Servicer in connection with the performance of its obligations as Master Servicer hereunder.

## ARTICLE X

### EVENTS OF TERMINATION

SECTION 1.01. Events of Termination. If any of the following events (each an "Event of Termination") shall occur:

(a) (i) any Wolverine Party shall fail to perform or observe any term, covenant or agreement under this Agreement or any other Transaction Document (other than any such failure which would constitute an Event of Termination under clause (ii) or (iii) of this paragraph (a)), and such failure, solely to the extent capable of cure, shall continue for a period of ten (10) Business Days, (ii) any Wolverine Party shall fail to make when due (x) any payment or deposit to be made by it under this Agreement or any other Transaction Document and such failure shall continue unremedied for two (2) Business Days or (iii) Wolverine shall resign as Master Servicer, and no successor Master Servicer reasonably satisfactory to the Administrative Agent shall have been appointed;

(b) any representation or warranty made or deemed made by any Wolverine Party (or any of their respective officers) under or in connection with this Agreement or any other Transaction Document or any information or report delivered by any Wolverine Party pursuant to this Agreement or any other Transaction Document, shall prove to have been incorrect or untrue in any material respect (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) when made or deemed made or delivered;

(c) the Seller or the Master Servicer shall fail to deliver a Monthly Report or Weekly Report pursuant to this Agreement, and such failure shall remain unremedied for two (2) Business Days;

(d) this Agreement or any security interest granted pursuant to this Agreement or any other Transaction Document shall for any reason cease to create, or for any reason cease to be, a valid and enforceable first priority perfected security interest in favor of the Administrative Agent with respect to the Pool Receivables or any other Sold Assets or Seller Collateral, free and clear of any Adverse Claim;

(e) (i) any Wolverine Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; (ii) any Insolvency Proceeding shall be instituted by or against the Seller; (iii) or any Insolvency Proceeding shall be instituted by or against any other Wolverine Party and, in the case of any such proceeding instituted against such Person (but not instituted by such Person), either such proceeding shall remain undismissed or unstayed for a period of sixty (60) consecutive days, or any of the actions sought in such proceeding (including the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or (iv) any Wolverine Party shall take any corporate or organizational action to authorize any of the actions set forth above in this paragraph;

(f) as of the end of any Calculation Period, (i) the average of the Delinquency Ratios for the three Calculation Periods then most recently ended shall exceed 15.00%, (ii) the average of the Default Ratios for the three Calculation Periods then most recently ended shall exceed 5.00% or (iii) the average of the Dilution Ratios for the three Calculation Periods then most recently ended shall exceed 10.00%;

(g) a Change in Control shall occur;

(h) a Capital Coverage Deficit shall occur, and shall not have been cured within two (2) Business Days;

(i) (i) the Seller shall fail to pay any principal of or premium or interest on any of its Debt when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement, mortgage, indenture or instrument relating to such Debt (whether or not such failure shall have been waived under the related agreement); (ii) any Wolverine Party, or any of their respective Subsidiaries, individually or in the aggregate, shall fail to pay any principal of or premium or interest on any of its Debt that is outstanding in a principal amount of at least \$50,000,000 in the aggregate when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement, mortgage, indenture or instrument relating to such Debt (whether or not such failure shall have been waived under the related agreement); (iii) any other event shall



occur or condition shall exist under any agreement, mortgage, indenture or instrument relating to any such Debt (as referred to in clause (i) or (ii) of this paragraph and shall continue after the applicable grace period (not to exceed 30 days), if any, specified in such agreement, mortgage, indenture or instrument (whether or not such failure shall have been waived under the related agreement), if the effect of such event or condition is to give the applicable debtholders the right (whether acted upon or not) to accelerate the maturity of such Debt (as referred to in clause (i) or (ii) of this paragraph) or to terminate the commitment of any debtholder thereunder, or (iv) any such Debt (as referred to in clause (i) or (ii) of this paragraph) shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to repay, redeem, purchase or defease such Debt shall be required to be made or the commitment of any lender thereunder terminated, in each case before the stated maturity thereof;

(j) the Performance Guarantor shall fail to perform in any material respect any of its obligations under the Performance Guarantee;

(k) the Seller shall fail (x) at any time (other than for ten (10) Business Days following notice of the death or resignation of any Independent Manager) to have an Independent Manager who satisfies each requirement and qualification specified in Section 8.03(c) of this Agreement for Independent Managers, on the Seller's board of managers or (y) to timely notify the Administrative Agent of any replacement or appointment of any manager that is to serve as an Independent Manager on the Seller's board of managers as required pursuant to Section 8.03(c) of this Agreement;

(l) either (i) the IRS shall file notice of a lien pursuant to Section 6321 or 6323 of the Code (or any similar state or local Tax lien) with regard to any assets of the Seller, any Originator or the Parent or (ii) the PBGC shall, or shall indicate its intention to, file notice of a lien pursuant to Section 303(k) or 4068 of ERISA with regard to any of the assets of any Wolverine Party;

(m) (i) an ERISA Event or a Foreign Plan Event shall have occurred; (ii) a trustee shall be appointed by a United States district court to administer any Pension Plan; or (iii) the PBGC shall institute proceedings to terminate any Pension Plan and in each case in clauses (i) through (iii) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to result in a Material Adverse Effect;

(n) [reserved];

(o) (i) a Purchase and Sale Termination Event shall occur under any Sale Agreement or (ii) Receivables cease being sold or contributed to the Seller pursuant to any Sale Agreement;

(p) the Seller shall (i) be required to register as an "investment company" within the meaning of the Investment Company Act or (ii) become a "covered fund" within the meaning of the Volcker Rule;

(q) the Performance Guarantee shall cease to be effective or to be the legally valid, binding and enforceable obligation of Performance Guarantor, or Performance Guarantor shall contest in any proceeding in any court or any mediation or arbitral proceeding such effectiveness, validity, binding nature or enforceability of its obligations thereunder;

(r) any material provision of this Agreement or any other Transaction Document shall cease to be in full force and effect or any Wolverine Party (or any of their respective Affiliates) shall so state in writing;

(s) [reserved];

(t) (i) one or more judgments or decrees shall be entered against any Wolverine Party involving in the aggregate a liability (not paid or fully covered by insurance as to which the relevant insurance company has not disputed coverage) of \$50,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof or (ii) one or more judgments, orders, or decrees shall be entered against the Seller involving in the aggregate a liability of \$10,000 or more; or

(u) either of the Wolverine Credit Agreement Financial Covenants shall at any time be breached;

then, and in any such event, the Administrative Agent may (or, at the direction of the Majority Purchasers shall) by notice to the Seller declare the Termination Date to have occurred (in which case the Termination Date shall be deemed to have occurred); provided that, automatically upon the occurrence of any event (without any requirement for the giving of notice) described in subsection (e) of this Section 10.01 with respect to the Seller, the Termination Date and the Seller Obligation Final Due Date shall occur and the Aggregate Capital and all other Seller Obligations shall be immediately due and payable. Upon any such declaration or designation or upon such automatic termination, the Administrative Agent and the other Secured Parties shall have, in addition to the rights and remedies which they may have under this Agreement and the other Transaction Documents, all other rights and remedies provided after default under the UCC, PPSA and under other Applicable Law, which rights and remedies shall be cumulative; provided, that the Administrative Agent will not institute against, or join any other Person in instituting against, the Seller any Insolvency Proceeding until one year and one day after the Final Payout Date. Any proceeds from liquidation of the Sold Assets and Seller Collateral shall be applied in the order of priority set forth in Section 4.01.

## ARTICLE XI

### THE ADMINISTRATIVE AGENT

SECTION 1.01. Authorization and Action. Each Purchaser Party hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall not have any duties other than those expressly set forth in the Transaction Documents, and no implied obligations or liabilities shall be read into any Transaction Document, or otherwise exist, against the Administrative Agent. The Administrative Agent does not assume, nor shall it be deemed to have assumed, any obligation to, or relationship of trust or agency with, the Seller or any Affiliate thereof or any Purchaser Party except for any obligations expressly set forth herein. Notwithstanding any provision of this Agreement or any other Transaction Document, in no event shall the Administrative Agent ever be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to any provision of any Transaction Document or Applicable Law.

SECTION 1.02. Administrative Agent's Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Administrative Agent under or in connection with this

Agreement (including, without limitation, the Administrative Agent's servicing, administering or collecting Pool Receivables in the event it replaces the Master Servicer in such capacity pursuant to Section 9.01), in the absence of its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Administrative Agent: (a) may consult with legal counsel (including counsel for any Purchaser Party or the Master Servicer), independent certified public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to any Purchaser Party (whether written or oral) and shall not be responsible to any Purchaser Party for any statements, warranties or representations (whether written or oral) made by any other party in or in connection with this Agreement; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of any Purchaser Party or to inspect the property (including the books and records) of any Purchaser Party; (d) shall not be responsible to any Purchaser Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (e) shall be entitled to rely, and shall be fully protected in so relying, upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by facsimile) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 1.03. Administrative Agent and Affiliates. With respect to any Investment or interests therein owned by any Purchaser Party that is also the Administrative Agent, such Purchaser Party shall have the same rights and powers under this Agreement as any other Purchaser Party and may exercise the same as though it were not the Administrative Agent. The Administrative Agent and any of its Affiliates may generally engage in any kind of business with the Seller or any Affiliate thereof and any Person who may do business with or own securities of the Seller or any Affiliate thereof, all as if the Administrative Agent were not the Administrative Agent hereunder and without any duty to account therefor to any other Secured Party.

SECTION 1.04. Indemnification of Administrative Agent. Each Purchaser agrees to indemnify the Administrative Agent (to the extent not reimbursed by the Seller or any Affiliate thereof), ratably according to the respective Percentage of such Purchaser, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by the Administrative Agent under this Agreement or any other Transaction Document; provided that no Purchaser shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct.

SECTION 1.05. Delegation of Duties. The Administrative Agent may execute any of its duties through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

SECTION 1.06. Action or Inaction by Administrative Agent. The Administrative Agent shall in all cases be fully justified in failing or refusing to take action under any Transaction Document unless it shall first receive such advice or concurrence of the Purchasers or the Majority Purchasers, as the case may be, and assurance of its indemnification by the Purchasers, as it deems appropriate. The Administrative Agent shall in all cases be fully

protected in acting, or in refraining from acting, under this Agreement or any other Transaction Document in accordance with a request or at the direction of the Purchasers or the Majority Purchasers, as the case may be, and such request or direction and any action taken or failure to act pursuant thereto shall be binding upon all Purchaser Parties. The Purchaser Parties and the Administrative Agent agree that unless any action to be taken by the Administrative Agent under a Transaction Document (i) specifically requires the advice or concurrence of all Purchasers or (ii) may be taken by the Administrative Agent alone or without any advice or concurrence of any Purchaser, then the Administrative Agent may take action based upon the advice or concurrence of the Majority Purchasers.

SECTION 1.07. Notice of Events of Termination; Action by Administrative Agent. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Unmatured Event of Termination or Event of Termination unless the Administrative Agent has received notice from any Purchaser Party or the Seller stating that an Unmatured Event of Termination or Event of Termination has occurred hereunder and describing such Unmatured Event of Termination or Event of Termination. If the Administrative Agent receives such a notice, it shall promptly give notice thereof to each Purchaser. The Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, concerning an Unmatured Event of Termination or Event of Termination or any other matter hereunder as the Administrative Agent deems advisable and in the best interests of the Secured Parties.

SECTION 1.08. Non-Reliance on Administrative Agent and Other Parties. Each Purchaser Party expressly acknowledges that neither the Administrative Agent nor any of its directors, officers, agents or employees has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Seller or any Affiliate thereof, shall be deemed to constitute any representation or warranty by the Administrative Agent. Each Purchaser Party represents and warrants to the Administrative Agent that, independently and without reliance upon the Administrative Agent or any other Purchaser Party and based on such documents and information as it has deemed appropriate, it has made and will continue to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Seller, each Originator, the Performance Guarantor or the Master Servicer and the Pool Receivables and its own decision to enter into this Agreement and to take, or omit, action under any Transaction Document. Except for items expressly required to be delivered under any Transaction Document by the Administrative Agent to any Purchaser Party, the Administrative Agent shall not have any duty or responsibility to provide any Purchaser Party with any information concerning the Seller, any Originator, the Performance Guarantor or the Master Servicer that comes into the possession of the Administrative Agent or any of its directors, officers, agents, employees, attorneys-in-fact or Affiliates.

SECTION 1.09. Successor Administrative Agent.

(a) The Administrative Agent may, upon at least thirty (30) days' notice to the Seller, the Master Servicer and each Purchaser, resign as Administrative Agent. Except as provided below, such resignation shall not become effective until a successor Administrative Agent is appointed by the Majority Purchasers as a successor Administrative Agent and has accepted such appointment. If no successor Administrative Agent shall have been so appointed by the Majority Purchasers, within thirty (30) days after the departing Administrative Agent's giving of notice of resignation, the departing Administrative Agent may, on behalf of the Secured Parties, appoint a successor Administrative Agent as successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Purchasers within sixty (60) days after the departing Administrative Agent's giving of notice of resignation,

the departing Administrative Agent may, on behalf of the Secured Parties, petition a court of competent jurisdiction to appoint a successor Administrative Agent.

(b) Upon such acceptance of its appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall succeed to and become vested with all the rights and duties of the resigning Administrative Agent, and the resigning Administrative Agent shall be discharged from its duties and obligations under the Transaction Documents. After any resigning Administrative Agent's resignation hereunder, the provisions of this Article XI and Article XIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent.

SECTION 1.10. Erroneous Payments.

(a) Each Purchaser, each other Secured Party and any other party hereto hereby severally agrees that if (i) the Administrative Agent notifies (which such notice shall be conclusive absent manifest error) such Purchaser or any other Secured Party (or the Purchaser Affiliate of a Secured Party) or any other Person that has received funds from the Administrative Agent or any of its Affiliates, either for its own account or on behalf of a Purchaser or other Secured Party (each such recipient, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion that any funds received by such Payment Recipient were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clauses (i) or (ii) of this Section 11.10(a), whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise; individually and collectively, an "Erroneous Payment"), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; provided that nothing in this Section shall require the Administrative Agent to provide any of the notices specified in clauses (i) or (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payments, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(ii) above, it shall promptly notify the Administrative Agent in writing of such occurrence.

(c) In the case of either clause (a)(i) or (a)(ii) above, such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and upon demand from the Administrative Agent such Payment Recipient shall (or, shall cause any Person who received any portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than one Business Day thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day

funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent at the Federal Funds Rate.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (c), from any Purchaser that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Purchaser, an “Erroneous Payment Return Deficiency”), then at the sole discretion of the Administrative Agent and upon the Administrative Agent’s written notice to such Purchaser (i) such Purchaser shall be deemed to have made a cashless assignment of the full face amount of the portion of its Capital (but not its Commitments) with respect to which such Erroneous Payment was made (the “Erroneous Payment Impacted Class”) to the Administrative Agent or, at the option of the Administrative Agent, the Administrative Agent’s applicable lending affiliate in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Capital (but not Commitments) of the Erroneous Payment Impacted Class, the “Erroneous Payment Deficiency Assignment”) plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by the Administrative Agent or its applicable lending affiliate as the assignee of such Erroneous Payment Deficiency Assignment. Without limitation of its rights hereunder, the Administrative Agent may cancel any Erroneous Payment Deficiency Assignment at any time by written notice to the applicable assigning Purchaser and upon such revocation all of the Capital assigned pursuant to such Erroneous Payment Deficiency Assignment shall be reassigned to such Purchaser without any requirement for payment or other consideration. The parties hereto acknowledge and agree that (1) any assignment contemplated in this clause (d) shall be made without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor, (2) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of Section 14.03 and (3) the Administrative Agent may reflect such assignments in the Register without further consent or action by any other Person.

(e) Each party hereto hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent (1) shall be subrogated to all the rights of such Payment Recipient with respect to such amount and (2) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Transaction Document, or otherwise payable or distributable by the Administrative Agent to such Payment Recipient from any source, against any amount due to the Administrative Agent under this Section 11.10 or under the indemnification provisions of this Agreement, (y) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any obligations owed by the Seller or any other Purchaser Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Seller or any other Purchaser Party for the purpose of making for a payment on the obligations and (z) to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Seller Obligations, the Seller Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been received.

(f) Each party's obligations under this Section 11.10 shall survive the resignation or replacement of the Administrative Agent or any transfer of right or obligations by, or the replacement of, a Purchaser, the termination of the Commitments or the repayment, satisfaction or discharge of all Seller Obligations (or any portion thereof) under any Transaction Document.

(g) Nothing in this Section 11.10 will constitute a waiver or release of any claim of any party hereunder arising from any Payment Recipient's receipt of an Erroneous Payment.

## ARTICLE XII

[RESERVED]

## ARTICLE XIII

### INDEMNIFICATION

#### SECTION 1.01. Indemnities by the Seller.

(a) Without limiting any other rights that the Administrative Agent, the Purchaser Parties, the Affected Persons and their respective assigns, officers, directors, agents and employees (each, a "Seller Indemnified Party") may have hereunder or under Applicable Law, the Seller hereby agrees to indemnify each Seller Indemnified Party from and against any and all claims, losses and liabilities (including Attorney Costs) (all of the foregoing being collectively referred to as "Seller Indemnified Amounts") arising out of or resulting from this Agreement or any other Transaction Document or the use of proceeds of the Investments or the security interest in respect of any Pool Receivable or any other Sold Assets or Seller Collateral; excluding, however, (a) Seller Indemnified Amounts to the extent a final non-appealable judgment of a court of competent jurisdiction holds that such Seller Indemnified Amounts resulted solely from the gross negligence or willful misconduct by the Seller Indemnified Party seeking indemnification and (b) Taxes that are covered by Section 5.03 (other than (I) as set forth below and (II) any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim). Without limiting or being limited by the foregoing, the Seller shall pay on demand (it being understood that if any portion of such payment obligation is made from Collections, such payment will be made at the time and in the order of priority set forth in Section 4.01), to each Seller Indemnified Party any and all amounts necessary to indemnify such Seller Indemnified Party from and against any and all Seller Indemnified Amounts relating to or resulting from any of the following (but excluding Seller Indemnified Amounts and Taxes described in clauses (a) and (b) above):

(i) any Pool Receivable which the Seller or the Master Servicer includes as an Eligible Receivable as part of the Net Pool Balance but which is not an Eligible Receivable at such time;

(ii) any representation, warranty or statement made or deemed made by the Seller (or any of its respective officers) under or in connection with this Agreement, any of the other Transaction Documents, any Monthly Report, any Weekly Report or any other information or report delivered by or on behalf of the Seller pursuant hereto which shall have been untrue or incorrect when made or deemed made;

- (iii) the failure by the Seller to comply with any Applicable Law with respect to any Pool Receivable or the related Contract; or the failure of any Pool Receivable or the related Contract to conform to any such Applicable Law;
- (iv) the failure to vest in the Administrative Agent a first priority perfected ownership or security interest in all or any portion of the Sold Assets or Seller Collateral, in each case free and clear of any Adverse Claim;
- (v) the failure to have filed, or any delay in filing, financing statements, financing statement amendments, continuation statements or other similar instruments or documents under the UCC or PPSA of any applicable jurisdiction or other Applicable Laws with respect to any Pool Receivable, any other Sold Assets or any Seller Collateral, whether at the time of any Investment or at any subsequent time;
- (vi) any dispute, claim or defense (other than discharge in bankruptcy) of an Obligor to the payment of any Pool Receivable (including, without limitation, a defense based on such Pool Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from or relating to collection activities with respect to such Pool Receivable;
- (vii) any failure of the Seller to perform any of its duties or obligations in accordance with the provisions hereof and of each other Transaction Document related to Pool Receivables or to timely and fully comply with the Credit and Collection Policy in regard to each Pool Receivable;
- (viii) any products liability, environmental or other claim arising out of or in connection with any Pool Receivable or other merchandise, goods or services which are the subject of or related to any Pool Receivable;
- (ix) the commingling of Collections of Pool Receivables at any time with other funds;
- (x) any investigation, litigation or proceeding (actual or threatened) related to this Agreement or any other Transaction Document or the use of proceeds of any Investments or in respect of any Pool Receivable, any other Sold Assets or any Seller Collateral or any related Contract;
- (xi) any failure of the Seller to comply with its covenants, obligations and agreements contained in this Agreement or any other Transaction Document;
- (xii) any setoff with respect to any Pool Receivable;
- (xiii) any claim brought by any Person other than a Seller Indemnified Party arising from any activity by the Seller or any Affiliate of the Seller in servicing, administering or collecting any Pool Receivable;
- (xiv) the failure by the Seller to pay when due any sales, excise or personal property Taxes with respect to the Pool Receivables or any other Sold Assets or Seller Collateral;
- (xv) any failure of a Collection Account Bank to comply with the terms of the applicable Control Agreement, the termination by a Collection Account Bank of



any Control Agreement or any amounts (including in respect of any indemnity) payable by the Administrative Agent to a Collection Account Bank under any Control Agreement;

(xvi) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Pool Receivable (including, without limitation, a defense based on such Pool Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of goods or the rendering of services related to such Pool Receivable or the furnishing or failure to furnish any such goods or services or other similar claim or defense not arising from the financial inability of any Obligor to pay undisputed indebtedness;

(xvii) any action taken by the Administrative Agent as attorney-in-fact for the Seller, any Originator or the Master Servicer pursuant to this Agreement or any other Transaction Document;

(xviii) any civil penalty or fine assessed by OFAC or any other Governmental Authority administering any Anti-Corruption Law, Anti-Money Laundering Laws or Sanctions, incurred in connection with the Transaction Documents;

(xix) the failure or delay to provide any Obligor with an invoice or other evidence of indebtedness;

(xx) the use of proceeds of any Investment; or

(xxi) any reduction in Capital as a result of the distribution of Collections if all or a portion of such distributions shall thereafter be rescinded or otherwise must be returned for any reason.

(b) Notwithstanding anything to the contrary in this Agreement, solely for purposes of the Seller's indemnification obligations in clauses (ii), (iii), (vii) and (xi) of this Article XIII, any representation, warranty or covenant qualified by the occurrence or non-occurrence of a Material Adverse Effect or similar concepts of materiality shall be deemed to be not so qualified.

(c) If for any reason the foregoing indemnification is unavailable to any Seller Indemnified Party or insufficient to hold it harmless, then the Seller shall contribute to such Seller Indemnified Party the amount paid or payable by such Seller Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of the Seller and its Affiliates on the one hand and such Seller Indemnified Party on the other hand in the matters contemplated by this Agreement as well as the relative fault of the Seller and its Affiliates and such Seller Indemnified Party with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of the Seller under this Section shall be in addition to any liability which the Seller may otherwise have, shall extend upon the same terms and conditions to each Seller Indemnified Party, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Seller and the Seller Indemnified Parties.

(d) Any indemnification or contribution under this Section shall survive the termination of this Agreement.

SECTION 1.02. Indemnification by the Master Servicer.

(a) The Master Servicer hereby agrees to indemnify and hold harmless the Seller, the Administrative Agent, the Purchaser Parties, the Affected Persons and their respective assigns, officers, directors, agents and employees (each, a “Master Servicer Indemnified Party”), from and against any loss, liability, expense, damage or injury suffered or sustained by reason of any acts, omissions or alleged acts or omissions arising out of activities of the Master Servicer pursuant to this Agreement or any other Transaction Document, including any judgment, award, settlement, Attorney Costs and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim (all of the foregoing being collectively referred to as, “Master Servicer Indemnified Amounts”); excluding (i) Master Servicer Indemnified Amounts to the extent a final non-appealable judgment of a court of competent jurisdiction holds that such Master Servicer Indemnified Amounts resulted solely from the gross negligence or willful misconduct by the Master Servicer Indemnified Party seeking indemnification, (ii) Taxes that are covered by Section 5.03 (other than (I) as set forth below and (II) any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim) and (iii) Master Servicer Indemnified Amounts to the extent the same includes losses in respect of Pool Receivables that are uncollectible solely on account of the insolvency, bankruptcy, lack of creditworthiness or other financial inability to pay of the related Obligor. Without limiting or being limited by the foregoing, the Master Servicer shall pay on demand, to each Master Servicer Indemnified Party any and all amounts necessary to indemnify such Master Servicer Indemnified Party from and against any and all Master Servicer Indemnified Amounts relating to or resulting from any of the following (but excluding Master Servicer Indemnified Amounts described in clauses (i), (ii) and (iii) above):

(i) any representation, warranty or statement made or deemed made by the Master Servicer (or any of its respective officers) under or in connection with this Agreement, any of the other Transaction Documents, any Monthly Report, any Weekly Report or any other information or report delivered by or on behalf of the Master Servicer pursuant hereto which shall have been untrue or incorrect when made or deemed made;

(ii) the failure by the Master Servicer to comply with any Applicable Law with respect to any Pool Receivable or the related Contract; or the failure of any Pool Receivable or the related Contract to conform to any such Applicable Law;

(iii) the commingling of Collections of Pool Receivables at any time with other funds;

(iv) any failure of a Collection Account Bank to comply with the terms of the applicable Control Agreement, the termination by a Collection Account Bank of any Control Agreement or any amounts (including in respect of any indemnity) payable by the Administrative Agent to a Collection Account Bank under any Control Agreement;

(v) any failure of the Master Servicer to comply with its covenants, obligations and agreements contained in this Agreement or any other Transaction Document;

(vi) any civil penalty or fine assessed by OFAC or any other Governmental Authority administering any Anti-Corruption Law, Anti-Money Laundering Laws or Sanctions, incurred in connection with the Transaction Documents;

(vii) any obligation of the Seller or any of its Affiliates under Section 5.03; or

(viii) any breach of the representations of Section 7.01(y) or the covenants of Section 8.01(cc) and Section 8.02(r).

(b) If for any reason the foregoing indemnification is unavailable to any Master Servicer Indemnified Party or insufficient to hold it harmless, then the Master Servicer shall contribute to the amount paid or payable by such Master Servicer Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of the Master Servicer and its Affiliates on the one hand and such Master Servicer Indemnified Party on the other hand in the matters contemplated by this Agreement as well as the relative fault of the Master Servicer and its Affiliates and such Master Servicer Indemnified Party with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of the Master Servicer under this Section shall be in addition to any liability which the Master Servicer may otherwise have, shall extend upon the same terms and conditions to Master Servicer Indemnified Party, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Master Servicer and the Master Servicer Indemnified Parties.

(c) Any indemnification or contribution under this Section shall survive the termination of this Agreement.

SECTION 1.03. Currency Indemnity.

(a) If, for the purpose of obtaining judgment in any court, it is necessary to convert an amount owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that provided for in the definition of Spot Rate.

(b) The obligations of the Seller and the Master Servicer in respect of any amount due to any party hereto (or their respective assigns) or any holder of the obligations owing hereunder or under any other Transaction Document (the "Applicable Creditor") shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such amount is stated to be due hereunder (the "Agreement Currency"), be discharged only to the extent that either (i) such obligation is paid to the Applicable Creditor in full in the Agreement Currency or (ii) on the Business Day following receipt by the Applicable Creditor of any amount adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Applicable Creditor in the Agreement Currency, the Seller or the Master Servicer, as the case may be, shall, as a separate obligation and notwithstanding any such judgment, indemnify the Applicable Creditor against such loss.

(c) Any indemnification under this Section shall survive the termination of this Agreement.

**ARTICLE XIV**  
**MISCELLANEOUS**

SECTION 1.01. Amendments, Etc.

(a) No failure on the part of any Purchaser Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. No amendment or waiver of any provision of this Agreement or any Transaction Document or consent to any departure by any of the Seller or any Affiliate thereof shall be effective unless in a writing signed by the Administrative Agent and the Majority Purchasers (and, in the case of any amendment, also signed by the Seller), and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that (A) no amendment, waiver or consent shall, unless in writing and signed by the Master Servicer, affect the rights or duties of the Master Servicer under this Agreement; (B) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent and each Purchaser:

(i) change (directly or indirectly) the definitions of, Change in Control, Capital Coverage Deficit, Defaulted Receivable, Delinquent Receivable, Eligible Receivable, Facility Limit, Seller Obligation Final Due Date, Scheduled Termination Date, Net Pool Balance or Required Reserve contained in this Agreement, or increase the then existing Concentration Percentage for any Obligor or change the calculation of the Capital Coverage Amount (or any of the components thereof);

(ii) reduce the amount of Capital or Yield that is payable hereunder or delay any scheduled date for payment thereof;

(iii) change any Event of Termination;

(iv) release all or a material portion of the Sold Assets or Seller Collateral from the Administrative Agent's security interest created hereunder;

(v) release the Seller from any of its obligations under the Seller Guaranty or terminate the Seller Guaranty, or release the Performance Guarantor from any of its obligations under the Performance Guarantee or terminate the Performance Guarantee;

(vi) change or otherwise waive any of the Subordination Provisions of the Subordinated Notes (as such term is defined in the Subordinated Notes);

(vii) change any of the provisions of this Section 14.01 or the definition of "Majority Purchasers";

(viii) reduce or otherwise waive the Required Capital Amount; or

(ix) change the order of priority in which Collections are applied pursuant to Section 4.01.

Notwithstanding the foregoing, (A) no amendment, waiver or consent shall increase any Purchaser's Commitment hereunder without the consent of such Purchaser and (B) no amendment, waiver or consent shall reduce any Fees payable by the Seller to any Purchaser or

delay the dates on which any such Fees are payable, in either case, without the consent of such Purchaser.

SECTION 1.02. Notices, Etc. All notices and other communications hereunder shall, unless otherwise stated herein, be in writing (which shall include email communication) and emailed or delivered, to each party hereto, at its address set forth under its name on Schedule III hereto or at such other address or email address as shall be designated by such party in a written notice to the other parties hereto. Notices and communications by email shall be effective when sent receipt confirmed by electronic or other means (such as by the “return receipt requested” function, as available, return electronic mail or other acknowledgement), and notices and communications sent by other means shall be effective when received.

SECTION 1.03. Assignability; Addition of Purchasers.

(a) Assignment by Purchasers. Each Purchaser may assign to any Eligible Assignee or to any other Purchaser all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and any Capital or interests therein owned by it); provided, however that

(i) except for an assignment by a Purchaser to either an Affiliate of such Purchaser or any other Purchaser, each such assignment shall require the prior written consent of the Seller (such consent not to be unreasonably withheld, conditioned or delayed; provided, however, that such consent shall not be required if an Event of Termination or an Unmatured Event of Termination has occurred and is continuing);

(ii) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement;

(iii) the amount being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance Agreement with respect to such assignment) shall in no event be less than the lesser of (x) \$5,000,000 and (y) all of the assigning Purchaser’s Commitment; and

(iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance Agreement.

Upon such execution, delivery, acceptance and recording from and after the effective date specified in such Assignment and Acceptance Agreement, (x) the assignee thereunder shall be a party to this Agreement, and to the extent that rights and obligations under this Agreement have been assigned to it pursuant to such Assignment and Acceptance Agreement, have the rights and obligations of a Purchaser hereunder and (y) the assigning Purchaser shall, to the extent that rights and obligations have been assigned by it pursuant to such Assignment and Acceptance Agreement, relinquish such rights and be released from such obligations under this Agreement (and, in the case of an Assignment and Acceptance Agreement covering all or the remaining portion of an assigning Purchaser’s rights and obligations under this Agreement, such Purchaser shall cease to be a party hereto). For the sake of clarity, any sale, assignment, participation, pledge or similar transfer by a Purchaser of any Investments, Sold Receivables, or Sold Assets (whether in whole or in part) shall require and be deemed a transfer of the associated rights and obligations under this Agreement in respect therewith.

(b) Register. The Administrative Agent shall, acting solely for this purpose as a non-fiduciary agent of the Seller, maintain at its address referred to on Schedule III of this

Agreement (or such other address of the Administrative Agent notified by the Administrative Agent to the other parties hereto) a copy of each Assignment and Acceptance Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Purchasers, the Commitment of each Purchaser and the aggregate outstanding Capital (and stated Yield) of each Purchaser from time to time (the “Register”). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Seller, the Master Servicer, the Administrative Agent, the Purchasers, and the other Purchaser Parties shall treat each Person whose name is recorded in the Register pursuant to the terms of this Agreement as a Purchaser under this Agreement for all purposes of this Agreement. The Register shall be available for inspection by the Seller, the Master Servicer or any Purchaser at any reasonable time and from time to time upon reasonable prior notice.

(c) Procedure. Upon its receipt of an Assignment and Acceptance Agreement executed and delivered by an assigning Purchaser and an Eligible Assignee or assignee Purchaser, the Administrative Agent shall, if such Assignment and Acceptance Agreement has been duly completed, (i) accept such Assignment and Acceptance Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Seller and the Master Servicer.

(d) Participations. Each Purchaser may sell participations to one or more Eligible Assignees (each, a “Participant”) in or to all or a portion of its rights and/or obligations under this Agreement (including, without limitation, all or a portion of its Commitment and its Capital and Yield thereon); provided, however, that

(i) such Purchaser’s obligations under this Agreement (including, without limitation, its Commitment to the Seller hereunder) shall remain unchanged, and

(ii) such Purchaser shall remain solely responsible to the other parties to this Agreement for the performance of such obligations.

The Administrative Agent, the other Purchasers, the Seller and the Master Servicer shall have the right to continue to deal solely and directly with such Purchaser in connection with such Purchaser’s rights and obligations under this Agreement. The Seller agrees that each Participant shall be entitled to the benefits of Sections 5.01 and 5.03 (subject to the requirements and limitations therein, including the requirements under Section 5.03(f) (it being understood that the documentation required under Section 5.03(f) shall be delivered to the participating Purchaser)) to the same extent as if it were a Purchaser and had acquired its interest by assignment pursuant to clause (b) of this Section; provided that such Participant shall not be entitled to receive any greater payment under Section 5.01 or 5.03, with respect to any participation, than its participating Purchaser would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation.

(e) Participant Register. Each Purchaser that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Seller, maintain a register on which it enters the name and address of each Participant and the Capital (and stated Yield) participated to each Participant, together with each Participant’s interest in the other obligations under this Agreement (the “Participant Register”); provided that no Purchaser shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant’s interest in any Commitments, Capital, Yield or its other obligations under any this Agreement) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Capital, Yield or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries

in the Participant Register shall be conclusive absent manifest error, and such Purchaser shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(f) Assignments by Agents. This Agreement and the rights and obligations of the Administrative Agent and each Purchaser herein shall be assignable by the Administrative Agent or such Purchaser, as the case may be, and its successors and assigns; provided that in the case of an assignment to a Person that is not an Affiliate of the Administrative Agent or such Purchaser, so long as no Event of Termination or Unmatured Event of Termination has occurred and is continuing, such assignment shall require the Master Servicer's and the Seller's consent (not to be unreasonably withheld, conditioned or delayed).

(g) Assignments by the Seller or the Master Servicer. Neither the Seller nor, except as provided in Section 9.01, the Master Servicer may assign any of its respective rights or obligations hereunder or any interest herein without the prior written consent of the Administrative Agent and each Purchaser (such consent to be provided or withheld in the sole discretion of such Person).

(h) Pledge to a Federal Reserve Bank. Notwithstanding anything to the contrary set forth herein, (i) any Purchaser, or any of their respective Affiliates may at any time pledge or grant a security interest in all or any portion of its interest in, to and under this Agreement (including, without limitation, rights to payment of Capital and Yield) and any other Transaction Document to secure its obligations to a Federal Reserve Bank, without notice to or the consent of the Seller, the Master Servicer, any Affiliate thereof or any Purchaser Party; provided, however, that that no such pledge shall relieve such assignor of its obligations under this Agreement.

SECTION 1.04. Costs and Expenses. In addition to the rights of indemnification granted under Section 13.01 hereof, the Seller agrees to pay on demand all reasonable out-of-pocket costs and expenses in connection with the preparation, negotiation, execution, delivery and administration of this Agreement, (or any supplement or amendment thereof) related to this Agreement and the other Transaction Documents (together with all amendments, restatements, supplements, consents and waivers, if any, from time to time hereto and thereto), including, without limitation, (i) the reasonable Attorney Costs for the Administrative Agent and the other Purchaser Parties and any of their respective Affiliates with respect thereto and with respect to advising the Administrative Agent and the other Purchaser Parties and their respective Affiliates as to their rights and remedies under this Agreement and the other Transaction Documents and (ii) reasonable accountants', auditors' and consultants' fees and expenses for the Administrative Agent and the other Purchaser Parties and any of their respective Affiliates and the fees and charges of any nationally recognized statistical rating agency incurred in connection with the administration and maintenance of this Agreement or advising the Administrative Agent or any other Purchaser Party as to their rights and remedies under this Agreement or as to any actual or reasonably claimed breach of this Agreement or any other Transaction Document. In addition, the Seller agrees to pay on demand all reasonable out-of-pocket costs and expenses (including reasonable Attorney Costs), of the Administrative Agent and the other Purchaser Parties and their respective Affiliates, incurred in connection with the enforcement of any of their respective rights or remedies under the provisions of this Agreement and the other Transaction Documents.

SECTION 1.05. No Proceedings; Limitation on Payments.

(a) Each of the Master Servicer, the Administrative Agent, each Purchaser and each assignee of Capital or any Yield thereof or of any other Seller Obligations, hereby covenants and agrees that it will not institute against, or join any other Person in instituting against, the Seller any Insolvency Proceeding until one year and one day after the Final Payout Date.

(b) The provisions of this Section 14.05 shall survive any termination of this Agreement.

SECTION 1.06. Confidentiality.

(a) Each of the Seller and the Master Servicer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Agreement or the Fee Letter (including any fees payable in connection with this Agreement, the Fee Letter or any other Transaction Document or the identity of the Administrative Agent or any other Purchaser Party), except as the Administrative Agent and each Purchaser may have consented to in writing prior to any proposed disclosure; provided, however, that it may disclose such information (i) to its Advisors and Representatives, (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through the Seller, the Master Servicer or their Advisors and Representatives or (iii) to the extent it should be (A) required by Applicable Law, or in connection with any legal or regulatory proceeding or (B) requested by any Governmental Authority to disclose such information; provided, that, in the case of clause (iii) above, the Seller and the Master Servicer will use reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by Applicable Law) notify the Administrative Agent and the affected Purchaser Party of its intention to make any such disclosure prior to making such disclosure. Each of the Seller and the Master Servicer agrees to be responsible for any breach of this Section by its Representatives and Advisors and agrees that its Representatives and Advisors will be advised by it of the confidential nature of such information and shall agree to comply with this Section. Notwithstanding the foregoing, it is expressly agreed that each of the Seller, the Master Servicer and their respective Affiliates may publish a press release or otherwise publicly announce the existence and principal amount of the Commitments under this Agreement and the transactions contemplated hereby; provided that the Administrative Agent shall be provided a reasonable opportunity to review such press release or other public announcement prior to its release and provide comment thereon; and provided, further, that no such press release shall name or otherwise identify the Administrative Agent, any other Purchaser Party or any of their respective Affiliates without such Person's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing, the Seller consents to the publication by the Administrative Agent or any other Purchaser Party of a tombstone or similar advertising material relating to the financing transactions contemplated by this Agreement.

(b) Each of the Administrative Agent and each other Purchaser Party, severally and with respect to itself only, agrees to hold in confidence, and not disclose to any Person, any confidential and proprietary information concerning the Seller, the Master Servicer and their respective Affiliates and their businesses or the terms of this Agreement (including any fees payable in connection with this Agreement or the other Transaction Documents), except as the Seller or the Master Servicer may have consented to in writing prior to any proposed disclosure; provided, however, that it may disclose such information (i) to its Advisors and Representatives, (ii) to its assignees and Participants and potential assignees and Participants and their respective counsel if they agree in writing to hold it confidential, (iii) to the extent such information has become available to the public other than as a result of a disclosure by or



through it or its Representatives or Advisors, (iv) at the request of a bank examiner or other regulatory authority or in connection with an examination of any of the Administrative Agent or any Purchaser or their respective Affiliates or (v) to the extent it should be (A) required by Applicable Law, or in connection with any legal or regulatory proceeding or (B) requested by any Governmental Authority to disclose such information; provided, that, in the case of clause (v) above, the Administrative Agent and each Purchaser will use reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by Applicable Law) notify the Seller and the Master Servicer of its making any such disclosure as promptly as reasonably practicable thereafter. Each of the Administrative Agent and each Purchaser, severally and with respect to itself only, agrees to be responsible for any breach of this Section by its Representatives and Advisors and agrees that its Representatives and Advisors will be advised by it of the confidential nature of such information and shall agree to comply with this Section.

(c) As used in this Section, (i) “Advisors” means, with respect to any Person, such Person’s accountants, attorneys and other confidential advisors and (ii) “Representatives” means, with respect to any Person, such Person’s Affiliates, Subsidiaries, directors, managers, officers, employees, members, investors, financing sources, insurers, professional advisors, representatives and agents; *provided* that such Persons shall not be deemed to Representatives of a Person unless (and solely to the extent that) confidential information is furnished to such Person.

(d) Notwithstanding the foregoing, to the extent not inconsistent with applicable securities laws, each party hereto (and each of its employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure (as defined in Section 1.6011-4 of the Treasury Regulations) of the transactions contemplated by the Transaction Documents and all materials of any kind (including opinions or other tax analyses) that are provided to such Person relating to such tax treatment and tax structure.

SECTION 1.07. GOVERNING LAW. THIS AGREEMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF, EXCEPT TO THE EXTENT THAT THE PERFECTION, THE EFFECT OF PERFECTION OR PRIORITY OF THE INTERESTS OF ADMINISTRATIVE AGENT OR ANY PURCHASER IN THE SOLD ASSETS OR SELLER COLLATERAL IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK).

SECTION 1.08. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart hereof by electronic means shall be equally effective as delivery of an originally executed counterpart. The words “execute,” “execution,” “signed,” “signature,” “delivery” and words of like import in or related to this Agreement, any other Transaction Document or any document, amendment, approval, consent, waiver, modification, information, notice, certificate, report, statement, disclosure, or authorization to be signed or delivered in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby shall be deemed to include Electronic Signatures or execution in the form of an Electronic Record, and contract formations on electronic platforms approved by the Administrative Agent, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use

of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Each party hereto agrees that any Electronic Signature or execution in the form of an Electronic Record shall be valid and binding on itself and each of the other parties hereto to the same extent as a manual, original signature. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the parties of a manually signed paper which has been converted into electronic form (such as scanned into PDF format), or an electronically signed paper converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided that without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept such Electronic Signature from any party hereto, the Administrative Agent and the other parties hereto shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the executing party without further verification and (ii) upon the request of the Administrative Agent or any Purchaser, any Electronic Signature shall be promptly followed by an original manually executed counterpart thereof. Without limiting the generality of the foregoing, each party hereto hereby (A) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Purchasers and any of the Wolverine Parties, electronic images of this Agreement or any other Transaction Document (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (B) waives any argument, defense or right to contest the validity or enforceability of the Transaction Documents based solely on the lack of paper original copies of any Transaction Documents, including with respect to any signature pages thereto.

SECTION 1.09. Integration; Binding Effect; Survival of Termination. This Agreement and the other Transaction Documents contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until the Final Payout Date; provided, however, that the provisions of Sections 3.08, 3.09, 3.10, 5.01, 5.03, 11.04, 11.06, 13.01, 13.02, 13.03, 14.04, 14.05, 14.06, 14.09, 14.11 and 14.13 shall survive any termination of this Agreement.

SECTION 1.10. CONSENT TO JURISDICTION. (a) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO (I) WITH RESPECT TO THE SELLER AND THE MASTER SERVICER, THE EXCLUSIVE JURISDICTION, AND (II) WITH RESPECT TO EACH OF THE OTHER PARTIES HERETO, THE NON-EXCLUSIVE JURISDICTION, IN EACH CASE, OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING (I) IF BROUGHT BY THE SELLER, THE MASTER SERVICER OR ANY AFFILIATE THEREOF, SHALL BE HEARD AND DETERMINED, AND (II) IF BROUGHT BY ANY OTHER PARTY TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, MAY BE HEARD AND DETERMINED, IN EACH CASE, IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT

PERMITTED BY LAW, IN SUCH FEDERAL COURT. NOTHING IN THIS SECTION 14.10 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER PURCHASER PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST THE SELLER OR THE MASTER SERVICER OR ANY OF THEIR RESPECTIVE PROPERTY IN THE COURTS OF OTHER JURISDICTIONS. EACH OF THE SELLER AND THE MASTER SERVICER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(a) EACH OF THE SELLER AND THE MASTER SERVICER CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO IT AT ITS ADDRESS SPECIFIED IN SECTION 14.02. NOTHING IN THIS SECTION 14.10 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER PURCHASER PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 1.11. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT.

SECTION 1.12. Ratable Payments. If any Purchaser Party, whether by setoff or otherwise, has payment made to it with respect to any Seller Obligations in a greater proportion than that received by any other Purchaser Party entitled to receive a ratable share of such Seller Obligations, such Purchaser Party agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Seller Obligations held by the other Purchaser Parties so that after such purchase each Purchaser Party will hold its ratable proportion of such Seller Obligations; provided that if all or any portion of such excess amount is thereafter recovered from such Purchaser Party, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

SECTION 1.13. Limitation of Liability.

(a) No claim may be made by the Seller or any Affiliate thereof or any other Person against any Purchaser Party or their respective Affiliates, members, directors, officers, employees, incorporators, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any other Transaction Document, or any act, omission or event occurring in connection herewith or therewith; and each of the Seller and the Master Servicer hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor. None of the Purchaser Parties and their respective Affiliates shall have any liability to the Seller or any Affiliate thereof or any other Person asserting claims on behalf of or in right of the Seller or any Affiliate thereof in connection with or as a result of this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, except to the extent that any losses, claims, damages, liabilities or expenses incurred by the Seller or any Affiliate thereof result from the breach of contract, gross negligence or willful misconduct of

such Purchaser Party in performing its duties and obligations hereunder and under the other Transaction Documents to which it is a party.

(b) The obligations of the Administrative Agent and each of the other Purchaser Parties under this Agreement and each of the Transaction Documents are solely the corporate obligations of such Person. No recourse shall be had for any obligation or claim arising out of or based upon this Agreement or any other Transaction Document against any member, director, officer, employee or incorporator of any such Person.

SECTION 1.14. Intent of the Parties. The Seller has structured this Agreement with the intention that the obligations of the Seller hereunder (including the implementation of collections on Sold Receivables and Unsold Receivables under Article IV, obligation to return Capital to the Purchasers and make payments of Yield thereon) will be treated under United States federal, and applicable state and local tax law as debt to the Purchasers (the “Intended Tax Treatment”). The Seller, the Master Servicer, the Administrative Agent and the other Purchaser Parties agree to file no tax return, or take any action, inconsistent with the Intended Tax Treatment unless required by law. Each assignee and each Participant acquiring an interest in an Investment, by its acceptance of such assignment or participation, agrees to comply with the immediately preceding sentence.

SECTION 1.15. USA Patriot Act. Each of the Administrative Agent and each of the other Purchaser Parties hereby notifies the Seller and the Master Servicer that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the “PATRIOT Act”), the Administrative Agent and the other Purchaser Parties may be required to obtain, verify and record information that identifies the Seller, the Originators, the Master Servicer and the Performance Guarantor, which information includes the name, address, tax identification number and other information regarding the Seller, the Originators, the Master Servicer and the Performance Guarantor that will allow the Administrative Agent and the other Purchaser Parties to identify the Seller, the Originators, the Master Servicer and the Performance Guarantor in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act. Each of the Seller and the Master Servicer agrees to provide the Administrative Agent and each other Purchaser Parties, from time to time, with all documentation and other information required by bank regulatory authorities under “know your customer” and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act.

SECTION 1.16. Right of Setoff. Each Purchaser Party is hereby authorized (in addition to any other rights it may have), at any time during the continuance of an Event of Termination, to setoff, appropriate and apply (without presentment, demand, protest or other notice which are hereby expressly waived) any deposits and any other indebtedness held or owing by such Purchaser Party (including by any branches or agencies of such Purchaser Party) to, or for the account of, the Seller or the Master Servicer against amounts owing by the Seller or the Master Servicer hereunder (even if contingent or unmatured); provided that such Purchaser Party shall notify the Seller or the Master Servicer, as applicable, promptly following such setoff.

SECTION 1.17. Severability. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 1.18. Mutual Negotiations. This Agreement and the other Transaction Documents are the product of mutual negotiations by the parties thereto and their counsel, and no

party shall be deemed the draftsman of this Agreement or any other Transaction Document or any provision hereof or thereof or to have provided the same. Accordingly, in the event of any inconsistency or ambiguity of any provision of this Agreement or any other Transaction Document, such inconsistency or ambiguity shall not be interpreted against any party because of such party's involvement in the drafting thereof.

SECTION 1.19. Captions and Cross References. The various captions (including the table of contents) in this Agreement are provided solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement. Unless otherwise indicated, references in this Agreement to any Section, Schedule or Exhibit are to such Section Schedule or Exhibit to this Agreement, as the case may be, and references in any Section, subsection, or clause to any subsection, clause or subclause are to such subsection, clause or subclause of such Section, subsection or clause.

SECTION 1.20. Acknowledgement Regarding Any Supported QFCs. To the extent that the Transaction Documents provide support, through a guarantee or otherwise, for any swap contract or any other agreement or instrument that is a QFC (such support, "QFC Credit Support", and each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Transaction Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Transaction Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Transaction Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a defaulting Purchaser shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 14.20, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

SECTION 1.21. Post-Closing Covenants.

(a) (i) On or prior to the Post-Closing Canada Date, the Seller and the Master Servicer shall deliver (or cause to be delivered) to the Administrative Agent each of the documents, agreements (in fully executed form), opinions of counsel, lien search results, PPSA filings, certificates and other deliverables listed on the post-closing memorandum attached as Exhibit K hereto, in each case, in form and substance reasonably acceptable to the Administrative Agent and each Purchaser and (ii) on or prior to the date that the Post-Closing Canada Conditions have been satisfied, the Seller shall pay in full to the Purchaser Parties all fees and expenses payable by the Seller under the Transaction Documents in connection with satisfying the Post-Closing Canada Conditions (which has been notified to the Seller at least one (1) days prior to the satisfaction of the Post-Closing Canada Conditions).

(b) On or prior to December 16, 2022, the Seller and the Master Servicer shall deliver (or cause to be delivered) to the Administrative Agent each of the documents, agreements (in fully executed form), opinions of counsel, lien search results, UCC filings, certificates and other deliverables listed on the post-closing memorandum attached as Exhibit L hereto, in each case, in form and substance reasonably acceptable to the Administrative Agent and each Purchaser.

(c) Notwithstanding anything to the contrary set forth in this Agreement or any other Transaction Document, the failure of the Seller or the Master Servicer to timely perform its respective obligations under this Section 14.21 shall constitute an immediate Event of Termination under this Agreement with no grace period.

**[Signature Pages Follow]**

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ROCKFORD ARS, LLC

By: /s/ \_\_\_\_\_  
Name:  
Title:

WOLVERINE WORLD WIDE, INC., as the Master Servicer

By: /s/ \_\_\_\_\_  
Name:  
Title:

WELLS FARGO BANK, N.A., as Administrative Agent

By: /s/ \_\_\_\_\_  
Name:  
Title:

WELLS FARGO BANK, N.A., as a Purchaser

By: /s/ \_\_\_\_\_  
Name:  
Title:



BANK OF AMERICA, N.A., as a Purchaser

By: /s/ \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**  
**Form of Investment Request**

[Letterhead of Seller]

[Date]

[Administrative Agent]

[Purchasers]

**Re: Investment Request**

Ladies and Gentlemen:

Reference is hereby made to that certain Receivables Purchase Agreement, dated as of December 7, 2022 among Rockford ARS, LLC (the “Seller”), Wolverine World Wide, Inc., as Master Servicer (the “Master Servicer”), the Purchasers party thereto and Wells Fargo Bank, N.A., as Administrative Agent (in such capacity, the “Administrative Agent”) (as amended, supplemented or otherwise modified from time to time, the “Agreement”). Capitalized terms used in this Investment Request and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

This letter constitutes an Investment Request pursuant to Section 2.02(a) of the Agreement. The Seller hereby requests an Investment of Capital in the aggregate amount of [\$\_\_\_\_\_] to be made on [\_\_\_\_, 20\_\_] (of which \$[\_\_\_\_] of Capital will be funded by Wells Fargo Bank, N.A. and \$[\_\_\_\_] of Capital will be funded by Bank of America, N.A. After giving effect to such Investment, the Aggregate Capital will be [\$\_\_\_\_\_].

The Seller hereby represents and warrants as of the date hereof, and after giving effect to such Investment, as follows:

- (i) the representations and warranties of the Seller and the Master Servicer contained in Sections 7.01 and 7.02 of the Agreement are true and correct in all material respects on and as of the date of such Investment as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;
- (ii) no Event of Termination or Unmatured Event of Termination has occurred and is continuing, and no Event of Termination or Unmatured Event of Termination would result from such Investment;
- (iii) no Capital Coverage Deficit exists or would exist after giving effect to such Investment;
- (iv) the Aggregate Capital will not exceed the Facility Limit; and
- (v) the Termination Date has not occurred.

Exhibit A-1

IN WITNESS WHEREOF, the undersigned has executed this letter by its duly authorized officer as of the date first above written.

Very truly yours,

**ROCKFORD ARS, LLC**

By: /s/ \_\_\_\_\_  
Name:  
Title:

Exhibit A-2

**EXHIBIT B**  
**Form of Reduction Notice**

**[Letterhead of Seller]**

**[Date]**

**[Administrative Agent]**

**[Purchasers]**

Re: Reduction Notice

Ladies and Gentlemen:

Reference is hereby made to that certain Receivables Purchase Agreement, dated as of December 7, 2022 among Rockford ARS, LLC, as seller (the "Seller"), Wolverine World Wide, Inc., as Master Servicer (the "Master Servicer"), the Purchasers party thereto and Wells Fargo Bank, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") (as amended, supplemented or otherwise modified from time to time, the "Agreement"). Capitalized terms used in this Reduction Notice and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

This letter constitutes a Reduction Notice pursuant to Section 2.02(d) of the Agreement. The Seller hereby notifies the Administrative Agent and the Purchasers that it shall reduce the outstanding Capital of the Purchasers in the amount of **[\$\_\_\_\_\_]** to be made on **[\_\_\_\_, 20\_]\_**. After giving effect to such reduction, the Aggregate Capital will be **[\$\_\_\_\_\_]**.

The Seller hereby represents and warrants as of the date hereof, and after giving effect to such reduction, as follows:

- (i) the representations and warranties of the Seller and the Master Servicer contained in Sections 7.01 and 7.02 of the Agreement are true and correct in all material respects on and as of the date of such reduction as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;
- (ii) no Event of Termination or Unmatured Event of Termination has occurred and is continuing, and no Event of Termination or Unmatured Event of Termination would result from such reduction;
- (iii) no Capital Coverage Deficit exists or would exist after giving effect to such reduction; and
- (iv) the Termination Date has not occurred.

Exhibit B-1

In Witness Whereof, the undersigned has executed this letter by its duly authorized officer as of the date first above written.

Very truly yours,

**ROCKFORD ARS, LLC**

By: /s/

Name:

Title:

Exhibit B-2

**EXHIBIT C**  
**[Form of Assignment and Acceptance Agreement]**

Dated as of \_\_\_\_\_, 20\_\_

Section 1.

Commitment assigned:	\$[_____]
Assignor's remaining Commitment:	\$[_____]
Capital allocable to Commitment assigned:	\$[_____]
Assignor's remaining Capital:	\$[_____]
Yield (if any) allocable to Capital assigned:	\$[_____]
Yield (if any) allocable to Assignor's remaining Capital:	\$[_____]

Section 2.

Effective Date of this Assignment and Acceptance Agreement: [\_\_\_\_\_]

Upon execution and delivery of this Assignment and Acceptance Agreement by the assignee and the assignor and the satisfaction of the other conditions to assignment specified in Section 14.03(b) of the Agreement (as defined below), from and after the effective date specified above, the assignee shall become a party to, and, to the extent of the rights and obligations thereunder being assigned to it pursuant to this Assignment and Acceptance Agreement, shall have the rights and obligations of a Purchaser under that certain Receivables Purchase Agreement, dated as of December 7, 2022 among Rockford ARS, LLC, Wolverine World Wide, Inc., as Master Servicer, the Purchasers party thereto and Wells Fargo Bank, N.A., as Administrative Agent (as amended, supplemented or otherwise modified from time to time, the "Agreement").

(Signature Pages Follow)

ASSIGNOR:

[\_\_\_\_\_]

By: /s/ \_\_\_\_\_  
Name:  
Title:

ASSIGNEE:

[\_\_\_\_\_]

By: /s/ \_\_\_\_\_  
Name:  
Title:

Accepted as of date first above  
written:

WELLS FARGO BANK, N.A., as Administrative Agent

By: /s/ \_\_\_\_\_  
Name:  
Title:

ROCKFORD ARS, LLC, as Seller

By: /s/ \_\_\_\_\_  
Name:  
Title:

Exhibit C-2

**EXHIBIT D**  
**[Reserved]**

Exhibit D-1



**EXHIBIT E**  
**[Reserved]**

Exhibit E

**EXHIBIT F**  
**Credit and Collection Policy**

(Attached)

Exhibit F

**EXHIBIT G**  
**Form of Monthly Report**  
(Attached)

Exhibit G

**EXHIBIT H**  
**Form of Compliance Certificate**

To: Wells Fargo Bank, N.A., as Administrative Agent

This Compliance Certificate is furnished pursuant to that certain Receivables Purchase Agreement, dated as of December 7, 2022 among Rockford ARS, LLC (the “Seller”), Wolverine World Wide, Inc., as Master Servicer (the “Master Servicer”), the Purchasers party thereto and Wells Fargo Bank, N.A., as Administrative Agent (in such capacity, the “Administrative Agent”) (as amended, supplemented or otherwise modified from time to time, the “Agreement”). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected \_\_\_\_\_ of the Master Servicer.
2. I have reviewed the terms of the Agreement and each of the other Transaction Documents and I have made, or have caused to be made under my supervision, a detailed review of the transactions and condition of the Seller during the accounting period covered by the attached financial statements.
3. The examinations described in paragraph 2 above did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Event of Termination or an Unmatured Event of Termination, as each such term is defined under the Agreement, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate[, except as set forth in paragraph 6 below].
4. Schedule I attached hereto sets forth financial statements of the Parent and its Subsidiaries for the period referenced on such Schedule I.
5. Schedule II attached hereto sets forth the calculations of the Parent’s “Consolidated Leverage Ratio” and “Consolidated Interest Coverage Ratio” for the period referenced on such Schedule II.
- [6. Described below are the exceptions, if any, to paragraph 3 above by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Seller has taken, is taking, or proposes to take with respect to each such condition or event:]

The foregoing certifications are made and delivered this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

[\_\_\_\_\_]

By: /s/

Name:

Title:

Exhibit H-2

SCHEDULE I TO COMPLIANCE CERTIFICATE

A. Schedule of Compliance as of \_\_\_\_\_, 20\_\_ with Section 8.02(b) of the Agreement. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

This schedule relates to the month ended: \_\_\_\_\_.

B. The following financial statements of the Parent and its Subsidiaries for the period ending on \_\_\_\_\_, 20\_\_, are attached hereto:

Exhibit H-3

SCHEDULE II TO COMPLIANCE CERTIFICATE

[attached]

Exhibit J

**EXHIBIT I**  
**Closing Memorandum**

(Attached)

Exhibit I



**EXHIBIT J**  
**Form of Weekly Report**

(Attached)

Exhibit J

**EXHIBIT K**  
**Post-Closing Canada Memorandum**

(Attached)

Exhibit K

**EXHIBIT L**  
**Post-Closing U.S. Memorandum**

(Attached)

Exhibit L

**SCHEDULE I  
Commitments**

Party	Capacity	Commitment
Wells	Purchaser	\$105,000,000
BofA	Purchaser	\$70,000,000

Schedule I-1

**SCHEDULE II**  
**Lock-Boxes, Collection Accounts and Collection Account Banks**

<u><b>U.S. Collection Account Bank</b></u>	<u><b>U.S. Collection Account Number</b></u>	<u><b>Associated U.S. Lock-Box (if any)</b></u>
JPMorgan Chase Bank, N.A.	██████████	██████████
JPMorgan Chase Bank, N.A.	██████████	██████████

<u><b>Canadian Collection Account Bank</b></u>	<u><b>Canadian Collection Account Number</b></u>	<u><b>Associated Canadian Lock-Box (if any)</b></u>
JPMorgan Chase Bank, N.A.	██████████	██████████

**SCHEDULE III  
Notice Addresses**

(A) in the case of the Seller, at the following address:

Rockford ARS, LLC  
9341 Courtland Drive N.E.  
Rockford, Michigan 49351  
Attention: Mike Stornant, Chief Financial Officer  
General Counsel  
Telecopy: (616) 866-5715  
Telephone: (616) 866-5728  
Email:

with a copy to:

Gibson, Dunn & Crutcher LLP  
200 Park Avenue  
New York, NY 10166-0193  
Attention: Madalyn Miller  
Telecopy: +1 212.351.3851  
Telephone: +1 212.817.9452

(B) in the case of the Master Servicer, at the following address:

Wolverine World Wide, Inc.  
9341 Courtland Drive N.E.  
Rockford, Michigan 49351  
Attention: Mike Stornant, Chief Financial Officer  
General Counsel  
Telecopy: (616) 866-5715  
Telephone: (616) 866-5728  
Email:

with a copy to:

Gibson, Dunn & Crutcher LLP  
200 Park Avenue  
New York, NY 10166-0193  
Attention: Madalyn Miller  
Telecopy: +1 212.351.3851  
Telephone: +1 212.817.9452

(C) in the case of the Administrative Agent or Wells, as a Purchaser, at the following address:

Wells Fargo Bank, N.A.  
1100 Abernathy Rd., NE  
16th Floor, Suite 1600  
Atlanta, GA 30328  
Telephone: 770-508-2179  
Email:  
Attention: Michael Landry

(D) in the case of BofA, at the following address:

Bank of America, N.A.  
Trade Receivables Securitization Finance  
13510 Ballantyne Corporate PI  
Charlotte, NC 28277  
Attn: Ross Glynn  
Tel: 980-387-6327  
Email:

(E) in the case of any other Person, at the address for such Person specified in the other Transaction Documents; in each case, or at such other address as shall be designated by such Person in a written notice to the other parties to this Agreement.

Schedule III-2

**SCHEDULE IV**  
**Initial Schedule of Sold Receivables**  
**[On File with the Administrative Agent]**

Schedule IV-1



**SCHEDULE V**  
**Purchaser's Account**

(A) in the case of Wells:

Bank:  
ABA #:  
Account Name:  
Account Number:  
Reference:

(B) in the case of BofA:

Bank:  
ABA #:  
Account Name:  
Account Number:  
Reference:

Schedule V-1

**SCHEDULE VI**  
**Approved Foreign Jurisdictions and their Tiers**

<b>Individual Allowable Percentage</b>	<b>Country Tier</b>			
5.00%	1			
5.00%	2			
2.50%	3			
3.50%	S			
<b>Country</b>	<b>Tier #</b>		<b>Country</b>	<b>Tier #</b>
Australia	1		Aruba	3
Austria	1		Bermuda	3
Belgium	1		Chile	Special
Denmark	1		China	3
France	1		Colombia	3
Germany	1		Croatia	3
Ireland	1		Curacao	3
Israel	1		Czech Republic	3
Japan	1		India	3
Luxembourg	1		Indonesia	3
Netherlands	1		Kuwait	3
New Zealand	1		Latvia	3
Norway	1		Malaysia	3
Singapore	1		Panama	3
Sweden	1		Peru	3
Switzerland	1		Philippines	3
			Qatar	3
<b>Country</b>	<b>Tier #</b>		Saudi Arabia	3
Hong Kong	2		Slovenia	3
Italy	2		Thailand	3
Mexico	2		Uruguay	3
Poland	2		Utd.Arab.Emir.	3
Portugal	2			
South Korea	2			
Spain	2			
Taiwan	2			

**SCHEDULE VII  
Fiscal Calendar**

**2022**

**“Fiscal Period”**  
**(Based on Wolverine’s fiscal calendar).**

	<b><u>Start</u></b>	<b><u>End</u></b>
Period 1	6-Jan-21	5-Feb-22
Period 2	6-Feb-22	5-Mar-22
Period 3	6-Mar-22	2-Apr-22
Period 4	3-Apr-22	7-May-22
Period 5	8-May-22	4-Jun-22
Period 6	5-Jun-22	2-Jul-22
Period 7	3-Jul-22	8-Aug-22
Period 8	9-Aug-22	3-Sep-22
Period 9	4-Sep-22	1-Oct-22
Period 10	2-Oct-22	5-Nov-22
Period 11	6-Nov-22	3-Dec-22
Period 12	4-Dec-22	31-Dec-22

2023

**“Fiscal Period”**  
**(Based on Wolverine’s fiscal calendar)**

	<b><u>Start</u></b>	<b><u>End</u></b>
Period 1	1-Jan-23	4-Feb-23
Period 2	5-Feb-23	4-Mar-23
Period 3	5-Mar-23	1-Apr-23
Period 4	2-Apr-23	6-May-23
Period 5	7-May-23	3-Jun-23
Period 6	4-Jun-23	1-Jul-23
Period 7	2-Jul-23	5-Aug-23
Period 8	6-Aug-23	2-Sep-23
Period 9	3-Sep-23	30-Sep-23
Period 10	1-Oct-23	4-Nov-23
Period 11	5-Nov-23	2-Dec-23
Period 12	3-Dec-23	30-Dec-23

Schedule VII-2

2024

**“Fiscal Period”**  
**(Based on Wolverine’s fiscal calendar)**

	<b><u>Start</u></b>	<b><u>End</u></b>
Period 1	31-Dec-23	3-Feb-24
Period 2	4-Feb-24	2-Mar-24
Period 3	3-Mar-24	30-Mar-24
Period 4	31-Mar-24	4-May-24
Period 5	5-May-24	1-Jun-24
Period 6	2-Jun-24	29-Jun-24
Period 7	30-Jun-24	3-Aug-24
Period 8	4-Aug-24	31-Aug-24
Period 9	1-Sep-24	28-Sep-24
Period 10	29-Sep-24	2-Nov-24
Period 11	3-Nov-24	30-Nov-24
Period 12	31-Nov-24	28-Dec-24

Schedule VII-3

2025

**“Fiscal Period”**  
**(Based on Wolverine’s fiscal calendar)**

	<b><u>Start</u></b>	<b><u>End</u></b>
Period 1	31-Dec-24	1-Feb-25
Period 2	2-Feb-25	1-Mar-25
Period 3	2-Mar-25	29-Mar-25
Period 4	30-Mar-25	3-May-25
Period 5	4-May-25	31-May-25
Period 6	1-Jun-25	28-Jun-25
Period 7	29-Jun-25	2-Aug-25
Period 8	3-Aug-25	30-Aug-25
Period 9	31-Aug-25	27-Sep-25
Period 10	28-Sep-25	1-Nov-25
Period 11	31-Oct-25	29-Nov-25
Period 12	30-Nov-25	3-Jan-26

Schedule VII-1

## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made as of February 7, 2023 by and among (i) Vincent Camuto LLC, a Connecticut limited liability company ("Camuto"), and DBI Brands Management LLC, an Ohio limited liability company ("IP Buyer" and, solely to the extent contemplated by Section 1.7, together with Camuto, "Buyer"), and (ii) Wolverine World Wide, Inc., a Delaware corporation ("WWW"), Keds, LLC, a Massachusetts limited liability company, SR Holdings, LLC, a Delaware limited liability company, Wolverine Outdoors, Inc., a Michigan corporation, and Wolverine Distribution, Inc., a Delaware corporation (collectively, together with WWW, "Sellers" and each, a "Seller"). Capitalized terms used in this Agreement and not otherwise defined have the meanings given to them in Exhibit A.

1. WWW and certain of its Affiliates own and operate the worldwide business of designing, having manufactured by third parties, licensing, marketing, distributing and selling footwear and accessories under the brands *Keds*® and *PRO-Keds*®, including retail, wholesale and e-commerce operations related thereto (the "Business," and the e-commerce portion of the Business, the "E-Comm Business");

2. This Agreement is entered into in order to effect the acquisition by Buyer from Sellers of the Business and the Purchased Assets, the assumption by Buyer of the Assumed Liabilities, and the consummation of the transactions contemplated herein (the "Transactions");

3. Pursuant to Section 1.7, Buyer is designating its Affiliate, DBI Brands Management LLC, an Ohio limited liability company, to acquire the Assigned IP;

4. Following Closing, WWW or its Affiliates will perform certain transition services for Buyer pursuant to the TSA, including with respect to the E-Comm Business, subject to the terms and conditions of the TSA; and

5. Concurrently with the execution of this Agreement: (i) certain Business Employees have entered into an employment letter agreement with Buyer under which such individuals would become employees of Buyer or an Affiliate at the Transfer Time, contingent upon Closing having occurred and the individuals remaining employed by WWW or one of its Affiliates as of the Transfer Time; (ii) WWW and Designer Brands Inc. have executed a non-binding letter of intent pursuant to which Designer Brands Inc. will license the Hush Puppies brand from WWW for footwear in the United States and Canada and purchase certain inventories of Hush Puppies from WWW, pursuant to definitive documentation executed on or before March 31, 2023 and consummated on or about July 1, 2023; and (iii) in a separate, ordinary course transaction, WWW will sell to Designer Brands Inc., of one or more of its Affiliates, and such entity or entities will purchase from WWW, approximately \$45,000,000 of finished product footwear of the following brands: Bates, CAT, Chaco, Harley Davidson, Hy-Test, Merrell, Saucony, Sperry, Wolverine, Kids and Hush Puppies.

ACCORDINGLY, in consideration of the representations, warranties, covenants and agreements contained in this Agreement, the parties agree as follows:

### **1. SALE OF PURCHASED ASSETS AND ASSUMPTION OF ASSUMED LIABILITIES.**

1.a Purchased Assets. On the terms and subject to the conditions set forth in this Agreement, at Closing and effective as of the Effective Time, Buyer will purchase from Sellers, and Sellers will sell, convey, assign, transfer and deliver to Buyer, all of Sellers' right, title and interest, as of the Effective Time, in and to the Purchased Assets.

1.b Excluded Assets. Sellers will retain, and Buyer will not acquire, the Excluded Assets.

1.c Assumed Liabilities. At Closing, as additional consideration for the Purchased Assets, Buyer will assume (a) the Accounts Payable; (b) executory liabilities and obligations under the Assigned

Contracts, but only to the extent that such liabilities and obligations are required to be performed after the Effective Time, were incurred in the ordinary course of business and do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by Sellers or any of their Affiliates on or prior to Effective Time and (c) executory obligations under the Shared Contracts, but only to the extent related to the Business Obligations, are required to be performed after the Effective Time, were incurred in the ordinary course of business and do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by Sellers or any of their Affiliates on or prior to the Effective Time (collectively, the “Assumed Liabilities”).

1.d Excluded Liabilities. Sellers will retain, and Buyer will not assume, the Excluded Liabilities.

1.e Cash Purchase Price; Adjustment. The cash purchase price (the “Cash Purchase Price”) for the Purchased Assets, on a debt-free, cash-free basis, is equal to the sum of the following: (i) \$82,017,574, *plus* (or *minus* if such number is negative) and (ii) the Net Inventory Adjustment Amount. At least two Business Days prior to Closing, WWW will deliver to Buyer a statement (the “Estimated Closing Statement”), together with reasonable supporting documentation, setting forth WWW’s good faith estimate of the Net Inventory, the resulting Net Inventory Adjustment Amount, in each case, as of the Effective Time and calculated in accordance with the terms of this Agreement, and WWW’s resulting calculation of the estimated Cash Purchase Price based on the foregoing (such amount, the “Estimated Cash Purchase Price”). The Estimated Cash Purchase Price will be used for purposes of determining payments due at Closing and will be subject to adjustment post-Closing pursuant to Section 1.6.

1.f Cash Purchase Price Adjustment.

(i) Within 150 days following the Closing Date, Buyer will prepare and deliver to WWW a statement (the “Closing Statement”) setting forth Buyer’s calculation of the Net Inventory and the resulting Net Inventory Adjustment Amount, in each case, as of the Effective Time and calculated in accordance with the terms of this Agreement, and Buyer’s calculation of the Cash Purchase Price based on its calculation of the Net Inventory Adjustment Amount. If WWW objects to the Closing Statement, it will notify Buyer in writing as promptly as practicable (but in any event within 45 days following delivery), setting forth in reasonable detail the basis for its objection(s) and its proposed modifications (the “Objection Notice”). If WWW fails to timely object to the Closing Statement, the parties will be deemed to have approved the Closing Statement and the parties will proceed as provided in Section 1.6(b). If WWW timely objects to the Closing Statement, the parties will attempt to resolve the disputed items in good faith. If complete resolution has not been reached within 20 days (or such longer period as may be mutually agreed by the parties), either Buyer or WWW may submit the remaining disputed items to Grant Thornton LLP or other regional independent accounting firm mutually selected by Buyer and WWW (the “Neutral Accountant”), who will be mutually engaged by the parties. The parties will instruct the Neutral Accountant that the scope of its review and authority is limited to resolving the disputed items submitted to it. The Neutral Accountant will resolve the disputed items in accordance with the terms (including the applicable definitions) of this Agreement. The Neutral Accountant will not assign a value to any disputed item greater than the highest value for such item claimed by either party in the Closing Statement or the Objection Notice, or less than the lowest value for such item claimed by either party in the Closing Statement or the Objection Notice. Buyer, on the one hand, and WWW, on the other hand, will each have the opportunity to make a written submission and a rebuttal of the other party’s submission to the Neutral Accountant. The parties will use commercially reasonable efforts to cause the Neutral Accountant to complete its determination of the disputed items within 30 days after its engagement. The Neutral Accountant will deliver a written opinion setting forth its determination of the Cash Purchase Price, which will be final, binding, non-appealable and will be used in computing the amount of any adjustment to the Estimated Cash Purchase Price pursuant to Section 1.6(b). The fees and expenses of the Neutral Accountant will be allocated between Buyer and Sellers based upon the percentage of the contested amount submitted to the Neutral Accountant that is ultimately awarded to Buyer, on the one hand, or Sellers, on the other hand, such that Buyer bears a percentage of such fees and expenses equal to the percentage of the contested amount awarded to WWW and WWW bears a percentage of such fees and expenses equal to the percentage of the contested amount awarded to Buyer. For example, if the total amount of the disputed items originally submitted to the Neutral Accountant equal \$1,000 and the Neutral



Accountant awards \$600 in favor of WWW's position, 60% of the fees and expenses of the Neutral Accountant would be borne by Buyer and 40% of the fees and expenses of the Neutral Accountant would be borne by Sellers.

(ii) Upon the final determination of the Cash Purchase Price, if the final Cash Purchase Price is greater than the Estimated Cash Purchase Price, then Buyer will pay such difference to WWW, as payee agent for Sellers. If the final Cash Purchase Price is less than the Estimated Cash Purchase Price, then WWW, for and on behalf of Sellers, will refund such difference to Buyer. Payment will be made within five Business Days following the final determination of the Cash Purchase Price by wire transfer of immediately available funds.

1.g Buyer Designated Transferees. At least two Business Days prior to Closing, Buyer may deliver written notice to Sellers designating one or more of its Affiliates (whether or not existing as of the date hereof) as a "Buyer Designated Transferee," which notice will set forth (a) the name, address of principal place of business and jurisdiction of incorporation or organization of each Buyer Designated Transferee, (b) which Purchased Assets will be purchased by each Buyer Designated Transferee and (c) which Assumed Liabilities will be assumed by each Buyer Designated Transferee. In accordance with such notice, (x) Buyer will be deemed to have assigned, delegated and transferred its rights and obligations with respect to the acquisition of such Purchased Assets and assumption of such Assumed Liabilities to the applicable Buyer Designated Transferee, (y) such Buyer Designated Transferee will be deemed a "Buyer" for all purposes of this Agreement relating to the acquisition of the applicable Purchased Assets and the assumption of the applicable Assumed Liabilities and (z) each reference to "Buyer" in connection therewith will automatically be deemed to be a reference to such Buyer Designated Transferee; provided, however, that no such designation will relieve Buyer of any of its obligations under this Agreement to the extent not performed by such Buyer Designated Transferee. Buyer hereby designates IP Buyer as a Buyer Designated Transferee to purchase the Assigned IP and assume the Assumed Liabilities related to such Purchased Assets.

1.h Accounting Principles. The Estimated Closing Statement and the Closing Statement, and the determinations and calculations contained in each of them, will be prepared and calculated in accordance with the Accounting Principles.

1.i Withholding Tax. Buyer and/or its agent may deduct and withhold from any consideration or amounts otherwise payable to any Person pursuant to this Agreement any amounts required to be deducted and withheld under applicable Tax Law. Each of the Sellers and any Person to whom any consideration or other amounts are payable shall have delivered to the Buyer a properly executed IRS Form W-9, together with any other tax forms reasonably requested by the Buyer that would permit the Parties to avoid or reduce withholding on the Purchase Price or any other payment made hereunder. The Parties agree to cooperate with one another and use reasonable efforts to avoid or reduce withholding or similar obligations in respect of any payment made by the Buyer to any Person hereunder. To the extent that amounts are so deducted or withheld, the deducted or withheld amounts will be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

## 2. CLOSING.

1.a Closing Date; Effective Time. The consummation of the Transactions (the "Closing") will take place via electronic exchange of .pdf documents at 10 a.m. Eastern Time on February 7, 2023, to be effective as of 11:59 p.m. Eastern Time on February 4, 2023 (the "Effective Time"), assuming that the conditions set forth in Section 2.3 have been satisfied or waived as of February 7, 2023 (other than those conditions which by their nature are to be satisfied at Closing, which conditions must be satisfied at Closing unless waived). If the conditions set forth in Section 2.3 have not been satisfied or waived as of February 7, 2023 (other than those conditions which by their nature are to be satisfied at Closing, which conditions must be satisfied at Closing unless waived), then Closing will occur within three Business Days following the satisfaction or waiver of such conditions and the Effective Time will be 11:59 p.m. Eastern Time on the date Closing occurs, or on such other date or time as may be mutually agreed by the parties. Following the Effective Time, the Business will be operated for the benefit of Buyer (the

economic effect of which, expressed as dollar value, the “Interim Period Benefit”). If the Interim Period Benefit is not delivered to Buyer pursuant to the terms of the TSA or otherwise, Buyer may include a line item for the Interim Period Benefit in the Closing Statement and, subject to the review, objection and resolution procedures of Section 1.6, the parties shall include the resulting amount thereof in the final determination of the Cash Purchase Price.

1.b Closing Deliveries.

(i)At Closing, Buyer will pay the Estimated Cash Purchase Price to WWW (as payee agent for Sellers) by wire transfer of immediately available funds. In addition, Buyer will deliver to Sellers: (i) an executed assignment and assumption agreement, in substantially the form attached hereto as Exhibit B (the “Assignment and Assumption Agreement”); (ii) an executed copy of the TSA; (iii) an executed copy of the Patent Assignment; (iv) an executed copy of the Trademark Assignment; (v) an executed copy of the Copyright Assignment; (vi) an executed copy of the Domain Name Assignment; (vii) an executed copy of the Intellectual Property Assignment; and (viii) such other documents as may be reasonably requested by Sellers.

(ii)At Closing, Sellers will deliver to Buyer (i) an executed copy of the Assignment and Assumption Agreement and an executed bill of sale in substantially the form attached hereto as Exhibit C (the “Bill of Sale”); (ii) evidence of the release of Liens on the Purchased Assets (other than Permitted Liens) in customary form reasonably acceptable to Buyer; (iii) a completed, valid and duly executed IRS Form W-9 executed by each Seller; (iv) an executed copy of the TSA; (v) an executed copy of the Patent Assignment; (vi) an executed copy of the Trademark Assignment; (vii) an executed copy of the Copyright Assignment; (viii) an executed copy of the Domain Name Assignment; (ix) an executed copy of the Intellectual Property Assignment; and (x) any other documents as may be reasonably requested by Buyer.

1.c Conditions to Closing.

(i)Conditions of Buyer. Buyer’s obligation to consummate the Transactions and to take the other actions required to be taken by Buyer at Closing is subject to the satisfaction, at or before Closing, of each of the following conditions (any of which, except as prohibited by Law, may be waived in writing by Buyer, in whole or in part):

(1) The representations and warranties set forth in Article 3, individually and collectively, must be accurate in all but *de minimis* respects, in the case of the Fundamental Representations or each representation and warranty qualified by materiality or “Business Material Adverse Effect,” and accurate in all material respects as to all other representations and warranties, in each case both as of the date of this Agreement and as of the Closing Date as if made again on the Closing Date immediately preceding Closing, except for a representation or warranty made as of a specific date or for a particular period, the accuracy of which will be determined as of such specific date or for such particular period;

(2) Sellers must have performed and complied with, in all material respects, their respective covenants, agreements and obligations under this Agreement and the other Transaction Documents required to be performed or complied with before Closing;

(3) No Business Material Adverse Effect must have occurred;

(4) Sellers must have delivered to Buyer a certificate dated as of the Closing Date certifying that the conditions set forth in (i), (ii) and (iii) above have been satisfied;

(5) There must not be an Action pending or threatened that would be reasonably likely to result in a material Loss to Buyer, the Business or the Purchased Assets if the Transactions were consummated; and

(6) Sellers must have delivered to Buyer the documents set forth in Section 2.2(a), in the form specified or otherwise in form reasonably acceptable to Buyer.

(ii) Conditions of Sellers. Sellers' obligation to consummate the Transactions and to take the other actions required to be taken by Sellers at Closing is subject to the satisfaction, at or before Closing, as applicable, of each of the following conditions (any of which, except as prohibited by Law, may be waived in writing by WWW, in whole or in part):

(1) The representations and warranties set forth in Article 4, individually and collectively, must be accurate in all material respects as of the date of this Agreement and as of the Closing Date as if made again on the Closing Date immediately preceding Closing, except for a representation or warranty made as of a specific date or for a particular period, the accuracy of which will be determined as of such specific date or such particular period;

(2) Buyer must have performed and complied with, in all material respects, its covenants, agreements and obligations under this Agreement and the other Transaction Documents required to be performed or complied with prior to Closing;

(3) Buyer must have delivered to Sellers a certificate, dated as of the Closing Date, certifying that the conditions set forth in (i) and (ii) above have been satisfied; and

(4) Buyer must have delivered the documents required by Section 2.2(b) in the form specified or otherwise in form reasonably acceptable to Sellers.

1.d Termination. This Agreement may be terminated by written agreement of Buyer and WWW or by written notice given before or at Closing:

(i) By Buyer, on one hand, or WWW, on the other hand, if a breach of a representation, warranty, covenant or agreement in this Agreement has been committed by the other party or parties that constitutes a failure of a condition contained in Section 2.3, which has not been waived or cured to the reasonable satisfaction of the non-breaching party or parties within 10 Business Days following the delivery of written notice of such breach; provided, that neither party may exercise any right to terminate this Agreement pursuant to this Section 2.4(a) if it or any of its Affiliates that is party to this Agreement is then in material breach of any provision of this Agreement;

(ii) By Buyer, on one hand, or WWW, on the other hand, if Closing has not occurred (other than through the failure of the party seeking to terminate this Agreement to comply with its obligations under this Agreement or another Transaction Document) on or before 11:59 p.m. Eastern Time on February 10, 2023, or such later date as Buyer and WWW may agree in writing; and

(iii) By Buyer, on one hand, or WWW, on the other hand, if (i) a Governmental Body has issued a final nonappealable Order enjoining or otherwise prohibiting the consummation of the Transactions or (ii) a Law is enacted following the date of this Agreement preventing the consummation of the Transactions; provided, that, the right to terminate this Agreement under this Section 2.4(c) will not be available to a party if the failure of such party (or any of its Affiliates that is a party to this Agreement) to fulfill any obligation under this Agreement is the primary cause of the issuance of such Order or the enactment of such Law.

1.e Effect of Termination. If this Agreement is properly terminated pursuant to Section 2.4, the obligations of the parties under this Agreement will terminate, except as provided in this Section 2.5 and except for the provisions of Article 7, which will survive any such termination. If this Agreement is terminated by a party because of a willful or intentional breach of this Agreement by another party or parties or because one or more of the conditions to the terminating party's or parties' obligations under this Agreement is not satisfied as a result of a willful or intentional failure of another party or parties to comply with its obligations under this Agreement or another Transaction Document, the terminating

party's right to pursue available rights and remedies in respect of such breach or failure will survive termination.

### 3. REPRESENTATIONS AND WARRANTIES OF SELLERS.

As of the date of this Agreement and, except as expressly otherwise noted, on the Closing Date immediately before Closing, Sellers, jointly and severally, represent and warrant to Buyer the following:

1.a Organization, Power and Qualification. Each Seller is an entity duly organized, validly existing and in good standing under the laws of the state of its organization. Each Seller has the required power, authority, qualifications and authorizations to own, lease and operate the properties and assets used by it in the Business and to carry on the Business in the manner as it is now being conducted. Each Seller is duly authorized, qualified or licensed to do business as a foreign entity and is in good standing in each jurisdiction where it is required to be so qualified, except those jurisdictions where the failure to be so qualified would not be material to the Business.

1.b Authorization. Each Seller has full power and authority to enter into this Agreement and the other Transaction Documents to which such Seller is (or will be) a signatory, and to consummate the Transactions. This Agreement and the other Transaction Documents to which a Seller is (or will be) a signatory and the consummation by such Seller of the Transactions (a) have been (or will be) duly and validly authorized by all requisite company action on the part of such Seller, (b) have been (or will be) duly and validly executed and delivered by such Seller, and (c) this Agreement and such other Transaction Documents constitute (or will upon execution and delivery constitute) a legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws relating to or affecting the rights of creditors generally and except as enforceability is subject to the application of general principles of equity (regardless of whether considered in an Action in equity or at law) (collectively, the "Enforceability Exceptions"). No further action on the part of a Seller is necessary to authorize or approve the execution delivery and performance of this Agreement or another Transaction Document or to consummate the Transactions.

1.c No Conflicts; Consents.

(i) No Seller or any of its Affiliates is subject to any Order or Law which would prevent the consummation of the Transactions. No Action is pending or, to Sellers' Knowledge, threatened against any Seller or any of its Affiliates which would enjoin or delay the Transactions. Assuming the accuracy of the representations and warranties given by Buyer in Section 4.3, no consent, approval or authorization of or declaration, filing or registration by any Seller or any of its Affiliates with any Governmental Body is required in connection with the execution, delivery and performance of this Agreement by any Seller or the consummation by any Seller of the Transactions.

(ii) The execution, delivery and performance by each Seller of this Agreement and the other Transaction Documents to which such Seller is (or will be) a party and the consummation of the Transactions, do not: (i) violate or conflict with any provision of any organizational documents of such Seller; (ii) violate or conflict with any Order or Law applicable to such Seller or any of its Affiliates, the Business or the Purchased Assets; (iii) except as set forth on Schedule 3.3, conflict with, or result in (with or without notice or lapse of time or both) a violation, breach or default of, or give rise to a right of termination, cancellation, acceleration or modification of any obligation (with or without the giving of notice or the lapse of time or both) or loss of any benefit under, an Assigned Contract or any Business Rights; or (iv) result in the creation or imposition of a Lien on the Purchased Assets.

1.d Financial Statements; Undisclosed Liabilities; Inventory.

(i) Schedule 3.4(a)(1) sets forth the unaudited consolidated balance sheet of the Business and the related statements of income of the Business as of and for the fiscal years ended December 31, 2022, January 1, 2022 and January 2, 2021 (the "Financial Statements"). Except as set forth on Schedule

3.4(a)(2), the Financial Statements, are based upon the financial statements and books and records of Sellers and their Affiliates and fairly present, in all material respects, the financial condition of the Business or, in the case of consolidating financial information, segments of the Business, as of the dates indicated therein and the results of the operations of the Business or, in the case of consolidating financial information, segments of the Business, for the periods covered thereby. Each of the Financial Statements has been prepared in accordance with GAAP, except as set forth in Schedule 3.4(a)(3), applied on a consistent basis throughout the periods covered thereby, subject to normal and recurring year-end adjustments (all of which are expected to be consistent with past practice and not, individually or in the aggregate, material in nature or amount) and the absence of notes. The (A) Financial Statements were prepared for the purpose of this Agreement, (B) Business was not conducted on a stand-alone basis as a separate entity during the time period indicated in the Financial Statements, and (C) Financial Statements include allocations and estimates not necessarily indicative of the costs that would have resulted if the Business had been operated and conducted on a stand-alone basis as a separate entity during such periods.

(ii)The income statements included in the Financial Statements are composed of only the income statements, for the applicable periods, of the US Wholesale, Canada Wholesale, E-Commerce, International and Kids operating units of the Business.

(iii)The books and records of the Business (i) have been kept in the ordinary course consistent with past practice, (ii) have been maintained in all material respects in compliance with GAAP and with Sellers' applicable accounting requirements, (iii) are true and complete in all material respects and (iv) correctly and accurately reflect, in all material respects, all material dealings and transactions in respect of the Business.

(iv)Since January 1, 2020, no Seller has received any written complaint or claim regarding a material aspect of their accounting policies or methods or internal accounting controls, including any such complaint or claim that such person has engaged in questionable accounting or audit practices, in each case, that relate to the Business. Since January 1, 2020, no Seller has identified or been advised by WWW's auditors of any fraud or allegation of fraud, whether or not material, that involves management or other employees who have a roles in Sellers' internal controls over financial reporting with respect to the Business or the Purchased Assets.

(v)No Seller has any liability with respect to the Business of any nature, including those that would be required to be reflected on a balance sheet prepared in accordance with GAAP, except for liabilities (i) that are disclosed or reserved against in the most recent balance sheet included in the Financial Statements, (ii) that have been incurred in the ordinary course of business since such date (none of which is a liability for a material breach of an Assigned Contract or violation of Law or that are, individually or in the aggregate, material to the Business (taken as a whole)), (iii) that are contractual liabilities or obligations, other than those arising due to a material breach or default by a Seller of such contract, (iv) that are Excluded Liabilities, or (v) that are other liabilities which would not, individually or in the aggregate, be material to the Business, taken as a whole.

(vi)Except as set forth on Schedule 3.4(f), all of the Inventory (i) consists of a quantity and quality that is usable and salable in the ordinary course of business consistent with past practice, (ii) is not defective or damaged, (iii) is merchantable and fit for its intended use and (iv) is stated in the Financials Statements at the lower of cost or net realizable value in accordance with GAAP, in the case of each of clauses (i) through (iii), subject only to the reserves or write downs reflected in the Financial Statements.

(vii)All trade accounts payable of the Business have arisen in the ordinary course of business.

1.e Business Operations. Since January 1, 2022 until the date of this Agreement, except as set forth in Schedule 3.5, (x) the Business has been conducted in the ordinary course consistent with past practice, (y) no Business Material Adverse Effect has occurred or is reasonably expected to occur and (z) with respect to the Business or the Purchased Assets, no Seller has:

(i)(A) hired, promoted, demoted or terminated (other than for cause) any Business Employee, except in the ordinary course of business with respect to any non-officer Business Employee whose annual base salary is less than \$150,000, (B) other than in the ordinary course of business or as mutually agreed between Buyer and Sellers, internally transferred or otherwise altered the duties and responsibilities of any employee of Seller or any of its Affiliates in a manner that affects whether such employee is or is not classified as a Business Employee or (C) increased or promised to increase the amount of, or accelerated the vesting or timing of payment of, compensation or other benefits payable or provided to any current or former Business Employee or other individual service provider of the Business (except, with respect to employees whose annual base salary is less than \$150,000, for increases in salary or hourly wage rates in the ordinary course of business consistent with past practice but in any event not to exceed 3% of annual base salaries in the aggregate or 5% of annual base salary for any individual);

(ii) made, changed, or revoked any Tax election or settle or compromise any claim with respect to Taxes, consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes, or amended any Tax Return, in each case, to the extent relating to the Purchased Assets or the Business;

(iii) knowingly waived any material claims or rights of material value that constitute Purchased Assets other than waivers granted in the ordinary course of business;

(iv) with respect to the Business changed its practices with respect to, or delayed payment of, any Accounts Payable, in any material respect and outside of the ordinary course of business;

(v) terminated or failed to renew the coverage of any insurance policy other than in connection with annual renewals in the ordinary course of business; or

(vi) agreed, authorized or committed to do any of the foregoing.

1.f Material Contracts and Shared Contracts.

(i) Schedule 3.6(a) sets forth, as of the date of this Agreement, a list of each of the following Contracts (other than (x) completed purchase or sales orders entered into in the ordinary course of business and (y) Contracts for services that will be provided under the TSA) that relate to the Business, the Purchased Assets or the Assumed Liabilities (or which otherwise constitute an Assigned Contract) and to which any Seller or any of its Affiliates is a party or by which any Seller, any of its Affiliates or any of the properties or assets of any Seller or any of its Affiliates is bound:

(1) any Contract that provides for (A) payments by any Seller or any of its Affiliates of more than \$150,000 or (B) payments to any Seller or any of its Affiliates of more than \$150,000, in each case in any 12-month period that includes the date of this Agreement and which is not terminable on 90 days or less notice, in each case, other than the Contracts disclosed under subsection (vi) of this Section 3.6(a);

(2) any Contract between or among any Seller and any other Seller or any Affiliate of a Seller, other than intercompany royalty and sourcing fee arrangements and arrangements for corporate overhead services, in each case, that will not be included in the Purchased Assets or Assumed Liabilities;

(3) any Contract that provides for the sale of any material Purchased Assets other than in the ordinary course of business;

(4) any Contract that provides for a joint venture, strategic alliance, partnership, technology collaboration or sharing of profits or proprietary information (other than nondisclosure agreements entered into in the ordinary course of business);

(5) any Contract that relates to the acquisition of any business, a material amount of stock, equity or assets of any Person (other than inventory in the ordinary course of business) or any real property (whether by merger, sale of stock, sale of assets or otherwise) pursuant to which a Seller still has any obligations;

(6) any Contract with a sales agent, distributor, licensee, franchisee, dealer, or similar representatives engaged in the sale of products, including letters of credit or similar instruments provided to any Seller or its Affiliates by any such Persons;

(7) any Contract that contains any (A) non-competition, non-solicitation or similar limitation that restricts or purports to restrict any Seller or any of its Affiliates from competing in any line of business or with any Person or in any geographic area or (B) any exclusive rights, rights of refusal or rights of first negotiation (or similar rights), rights of manufacture, minimum purchase or “take or pay” requirements or “most favored nation” provisions;

(8) any Contract that relates to or otherwise reflects a settlement or other resolution of any Action that is or was pending or threatened within the last five years or otherwise provides for ongoing obligations of, or restrictions on, the Business as currently conducted;

(9) any Contract with a Material Customer or Material Vendor;

(10) any Contract with a licensee, manufacturer, contractor or subcontractor engaged in the manufacturing of products (a “Manufacturer”);

(11) any collective bargaining agreement or other Contracts with any labor union or employee representative organization; or

(12) any Contract that (A) is with any officer, employee or other individual service provider providing annual base salary in excess of \$100,000 (other than any “at-will” contract that may be terminated by a Seller or its Affiliates without liability upon thirty (30) days’ or less advance notice) or (B) provides for change in control, retention or severance payments.

(ii) Schedule 3.6(b) sets forth, as of the date of this Agreement, a list of each Contract set forth on Schedule 3.6(a) and other each Contract (other than any Contract for services that will be provided under the TSA) that relates to both the Business and any retained business of the Sellers or any of their Affiliates. Contracts disclosed or required to be disclosed on Schedule 3.6(a) are hereafter referred to as the “Material Contracts” and Contracts disclosed or required to be disclosed on Schedule 3.6(b) are hereafter referred to as the “Shared Contracts”.

(iii) Each Material Contract that is an Assigned Contract is valid and binding on the applicable Seller and, to Sellers’ Knowledge, each other party thereto, and in full force and effect in accordance with its terms. Each Material Contract that is an Assigned Contract is enforceable against the applicable Seller and, to Sellers’ Knowledge, each other party thereto, subject to the Enforceability Exceptions. Each Seller, and to Sellers’ Knowledge, each other party thereto, has performed, in all material respects, its obligations under each Material Contract that is an Assigned Contract to which it is a party and is not (with or without notice or lapse of time or both) in material default or breach thereunder or in receipt from any counterparty thereto of a written notice of any pending claim against any Seller or any of its Affiliates for material damages or indemnification with respect to any Material Contract that is an Assigned Contract. No event or condition has occurred that constitutes or with the passage of time or the giving of notice or both would reasonably be expected to constitute a material default or breach by any Seller or any of its Affiliates under a Material Contract that is an Assigned Contract (including by virtue of consummating the Transactions), subject to receipt of the consents identified in Schedule 3.3. No Seller or any of its Affiliates has received any written, or to Sellers’ Knowledge, oral, notice from any Person that such Person intends to terminate, or not renew, any Material Contract that is an Assigned

Contract. Sellers have made available to Buyer a true, correct and complete copy of each written Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) and a true, correct and complete description of any oral Material Contract.

1.g Customers. Schedule 3.7 lists the 10 largest wholesale customers and 10 largest international distributors or licensees engaged in the sale of the products of the Business (in each case based on total revenues received from such customers, distributors or licensees) for the 12-month periods ended December 31, 2022 and December 31, 2021 (such customers, the “Material Customers”). From January 1, 2022 through the date of this Agreement, and subject to the last sentence of this Section 3.7, Sellers have not received any written, or to Sellers’ Knowledge any other, notice from any Material Customer stating that such Material Customer will in the future cease in its entirety its purchase of products or services from the Business, materially reduce its purchase of products or services from the Business, or otherwise alter in a material and adverse manner its relationship with the Business (in each case, other than reductions or fluctuations in the ordinary course of business, resulting from supply chain disruptions or COVID or as contemplated in existing Contracts). Notwithstanding the foregoing, no representation or warranty is made with respect to the impact on or response by any customer or distributor as a result of the identity of Buyer or the announcement or consummation of the Transactions.

1.h Vendors. Schedule 3.8(i) lists the five largest vendors to the Business based on the total amount purchased from vendors for the 12-month period ended December 31, 2022 (such vendors, the “Material Vendors”). Schedule 3.8(ii) sets forth a list of all Manufacturers who, as of the date of this Agreement, are in possession of any copies models, molds, lasts, forms, patterns, dies, casts, copy lathes, prototypes or samples owned by the Business. From January 1, 2022 through the date of this Agreement, and subject to the last sentence of this Section 3.8, Sellers have not received any written, or to Sellers’ Knowledge any other, notice from any Material Vendor stating that such Material Vendor will in the future cease in its entirety its supply of products to the Business, materially reduce its supply of products or services to the Business or otherwise alter in a material and adverse manner its relationship with the Business (in each case, other than reductions or fluctuations in the ordinary course of business, resulting from supply chain disruptions or COVID or as contemplated in existing Contracts). Notwithstanding the foregoing, no representation or warranty is made with respect to the impact on or response by any vendor as a result of the identity of Buyer or the announcement or consummation of the Transactions.

1.i Title; Liens. As of Closing, Sellers will have good, valid and marketable title to the Purchased Assets, and have the right, power and authority to transfer and convey, and at Closing will convey, such title to Buyer free and clear of all Liens. No Seller or any of its Affiliates have placed any Liens that are currently in effect on any products of the Business sold by distributors or licensees.

1.j Condition and Sufficiency of Assets. The tangible Purchased Assets material to the conduct of the Business are in reasonably good operating condition and are adequate for the uses to which they are being put. The Purchased Assets, taken as a whole, are not in need of material maintenance or repairs (except for routine maintenance and repairs in the ordinary course of business consistent with past practice), in compliance in all material respects with all applicable Laws, and fit for the ordinary purpose for which they are intended to be used. The Purchased Assets, together with (a) or any property or services required to be provided under the TSA, (b) the Shared IP and (c) any property or services set forth in Schedule 3.10, constitute all of the assets, properties, services and rights which are necessary for Buyer to conduct the Business immediately following the Closing in substantially the same manner as conducted by Sellers on the date hereof.

1.k Intellectual Property.

(i)Schedule 3.11(a) contains a true and complete list of: (i) all Registered IP included in the Assigned IP, and, separately, all Registered IP included in the Shared IP, specifying as to each, as applicable: the title, mark, or design; the record owner; the jurisdiction by or in which it has been issued, registered, or filed; the issue, registration, or application serial number; the issue, registration, or filing date; the current status; and, with respect to registered Internet Properties, for each registered domain name, the registrar on or through which each such domain name is registered and the registrant and owner of each such domain name, and, for each social media site and social media account, the social media



service provider name, the user name(s) (including “handles” and other names), and the public identifier(s) and/or locator(s) associated therewith; (ii) the following Unregistered IP: (A) all unfiled Patent applications included in the Assigned IP, and, separately, all unfiled Patent applications included in the Shared IP; (B) all invention disclosures included in the Assigned IP that, as of Closing Date, do not form the subject of any Patent application, and, separately, all invention disclosures included in the Shared IP that, as of Closing Date, do not form the subject of any Patent application; (C) the style names and collection names used in the past three years in connection with footwear sold by the Business; and (D) design and technical specifications for all footwear sold by the Business in the past three years; (iii) all Software included in the Assigned IP, and, separately, all Software included in the Shared IP, in each case, other than commercial off-the-shelf Software (including open source software) that is made generally and widely available to the public and is licensed to any Seller on a non-exclusive basis under standard terms and conditions and has a total replacement cost of less than \$25,000 per year; and (iv) all Licensed IP included in the Assigned IP, and, separately, all Licensed IP included in the Shared IP, in each case, other than Software scheduled pursuant to Section 3.11(a), hereof. Except with respect to Registered IP and associated fees, payments and filings that the Business intentionally determined not to make in the ordinary course of business, all previously required fees, payments, and filings have been timely paid to and filed with the relevant Governmental Bodies and authorized registrars, and, with respect to the Registered IP included in the Assigned IP, all fees, payments, and filings due within ninety (90) days after the Closing Date have been duly made at least as of the Closing Date. Except as set forth on Schedule 3.11(a), Sellers have all right, power, and authority (and, as applicable, have obtained all consents, approvals, and authorizations) to grant Buyer all of Sellers’ rights, licenses, and interests in and to any and all Licensed IP forming the subject of either the Assigned IP or the TSA, as applicable, in each case, free and clear of all Liens (other than Permitted Liens). Except as set forth on Schedule 3.11(a), the Registered IP included in the Assigned IP and the Shared IP is subsisting, valid, and enforceable (other than that which consists of applications that have not yet given rise to any enforceable rights), and is in good standing and in full force and effect. Except as set forth on Schedule 3.11(a), the Sellers are the sole and exclusive legal and beneficial and record (except where the failure to hold record ownership is not material to the Business, taken as a whole) owners of all rights, titles, and interests in and to the Registered IP included in the Assigned IP and the Shared IP (except for any Licensed IP which is included in either the Assigned IP or the Shared IP, and in which Sellers (or, as applicable, their respective Affiliates) hold any license or sublicense rights granted by any other Persons).

(ii) Schedule 3.11(b) contains a true and complete list of all material IP Agreements used in the Business as currently conducted, specifying as to each, as applicable, the date, title, and parties thereto, and separately identifying the IP Agreements relating to any Licensed IP included in either the Assigned IP or the Shared IP, in each case, other than commercial off-the-shelf Software (including open source software) that is made generally and widely available to the public and is licensed to any Seller on a non-exclusive basis under standard terms and conditions and has a total replacement cost of less than \$25,000 per year (the IP Agreements set forth on or required to be set forth on such schedule, the “Scheduled IP Agreements”). Except as set forth on Schedule 3.11(b), the Sellers have provided Buyer with true and complete copies of all Scheduled IP Agreements, including all modifications, amendments, and supplements thereto and waivers thereunder. Each IP Agreement that has not expired or terminated in accordance with its terms is valid and binding on the parties thereto in accordance with its terms and is in full force and effect. Neither the Sellers, nor, to the Sellers’ Knowledge, any other party, is in breach of or default under, or has provided or received any written (or, to Sellers’ Knowledge, oral) notice of breach of or default under any IP Agreement, or has communicated in writing (or, to Sellers’ Knowledge, orally) an intention to terminate (including by non-renewal), any Scheduled IP Agreement.

(iii) Schedule 3.11(c) contains a true and complete list of all Orders and known pending or, to Sellers’ Knowledge threatened, Actions that, in each case, relate to any alleged infringement, misappropriation, or violation of any Assigned IP or Shared IP that, in each instance, (i) occurred within the past five years or (ii) is material to the conduct of the Business, whether as formerly conducted during the past three years or as currently conducted. Schedule 3.11(c) contains a true and complete list of Orders, Contracts or known pending or, to Sellers’ Knowledge threatened, Actions (excluding Actions arising in the context of prosecution of Trademark applications and registrations in the ordinary course of business that are not oppositions, cancellations, revocations, or reviews associated with registrations) that occurred within the past five years and that in each case, restrict, limit, prohibit, or impair: (A) the

conduct of the Business, whether as formerly conducted during the past three years or as currently conducted; (B) any right to use, register, or enforce any Assigned IP or Shared IP in connection with the Business, whether as formerly conducted during the past three years or as currently conducted; or (C) any right to challenge the use, ownership, legality, validity, patentability, registrability, or enforceability of any Intellectual Property of any Person. Except as set forth on Schedule 3.11(c), the use or other exploitation of Unregistered IP included in the Assigned IP in the conduct of the Business as formerly conducted during the past three years or as currently conducted, in each case, taking into account content, scope and scale has not infringed, misappropriated, or violated, and as currently conducted does not infringe, misappropriate, or violate any Intellectual Property of any Person. Except as set forth on Schedule 3.11(c), in the past five years, Sellers have not received any written (or, to Sellers' Knowledge, oral) notice or other communication (including unsolicited offers for a license) from any Person claiming that any Seller or any of its Affiliates has infringed, misappropriated, or violated any Intellectual Property of any Person, in each case, in the conduct of the Business as formerly conducted during the past three years or as currently conducted. Except as set forth on Schedule 3.11(c), to Sellers' Knowledge, no Person is currently infringing, misappropriating, or violating any Assigned IP or any Shared IP. Except as set forth on Schedule 3.11(c), in the past five years, neither the Sellers nor any of their respective Affiliates have communicated any written (or, to Sellers' Knowledge, oral) notice or other communication (including unsolicited offers for a license) to any Person alleging any infringement, misappropriation, or violation by any Person of any Assigned IP or any Shared IP. Except as set forth on Schedule 3.11(c), there are no known pending or, to Sellers' Knowledge threatened, Actions (including any opposition, cancellation, revocation, review, or other proceeding but excluding any such Actions arising in the context of prosecution of Trademark applications and registrations in the ordinary course of business), whether settled or, to Sellers' Knowledge, threatened in the past five years, or currently pending or, to Sellers' Knowledge, threatened: (i) alleging any infringement, misappropriation, or other violation by any Seller or any of its Affiliates of the Intellectual Property of any Person, in each case, in the conduct of the Business, whether as formerly conducted during the past three years or as currently conducted; (ii) challenging the validity, enforceability, registrability, patentability, or ownership of any Assigned IP or any Shared IP; (iii) challenging any Seller's or any of its Affiliates' rights, titles, or interests in or to any Assigned IP or any Shared IP; or (iv) in which any Seller or any of its Affiliates alleges or had alleged any infringement, misappropriation, or other violation by any Person of any Assigned IP or any Shared IP. Except as set forth on Schedule 3.11(c), to Sellers' Knowledge, there are no facts or circumstances that would reasonably be expected to give rise to any such Action that would be detrimental to the Business as currently conducted. Except as set forth on Schedule 3.11(c), none of the Registered IP or, to Sellers' Knowledge any other Assigned IP or Shared IP, is subject to any outstanding or, to Sellers' Knowledge, prospective Order (including any motion or petition therefor) that does or would reasonably be expected to restrict, limit, prohibit, or impair the ownership, legality, validity, patentability, registrability, use, or enforceability of any Registered IP or, to Sellers' Knowledge, any other Assigned IP or any Shared IP with respect to the use in the Business as currently conducted or as formerly conducted during the past three years. Except as set forth on Schedule 3.11(c), the use or other exploitation of the Registered IP in the conduct of the Business has not infringed, misappropriated, or violated, and as currently conducted does not infringe, misappropriate, or violate any Intellectual Property of any Person.

(iv) Except as set forth on Schedule 3.11(d), each Seller has taken commercially reasonable efforts to enter into binding, valid and enforceable, written Contracts with each former and current employee, independent contractor, and consultant, whereby each such employee, independent contractor, and consultant that materially contributed to the development of the Assigned IP within the past five years that grants or agrees to grant a Seller an irrevocable assignment of all rights, titles, and interests such employee, independent contractor, or consultant may have in or to any and all such Assigned IP or Shared IP (as applicable). To Seller's Knowledge, no breach of any such Contract by any such former or current employee, independent contractor, or consultant has occurred or has been (either in writing, or, to Sellers' Knowledge, orally) threatened. No former or current employee, independent contractor, or consultant owns any rights, titles, or interests in or to any Intellectual Property that constitutes any Assigned IP or Shared IP. No current or former shareholder, partner, member, director, officer, or employee of a Seller or of any of its Affiliates has any legal or equitable right, title, or interest in or to, or any right or license from a Seller or any of its Affiliates to use, directly or indirectly, in whole or in part, any of the Assigned IP or Shared IP. Other than Sellers (i) no Person owns (or has claimed, either in writing, or to Seller's

Knowledge, orally) any rights, titles, or interests in or to any Registered IP (except for any Licensed IP included in the Assigned IP in which Sellers (or, as applicable, their respective Affiliates) hold any license or sublicense rights granted by any other Persons), (ii) no Person has, in the last five years, except as set forth on Schedule 3.11(c), claimed, either in writing, or to Seller's Knowledge, orally any rights, titles, or interests in or to any Unregistered IP (except for any Licensed IP included in the Assigned IP in which Sellers (or, as applicable, their respective Affiliates) hold any license or sublicense rights granted by any other Persons), and (iii) no Person is entitled to receive, or has made any written (or, to Sellers' Knowledge, oral) demand for, any payments, royalties, or other compensation for or in connection with any such Registered IP (except for any Licensed IP included in the Assigned IP in which Sellers (or, as applicable, their respective Affiliates) hold any license or sublicense rights granted by any other Persons).

(v) Each Seller and each of its Affiliates has taken reasonable steps to protect, preserve, and maintain the confidentiality and security of any and all non-public Assigned IP and Shared IP (including any and all non-public Trade Secrets). Except as set forth on Schedule 3.11(e), each Seller and each of its Affiliates has (i) used commercially reasonable efforts to cause all employees, independent contractors, consultants, and other Persons with access to any and all non-public Assigned IP or Shared IP (including any and all non-public Trade Secrets) to be bound by customary confidentiality obligations sufficient to protect the proprietary interests of Sellers with respect to any and all such non-public Assigned IP or Shared IP (including any and all non-public Trade Secrets); and (ii) used reasonable efforts to prevent disclosure of any and all non-public Assigned IP or Shared IP (including any and all non-public Trade Secrets) to any employee, independent contractor, consultant, and other Person who is not bound by confidentiality obligations described in the preceding clause (i) and, to the Sellers' Knowledge, there has been no disclosure of any non-public Assigned IP or Shared IP (including any non-public Trade Secrets) to any employee, independent contractor, consultant, or other Person who is not bound by confidentiality obligations described in foregoing clause (i), and no breach of any such obligations by any such person has occurred or has been (either in writing, or, to Sellers' Knowledge, orally) threatened.

(vi) Upon Closing and immediately thereafter, all Assigned IP will, in each case, be owned by, or licensed or sublicensed by or to, or held by Buyer in the same manner and on the same terms as such Assigned IP was owned by, or licensed or sublicensed by or to, or held by each applicable Seller immediately prior to the Closing Date, and will be free and clear of any and all Liens (other than Permitted Liens). Upon Closing, all Shared IP will be licensable or sublicensable to Buyer and its Affiliates by Sellers and their respective Affiliates, as contemplated under Section 6.17 hereof. Neither the execution, delivery, or performance of this Agreement, nor the consummation of the transactions contemplated hereunder, will: (i) conflict with, or result in the loss or impairment of, or payment of any additional amounts with respect to, or require the consent of any other Person in respect of, Buyer's right to own, license, or otherwise use any Assigned IP or any Shared IP in the same manner as used by Sellers in the Business as currently conducted or as formerly conducted during the past three years, in each case, taking into account content, scope and scale; (ii) result in the loss or impairment of the validity, enforceability, registrability, priority, duration, scope, or effectiveness of any Assigned IP or any Shared IP, or otherwise trigger termination of any licensed rights therein and thereto; or (iii) require the Sellers or the Buyer (or any of Sellers' or Buyer's respective Affiliates) to publicly distribute, disseminate, or otherwise publish, in whole or in part, the source code of any Software included in any Assigned IP or any Shared IP, or result in any other Person being granted rights of access to, use of, or the placement in or release from escrow of, any Software or other Assigned IP or Shared IP, in each case, other than commercial off-the-shelf Software (including open source software) that is made generally and widely available to the public and is licensed to any Seller on a non-exclusive basis under standard terms and conditions and has a total replacement cost of less than \$25,000 per year. Except as set forth on Schedule 3.11(f), none of the Software included in any Assigned IP or any Shared IP incorporates, is combined with, or distributed with any open source, community source, shareware, freeware, or other code in a manner that would require, or is otherwise subject to any "copyleft" or other obligation or condition that would require, the disclosure, licensing, or distribution of any source code for any other portion of such Software, or otherwise impose any limitation, restriction, or condition on the right or ability of the Buyer to own, use, license, distribute, or otherwise exploit any other portion of such Software.

(vii) Each Seller and each of its Affiliates has, in connection with the conduct of the Business, complied in all material respects with all terms of use, terms of service, and other Contracts and all

associated policies and guidelines relating to their use of any social media platforms, sites, or services (collectively, “Platform Agreements”). With respect to the conduct of the Business, there are no Actions, whether settled, pending, or, to Sellers’ Knowledge threatened, alleging any (i) breach or other violation of any Platform Agreement by any Seller or any of its Affiliates; or (ii) defamation, violation of publicity rights of any Person, or any other violation by any Seller or any of its Affiliates in connection with any such Seller’s or any of its Affiliates’ use of social media.

(viii)The Assigned IP and the Shared IP, together with the rights and assets to be temporarily provided under the TSA, constitute all of the Intellectual Property of Sellers, rights, and assets that are used or held for use in the conduct of the Business as currently conducted or as formerly conducted during the past three years, in each case, taking into account content, scope and scale.

## 1.1 Employees.

(i)Sellers have made available at the following location in the virtual data room hosted for the Transaction: HR – Confidential – Document 1.22, titled “Keds Census Review 02.02.23 FINAL”, as of the February 2, 2023, (i) a list of the Business’s fully dedicated employees (each, a “Business Employee”) and (ii) a list of the independent contractors that are natural Persons and that provide services primarily to the Business, including, as applicable, each such individual’s job title or position, base salary or hourly wage rate, bonus opportunity, most recent bonus amount, date of hire/engagement, accrued vacation and paid-time-off, principal work location, leave status (active or inactive and the nature of any such leave) and each such Business Employee’s status as being exempt or nonexempt from the application of state and federal wage and hour laws.

(ii)No Seller, with respect to the Business, is a party to or bound by a collective bargaining agreement or relationship with any labor organization, and no labor organization has filed or made demand for recognition. No material labor dispute relating to the Business is pending or to Sellers’ Knowledge threatened, and there has not been any such labor dispute pending during the previous three years.

(iii)Each Seller, with respect to the Business, in all material respects, is in compliance with all applicable Laws pertaining to employment and employment practices, terms and conditions of employment, wrongful discharge, labor relations, equal employment, fair employment practices, fair labor standards, workers’ compensation, statutorily mandated programs (including any programs that Sellers or their Affiliates are required by statute to participate in or contribute to in respect of an employee of the Business or any beneficiary or dependent thereof and plans administered pursuant to applicable health, Tax, workplace safety insurance, workers’ compensation and employment insurance Laws), workplace safety and health Laws, payment of wages, immigration, pay equity, wage and hour, or other similar employment practices or acts, in each case, to the extent they relate to the Business or the Business Employees.

(iv)To Sellers’ Knowledge, the Manufacturers and any manufacturers engaged by licensees or distributors of the Business (the “Indirect Manufacturers”) are in compliance in all material respects with all applicable Laws respecting employment and employment practices. Sellers and their Affiliates have taken commercially reasonable steps to ensure that the Manufacturers and the Indirect Manufacturers do not utilize forced labor, indentured labor, child labor, corporal punishment or other prohibited forms of mental or physical coercion in connection with the manufacture of products for the Business, and to Sellers’ Knowledge, no Manufacturer or Indirect Manufacturer has engaged in such conduct. To Sellers’ Knowledge, no Action has been made or brought against any Manufacturers or Indirect Manufacturer that would reasonably be expected to result in material liability to the Business.

(v)Except as disclosed on Schedule 3.12(c), there is no employment-related Action pending or, to Sellers’ Knowledge, threatened, relating to the Business or any Business Employee and, to Sellers’ Knowledge, no Business Employee has committed any act or omission that would be reasonably expected to give rise to any material liability for any such violation or breach. To Sellers’ Knowledge, no allegation of sexual or other unlawful harassment has been made in writing during the past three years

against any current executive-level Business Employees or former executive-level employee of the Business with respect to such employee's work at the Business.

(vi) Except as set forth on Schedule 3.12(f), the consummation of the Transactions will not, either alone or in combination with another event, (x) entitle any Business Employee or individual independent contractor to severance pay, termination pay, separation pay, retention pay or "change-in-control" or "change-of-control" payments or (y) accelerate the time of payment or vesting, or increase the amount of compensation due any such Business Employee or independent contractor. No amounts payable in connection with the Transactions under any Employee Benefit Plan, or any other plan, agreement or arrangement, will fail to be deductible by Sellers for federal income Tax purposes by reason of Section 280G of the Code. No Employee Benefit Plan or other arrangement provides for any gross-up payment to any individual for any Tax incurred pursuant to Sections 409A, 457A or 4999 of the Code.

1.m Employee Benefit Plans. Except as set forth on Schedule 3.13, with respect to the Business or any Business Employee, no Seller sponsors, maintains, contributes to or has any obligation to contribute to a multi-employer plan (as defined in Section 3(37) of ERISA) or defined benefit pension plan (as defined in Section 3(35) of ERISA) that in any case is subject to Section 412 of the Code or Title IV of ERISA. No Employee Benefit Plan is provided exclusively to Business Employees and no other employees of Sellers or their Affiliates. Each "nonqualified deferred compensation plan" (as defined in Section 409A(d)(1) of the Code) in which any Business Employee participates complies in all material respects with the requirements of Section 409A of the Code. No amounts payable in connection with the Transactions under any Employee Benefit Plan, or any other plan, agreement or arrangement, will fail to be deductible by Sellers for federal income Tax purposes by reason of Section 280G of the Code. No Seller has any obligation to provide a gross-up payment to any Business Employee for any Tax incurred pursuant to Sections 409A, 457A or 4999 of the Code.

1.n Actions. Except as set forth on Schedule 3.14, there is not now, and there has not in the preceding three years been, any pending or, to Sellers' Knowledge, threatened, Action against or affecting the Business or the Purchased Assets. Sellers are not aware of any facts, circumstances or occurrences which are reasonably expected to give rise to such an Action. No Seller nor any of its Affiliates is in default under any Order affecting the Business or the Purchased Assets, and no Seller nor any of its Affiliates is party to or bound by any Order that affects the Business or the Purchased Assets in any material respect.

1.o Compliance with Laws. The operation of the Business is, and has in the past three years been, in compliance in all material respects with applicable Laws, including, but not limited to, all Laws administered by the United States Customs Service and any other applicable U.S. or foreign government customs authority ("Customs"). With respect to the Business, there are no Actions pending, or to Sellers' Knowledge, threatened against or affecting any Seller or any of its Affiliates by Customs for duties, Taxes, fees, penalties or liquidated damages. Sellers possess all material licenses and permits necessary for the lawful operation of the Business as presently conducted and are, and during the past three years have been, in all material respects, in compliance with all such licenses and permits and have not received any written notice during the past three years alleging a violation or breach of any such licenses and permits. Schedule 3.15 sets forth a list of all such material licenses and permits as of the date of this Agreement. With respect to the Business, during the past three years, no Seller nor any of its Affiliates has made any voluntary, mandatory or directed disclosure to any Governmental Body relating to, or conducted any internal investigation for which it engaged outside counsel or a forensic accounting firm concerning, any actual, alleged or potential violation of any applicable Law relating to the Business.

1.p Illegal Payments; FCPA. No Seller or, to Sellers' Knowledge, any officer, director, manager, agent, or employee of any Seller, or any associated person (as that term is defined by the UK Bribery Act 2010), in each case acting on behalf or for the benefit of the Business, has taken any action which would cause it, her or him to be in violation of the Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010, as amended, or any other applicable foreign anti-bribery or anti-corruption law (collectively, "Anti-Bribery Laws"). With respect to the Business, no Seller or any of its Affiliates has made or plans to make any disclosures to any Governmental Body for potential violations of Anti-Bribery Laws. No Seller or, to Sellers' Knowledge, any officers, directors, managers, agents or

employees of any Seller, or any associated person (as that term is defined by the UK Bribery Act 2010), in each case acting on behalf or for the benefit of the Business, has provided any money or other thing of value to (a) any representative of any Governmental Body or of any other entity (whether or not owned by a Governmental Body), (b) any political party or official thereof, (b) any candidate for political or political party office or (c) any other Person affiliated with any customer or prospective customer, political party or official or political office, in each case unlawfully and for the purpose of influencing any act or decision of the recipient in order to obtain or retain business or secure an improper advantage for any Seller or any of its Affiliates.

1.q Privacy.

(i) Except as set forth in Schedule 3.17(a), with respect to the Business and the Purchased Assets, Sellers have (i) complied, in the last five years and in all material respects, with all Laws applicable to the processing of Personal Data (“Data Protection Laws”), and (ii) where required by applicable Data Protection Laws have (1) implemented and maintain written internal privacy policies and procedures regarding the processing of Personal Data, (2) implemented and maintains external-facing privacy policies and procedures regarding the processing of Personal Data that are accurate, true, and complete, appropriately disclose Sellers’ Personal Data processing activities, and, as appropriate, provide data subjects the ability to consent to, and withdraw consent from, such processing; and (3) complied at all times and in all material respects with all such external-facing policies.

(ii) Except as set forth in Schedule 3.17(b), with respect to the Business and the Purchased Assets, Sellers (i) do not, either directly or through a third party, collect, retain, or otherwise process any cardholder data or any other information that is subject to the Payment Card Industry Data Security Standard, and (ii) have complied, at all times and in all material respects, with all of their contractual obligations relating to data privacy and/or information security. With respect to the Business and the Purchased Assets, Sellers have taken appropriate measures to ensure that any third party that processes Personal Data on their behalf is subject to contractual requirements related to (1) the standard of care that the third party will implement and maintain to safeguard the confidentiality, integrity, or availability of the Personal Data, (2) the method and manner in which the third party will notify Sellers of any actual, or reasonably suspected, data incident impacting the confidentiality, integrity, or availability of the Personal Data, and (3) the remedies the third party shall provide Sellers in the event the third party is in breach of its data privacy, information security, or confidentiality obligations.

(iii) With respect to the Business and the Purchased Assets, Sellers have implemented and maintained technical, physical, organizational, and administrative security measures intended to protect and safeguard the confidentiality, integrity, and availability of Personal Data, and periodically assesses the efficiency and effectiveness thereof, including through penetration, or similar vulnerability, testing of Sellers’ information technology assets, networks, and systems used to process Personal Data. Except as set forth in Schedule 3.17(c), with respect to the Business and the Purchased Assets, to Sellers’ Knowledge, Sellers have not been subject to any (i) ransomware attack, business email compromise, data breach or other security incident that has compromised the confidentiality, integrity, or availability of Personal Data, (ii) severe adverse failure involving its information technology assets, networks, systems, property, environment, or infrastructure used to process Personal Data, or (iii) unauthorized or unlawful loss, access, acquisition, use, disclosure, or alternation of any Personal Data, in each case (x) in the last five years and (y) that had or would reasonably be expected to have a material and adverse effect on the Business or the Purchased Assets.

(iv) Except as set forth in Schedule 3.17(d), with respect to the Business and the Purchased Assets, (i) there are no pending, expected, or threatened (in writing) complaints, fines, Actions or other penalties in connection with the manner in which Sellers, or a third party on Sellers’ behalf, processes Personal Data, (ii) in the last five years, no Seller has received any subpoenas, demands, or other written notices from any Governmental Body investigating, inquiring into, or otherwise relating to any actual or potential violation of any Data Protection Law by any Seller, and (iii) no written notice, complaint, claim, enforcement action, or litigation of any kind has been served on, or to, Sellers relating to any actual or potential violation of any Data Protection Law.

(v) Except as set forth in Schedule 3.17(e), with respect to the Business, Sellers do not process, and do not otherwise retain, any type of information or data that would, in any respects, subject Sellers to the Illinois Biometric Information Privacy Act (740 ILCS 14).

(vi) The execution, delivery, and performance of this Agreement, and the consummation of the Transactions, including any transfer of Personal Data will not (i) require any additional consent or approval from any individual prior to execution, delivery, and performance, (ii) violate any applicable Data Protection Law, or (iii) violate other data privacy and information security requirements that Sellers are contractually obligated to comply with.

1.r Trade Compliance.

(i) With respect to the Business, no Seller or, to Sellers' Knowledge, any directors, officers, managers, employees, agents or third-party representatives of a Seller, is currently or has in the last five years been: (A) a Sanctioned Person; (B) operating in, organized in, conducting business with, or otherwise engaging in dealings with or for the benefit of any Sanctioned Person or in any Sanctioned Region; or (C) otherwise in violation of any Trade Laws. No product of the Business requires a license from any Governmental Body for sale or export to any jurisdiction or end-user that is not otherwise targeted by restrictions under Trade Laws.

(ii) With respect to the Business, Sellers maintain a compliance program reasonably expected to result in compliance with Laws prohibiting the use of forced labor and human rights abuses, including but not limited to the Uyghur Forced Labor Prevention Act and Section 307 of the Tariff Act of 1930, as amended. None of the imports or shipments of the products of the Business have, in the past five years, been seized or detained by U.S. Customs and Border Protection or other competent Government Body except as included in Schedule 3.18(b).

(iii) In connection with or relating to the Business, no Seller or, to Sellers' Knowledge, any of its directors, officers, managers, employees, agents or third-party representatives is or has been the subject of any investigation, inquiry or enforcement Actions by any Governmental Body regarding any offense or alleged offense under Trade Laws (including by virtue of having made any disclosure relating to any offense or alleged offense), and no such investigation, inquiry or Actions are pending or, to Sellers' Knowledge, have been threatened. To Sellers' Knowledge, there are no circumstances likely to give rise to any such Action.

1.s Real Property and Environmental.

(i) No real property is, or has been, owned or leased by any Seller or any of its Affiliates which is or has been primarily used in connection with the Business.

(ii) The Business is not, and has not been, subject to any liability arising from Environmental Laws. No Seller or any of its Affiliates has received written notice from any Governmental Body of any violation or liability under any Environmental Law relating to the Business which remains unresolved. There is no Action pending or, to Sellers' Knowledge, threatened against any Seller or any of its Affiliates relating to the Business under any Environmental Law. Except as disclosed in Schedule 3.19, no Seller or any of its Affiliates is subject to any Contract with or any outstanding Order of any Governmental Body relating to Environmental Laws with respect to the Business.

1.t Tax Matters.

(i) All Tax Returns required to be filed by or with respect to Sellers and that relate to the Purchased Assets or the Business have been timely filed with the appropriate Governmental Body, and all such Tax Returns are true, correct, and complete in all material respects. All Taxes required to be paid by Sellers (whether or not shown as payable on any Tax Returns), relating to any Purchased Asset or the Business, have been timely paid to the appropriate Governmental Body.

(ii) Sellers have (i) withheld and timely paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, shareholder, or other Person, and (ii) properly received and maintained any and all certificates, forms, and other documents required by law for any exemption from withholding and remitting any Taxes.

(iii) No Tax deficiency, assessment, or adjustment has been proposed or assessed by any Governmental Body against Sellers and Sellers have not executed any waiver of any statute of limitations on the assessment or collection of any Tax or agreed to any extension of time with respect to a Tax assessment or deficiency. There is no Action commenced, ongoing, pending, or, to Sellers' Knowledge, threatened against Sellers with respect to Taxes, and Sellers have not received any written notice from any Governmental Body indicating an intent to open an Action with respect to Taxes. No written claim has ever been made in writing by a Governmental Body in a jurisdiction in which any Seller does not currently file Tax Returns that such Seller is or may be subject to taxation by that jurisdiction.

(iv) Except for Liens for Taxes not yet delinquent, (i) none of the Purchased Assets or the Business is subject to Liens for Taxes, and (ii) no claim for unpaid Taxes has been made by any Governmental Body that would give rise to any such Lien.

(v) No private letter ruling, technical advice memorandum, closing agreement or similar ruling, memorandum or agreement by or with any Governmental Body is binding on or has been requested with respect to the Purchased Assets or the Business.

(vi) None of the Purchased Assets or the Business are subject to any Tax partnership agreement or provisions requiring a partnership income Tax Return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code or any similar state statute, and no transfer of any part of the Purchased Assets pursuant to this Agreement will be treated as a transfer of an interest or interests in any partnership for U.S. federal income tax purposes. None of the Assumed Liabilities include: (i) an obligation to make a payment that is not deductible under Section 280G of the Code; (ii) an obligation to make a payment to any Person under any Tax allocation agreement, Tax sharing agreement, Tax indemnity agreement, or other similar written or unwritten arrangement or practice with respect to Taxes; (iii) an obligation under any record retention, transfer pricing, closing, or other agreement or arrangement with any Governmental Body; (iv) an obligation under any agreement, Contract, arrangement, or plan to indemnify, gross up, or otherwise compensate any Person, in whole or in part, for any excise Tax under Section 4999 of the Code that is imposed on such Person or any other Person; or (v) an obligation to pay the Taxes of any Person as a transferee or successor, by Contract, or otherwise, including an obligation under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign Law).

(vii) No reserve for any uncertain Tax position currently exists or is required to be established with respect to any of the Purchased Assets or the Business.

(viii) Except as set forth on Schedule 3.20(h), with respect to the Purchased Assets or the operation of the Business, neither the Sellers nor any Affiliates of any Seller have (i) incurred any loan, directly or indirectly, pursuant to the Paycheck Protection Program, established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended or supplemented from time to time by interim rules, policy statements, FAQs or otherwise, or any other lending program authorized by the CARES Act and administered by the Small Business Administration; or (ii) deferred any payroll or employment Taxes or claimed any other benefit, credit, or relief pursuant to the CARES Act.

(ix) The Sellers have collected all sales and use Taxes required to be collected, and have remitted, or will remit on a timely basis, such amounts to the appropriate Taxing Authority, or have been furnished properly completed exemption certificates, with respect to the operation of the Business and the Purchased Assets.

1.u Brokers. No Seller or any Affiliate or representative of a Seller has incurred or will incur any obligation or liability, contingent or otherwise, for any brokerage or finder's fee or agent's



commission or other similar payment in connection with this Agreement, another Transaction Document or the Transactions, for which Buyer or any of its Affiliates will be liable.

1.v No Further Representations and Warranties. Except for the representations and warranties of Sellers contained in this Article 3 or as expressly set forth in another Transaction Document (the "Express Representations"), the Purchased Assets and the Business are being sold on an "AS IS, WHERE IS" basis, WITH ALL FAULTS. Except for the Express Representations, no Seller or any other Person is making or has made any representation or warranty, express or implied, at law or in equity, with respect to a Seller, the Business or the Purchased Assets, including with respect to the accuracy or completeness of any documents, projections, materials or other information (financial or otherwise) furnished or made available to Buyer or its representatives. Any claimed representation or warranty to the contrary is expressly disclaimed. Without limiting the foregoing, Buyer acknowledges that no representation or warranty has been or is made concerning any projections, estimates or budgets, written or oral, with respect to future revenues, expenses, expenditures or future results of operations.

#### **4. REPRESENTATIONS AND WARRANTIES OF BUYER.**

As of the date of this Agreement and on the Closing Date immediately before Closing, Buyer represents and warrants to Sellers the following:

1.a Organization and Power. Each of Camuto and IP Buyer is duly organized, validly existing and in good standing under the laws of the state of its organization.

1.b Authorization. Buyer has full power and authority to enter into this Agreement and the other Transaction Documents to which Buyer is (or will be) a signatory. This Agreement and the other Transaction Documents to which Buyer is (or will be) a signatory and the consummation by Buyer of the Transactions (a) have been (or will be) duly and validly authorized by all requisite company action on the part of Buyer, (b) have been (or will be) duly and validly executed and delivered, and (c) this Agreement and such other Transaction Documents constitute (or upon execution and delivery will constitute) a legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to the Enforceability Exceptions. No other action on the part of Buyer or any of its Affiliates is necessary to authorize the execution and performance of this Agreement or another Transaction Document or to consummate the Transactions.

1.c No Conflicts; Consents. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which Buyer is (or will be) a party and the consummation of the Transactions, do not: (a) violate or conflict with any organizational documents of Buyer; (b) violate or conflict with any Order or Law applicable to Buyer; or (c) conflict with, or result in (with or without notice or lapse of time or both) any violation or default under any Contract, except in the case of clauses (b) and (c), for any such violation, conflict or default that, individually or in the aggregate, would reasonably be expected to prevent or delay in any material respect the ability of Buyer to perform its obligations under and consummate the Transactions.

1.d Proceedings. There is no Action pending or, to the actual knowledge of any executive officer of Buyer, following due inquiry, threatened by or against Buyer that: (a) questions the validity of any Transaction Document to which it is (or will be) a party or any action taken or to be taken by Buyer in connection with, or which seeks to enjoin or obtain monetary damages in respect of, any Transaction Document to which it is (or will be) a party; or (b) that, individually or in the aggregate, would reasonably be expected to prevent or delay in any material respect the ability of Buyer to perform its obligations under and consummate the Transactions.

1.e Financing. Buyer's obligations hereunder are not subject to any condition regarding Buyer's ability to obtain financing for the completion of the Transactions. Buyer has liquid funds or access to funds under existing credit facilities in an amount sufficient to complete the Transaction (including the payment in full of the final Cash Purchase Price).

1.f Inspection. Buyer is an informed and sophisticated Person and has engaged expert advisors experienced in the evaluation and acquisition of businesses as contemplated hereunder. Buyer has undertaken such investigation as it deems necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement and the other Transaction Documents. Buyer and its representatives have been afforded the opportunity to obtain additional information relevant to the subject matter of the representations and warranties made by Sellers herein and to otherwise evaluate the merits of the Transactions. Buyer acknowledges that there are uncertainties inherent in any financial projection or forecast and that Buyer is familiar with such uncertainties and it takes full responsibility for making its own evaluation of the adequacy and accuracy of any projections, forecasts or similar items furnished to it or its representatives.

1.g Reliance. Buyer acknowledges and agrees that: (a) the Express Representations constitute the sole and exclusive representations or warranties made with respect to Sellers, the Business and the Purchased Assets and, except for such Express Representations, no Seller or any other Person makes, or has made, any other express or implied representation, warranty or statement with respect to Sellers, the Business or the Purchased Assets, and all other representations, warranties and statements of any kind or nature, express or implied, are, in each case, specifically disclaimed. Buyer is not relying on or being induced by any representations, warranties or statements in connection with the Transactions except the Express Representations. Buyer accepts the limitations with respect to the representations and warranties of Sellers set forth in Section 3.22.

1.h No Other Representations or Warranties. Buyer has not made, nor will be deemed to have made, any representation or warranty in connection with this Agreement, the other Transaction Documents or the Transactions other than as expressly made by it in this Article 4 or as expressly set forth in another Transaction Document.

1.i R&W Insurance. Buyer has provided Sellers with a copy of the R&W Insurance Binder entered into by Buyer substantially concurrently with the execution and delivery of this Agreement and will at Closing deliver to Sellers a copy of the R&W Insurance Policy to be issued to Buyer upon Closing.

1.j Brokers. Neither Buyer nor any Affiliate or representative of Buyer has incurred or will incur any obligation or liability, contingent or otherwise, for any brokerage or finder's fee or agent's commission or other similar payment in connection with this Agreement, another Transaction Document or the Transactions, for which a Seller or any of its Affiliates will be liable.

## 5. INDEMNIFICATION.

1.a Survival. The representations, warranties, covenants and agreements contained in this Agreement will survive Closing. The representations and warranties contained in this Agreement will survive Closing for a period of 12 months, at which time they will expire, except for (i) the Fundamental Representations, which will survive Closing for a period of six years, at which time they will expire and (ii) the representations and warranties contained in Section 3.20 (Tax Matters) which will survive Closing until 30 days after the expiration of the applicable statute of limitations (including extensions thereof), at which time they will expire. If an indemnification claim is made on or prior to the expiration of the applicable survival period, then the survival period applicable to such claim will extend until that claim is resolved. All covenants and agreements contained in this Agreement will survive until fully performed.

1.b Indemnification of Buyer. Following Closing, Sellers, jointly and severally, will indemnify and defend Buyer and each of its Affiliates and their respective officers, directors, managers, employees, agents, representatives, successors and assigns (the "Buyer Indemnified Parties") for, and save and hold each of them harmless against, and will pay and reimburse each of them for, any Loss suffered or sustained as a result of or arising out of (a) an inaccuracy in or breach by a Seller of an Express Representation; (b) breach or non-fulfillment by a Seller of a covenant or agreement applicable to such Seller under this Agreement; (c) an Excluded Asset or Excluded Liability (including any Seller Tax); and (d) any of the matters set forth on Schedule 5.2(d).

1.c Indemnification of Sellers. Following Closing, Buyer will indemnify and defend each Seller and each of its Affiliates and their respective officers, directors, managers, employees, agents, representatives, successors and assigns (the “Seller Indemnified Parties”) for, and save and hold each of them harmless against, and will pay and reimburse each of them for, any Loss suffered or sustained as a result of or arising out of: (a) an inaccuracy in or breach by Buyer of a representation or warranty set forth in Article 4; (b) breach or non-fulfillment by Buyer of a covenant or agreement applicable to Buyer under this Agreement; (c) an Assumed Liability; and (d) ownership of the Purchased Assets or operation of the Business following the Effective Time; in the case of clause (d), except to the extent that the relevant Loss is attributable to a matter that is subject to indemnification by Sellers under Sections 5.2(a) through (d), or a breach or non-fulfillment by any Seller of a covenant or agreement applicable to such Seller under the Transaction Documents.

1.d Certain Limitations.

(i)The Buyer Indemnified Parties will not be entitled to indemnification under Section 5.2(a) for any Losses until the aggregate amount of Losses incurred or suffered by the Buyer Indemnified Parties arising out of or related to breaches of the Express Representations taken as a whole exceed \$328,000 (the “Basket”), in which case the Buyer Indemnified Parties will be entitled to indemnification only for the amount of such Losses in excess of the Basket (subject to the other provisions herein); and (iii) in excess of the \$328,000 (the “Cap”). Notwithstanding anything to the contrary herein, the Basket and the Cap will not apply to Losses to the extent resulting from breach of (i) a Fundamental Representation or (ii) the representations and warranties contained in Section 3.20 (Tax Matters).

(ii)Subject to the limitations and procedures of this Article 5, recovery for Losses in respect of an indemnification claim pursuant to this Article 5 (including a claim under Section 5.2(c) to the extent covered by the R&W Insurance Policy) will be effected: (i) *first*, from the R&W Insurance Policy (to the extent available and actually recovered under the R&W Insurance Policy); and (ii), *then*, to the extent that the R&W Insurance Policy does not cover all Losses resulting therefrom, from Sellers to the extent provided herein.

(iii)The aggregate maximum liability of Sellers or Buyer with respect to this Agreement and the Transactions will in no event exceed the Cash Purchase Price.

(iv)No Person will be entitled to be indemnified for a Loss to the extent that the amount of such Loss was included in any final adjustment to the Cash Purchase Price pursuant to Section 1.6. The amount of Losses that an Indemnified Party will be entitled to recover hereunder will be determined without duplication of recovery by reason of the state of facts giving rise to such Losses constituting a breach of more than one representation, warranty or covenant.

(v)Each party will use commercially reasonable efforts to mitigate Losses subject to indemnification under this Article 5.

(vi)Each party will use its commercially reasonable efforts to seek recovery under all applicable insurance policies (including, in the case of the Buyer Indemnified Parties, the R&W Insurance Policy, to the extent that coverage is available), indemnity Contracts, contribution Contracts or reimbursement Contracts or other similar rights of recovery for any Loss subject to indemnification under this Article 5 (“Alternative Arrangements”). The amount of Losses that an Indemnified Party will be entitled to recover will be calculated net of (i) amounts recovered by the Indemnified Party under the R&W Insurance Policy for such Losses and (ii) amounts recovered by the Indemnified Party under any other Alternative Arrangements for such Losses, in each case, net of reasonable costs and expenses (including any increase in insurance premiums) incurred by the Indemnified Party in obtaining such recovery. In the event that any amounts are recovered by any Indemnified Party for Losses previously indemnified under this Article 5, then the Indemnified Party will promptly refund to the Indemnifying Party an amount equal to the lesser of: (A) the aggregate amount recovered (net of all costs of recovery), and (B) the aggregate amount previously paid to the Indemnified Party by the Indemnifying Party pursuant to this Article 5 in respect of such Loss.

(vii) For purposes of calculating the amount of any Losses related to any inaccuracy in or breach of any representation or warranty set forth in Article 3 and for purposes of determining whether there has been any inaccuracy in or breach of any such representation or warranty, any materiality limitations or qualifications (including the terms “material” and “Business Material Adverse Effect,” but excluding any dollar thresholds or qualifications) set forth in any such representation or warranty will be disregarded (other than any materiality limitation or qualification set forth in Section 3.4(a) (Financial Statements), Section 3.5 (Business Operations), in the definitions of Material Vendor, Material Customer, Business Material Adverse Effect or Permitted Lien, or any representation or warranty in Article 3 (except Section 3.20 (Tax Matters)), that requires items to be listed in a Schedule based on references to “material,” “materially” or words of similar import included therein (such as, by way of example, the fourth sentence of Section 3.15, but not, by way of further example, the last sentence of Section 3.11(a)).

(viii) for failing to disclose items that are not required to be disclosed under the express language of such representations and warranties based on references to “material,” “materially” or words of similar import included therein).

(ix) Notwithstanding anything to the contrary contained in this Agreement or another Transaction Document, the Buyer Indemnified Parties will not be entitled to indemnification (and no Seller will be required to indemnify a Buyer Indemnified Party) with respect to Losses attributable to a breach of any of the representations and warranties set forth in Article 3 regarding Taxes (other than the representations in Section 3.20(c) and (f)) to the extent arising in a taxable period (or portion thereof) beginning after the Closing Date.

(x) Buyer will cause the R&W Insurance Policy to expressly provide at all times while the policy remains in effect that the insurers thereunder will not have or pursue any claim against a Seller by way of subrogation rights, claims for contribution or otherwise in connection with a claim made by a Buyer Indemnified Party or other Person thereunder, except to the extent resulting from Fraud. The provisions of this Section 5.4 and the other limitations on indemnification set forth in this Agreement will apply whether or not the R&W Insurance Policy is obtained or effective and whether or not any Loss is covered under the R&W Insurance Policy. Following Closing, Buyer will not amend the R&W Insurance Policy without WWW’s prior written consent.

1.e Indemnification Procedures.

(i) Promptly after receipt by a Person entitled to be indemnified under this Article 5 (an “Indemnified Party”) of notice of the commencement of an Action by a third party (including a Governmental Body) against it (a “Third-Party Proceeding”), the Indemnified Party will, if a claim for indemnification is to be made against a party under this Article 5 (an “Indemnifying Party”), give prompt written notice to the Indemnifying Party of the commencement of such Third-Party Proceeding for which indemnification may be sought: (i) describing in reasonable detail the nature of and basis for the claim; (ii) stating the estimated amount thereof (if then known) and describing in reasonable detail the basis on which such amount was calculated; and (iii) identifying the provisions of this Agreement upon which indemnification for the claim is based. Subject to Section 5.1, the failure to timely notify the Indemnifying Party or provide the information described above will not relieve the Indemnifying Party of any liability or obligation that the Indemnifying Party may have to an Indemnified Party except to the extent that the defense of the Third-Party Proceeding was actually prejudiced by the Indemnified Party’s failure to timely provide notice or information.

(ii) The Indemnifying Party(ies) will be entitled to participate in a Third-Party Proceeding with respect to which indemnification has been sought hereunder and, to the extent that the Indemnifying Party wishes, to assume the defense of such Third-Party Proceeding (with counsel of its choice that is reasonably satisfactory to the Indemnified Party or Parties; provided, however that the Indemnifying Party will not be required to pay for more than one such counsel (in addition to local counsel, as applicable) for all Indemnified Parties in connection with any single Third-Party Proceeding) by notifying the Indemnified Party(ies) of its election to do so within 30 days after receipt of notice of the applicable claim from the Indemnified Party(ies); provided, however, that the Indemnifying Party will not be permitted to assume the defense of a Third-Party Proceeding if: (i) such Third-Party Proceeding seeks (A) an

injunction or other equitable relief (or any relief other than monetary damages) against the Indemnified Party or any of its Affiliates that the Indemnified Party reasonably determines cannot be separated from any related claim for monetary damages or (B) a finding or admission of a violation of Law by the Indemnified Party or any of its Affiliates; (ii) it is reasonably likely that the Losses arising or resulting from such Third-Party Proceeding will exceed the remaining amount the Indemnified Party would be entitled to recover pursuant to this Article 5 (giving effect to the limitations set forth herein) or (iii) the Third-Party Proceeding involves a material dispute with a Material Customer, (iv) in the reasonable opinion of counsel to the Indemnified Party there are bona fide defenses available to the Indemnified Party that may not be asserted by the Indemnifying Party or there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived or (v) if a Seller Indemnified Party is entitled to indemnification, to the extent related to any business of Sellers or their Affiliates other than the Business. Following an assumption of defense of a Third-Party Proceeding by an Indemnifying Party, the Indemnified Party will have the right to participate in the defense of such Third-Party Proceeding with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof and the Indemnifying Party will have no further liability for any fees of legal counsel or other expenses subsequently incurred by the Indemnified Party in connection with such Proceeding. If an Indemnifying Party assumes the defense of a Third-Party Proceeding, no compromise or settlement of the underlying claims may be effected by it without the Indemnified Party's consent (which will not be unreasonably withheld, delayed or conditioned), unless: (1) the sole relief provided is monetary damages that are paid in full or otherwise provided for by the Indemnifying Party concurrently with the compromise or settlement; (2) such compromise or settlement provides for a complete release from liabilities and obligations of the Indemnified Parties with respect to the claim(s) asserted against the Indemnified Parties in the applicable Third-Party Proceeding and (3) such compromise or settlement contains no finding or admission of a violation of Law or wrongdoing on the part of the Indemnified Parties or any of their Affiliates. If the Indemnifying Party elects not to compromise or defend a Third-Party Proceeding, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third-Party Proceeding, the Indemnified Party may, subject to the following sentence, pay, compromise, defend such Third-Party Claim and seek indemnification for any and all indemnifiable Losses resulting or arising from such Third-Party Claim. Whether or not an Indemnifying Party assumes the defense of a Third-Party Proceeding, the Indemnified Party will not settle such proceeding without the prior written consent of the Indemnifying Party (which will not be unreasonably withheld, delayed or conditioned); provided, however, that the Indemnified Party will have the right to settle any such proceeding without the prior written consent of the Indemnifying Party if the Indemnified Party first waives any right to indemnity under this Agreement with respect to such proceeding or any related claim.

(iii) Assumption of the defense of a Third-Party Proceeding by an Indemnifying Party will not constitute an admission of responsibility to indemnify or in any manner impair or restrict that Indemnifying Party's right to defend a claim by the Indemnified Party for indemnification with respect to such Third-Party Proceeding. If an Indemnifying Party timely elects to assume the defense of a Third-Party Proceeding but subsequently determines in good faith that indemnification with respect to such proceeding is not required under this Article 5, such Indemnifying Party may elect to transfer the defense back to the Indemnified Party with the parties to act in good faith to effect such transfer in a manner that would not materially prejudice the rights of the Indemnified Party. If the Indemnifying Party elects to transfer the defense back to the Indemnified Party, it may seek to be fairly reimbursed, and the Indemnified Party shall fairly reimburse, the Indemnifying Party for its costs and expenses to the extent that such costs and expenses have not been duplicated by the Indemnified Party in its assumption of the defense that has been transferred back to it.

(iv) Notwithstanding any other provision of this Section 5.5, to the extent that the R&W Insurance Policy allows the insurers thereunder to defend or control the defense or settlement of any claim and the insurer has exercised such rights, the provisions of such policy will control.

(v) Each party will make available (subject to Section 6.14) to each other party and such other party's representatives its books and records and, as applicable, employees relating to a Third-Party Proceeding as may be reasonably requested by such other party, and each party will reasonably cooperate to help insure the proper and adequate defense of such Third-Party Proceeding.

(vi) A claim for indemnification for any matter not involving a Third-Party Proceeding must be asserted by written notice to the Indemnifying Party: (i) describing in reasonable detail the nature of and the underlying basis for such claim; (ii) stating the estimated amount thereof (if then known) and describing in reasonable detail the basis on which such amount was calculated; and (iii) identifying the provisions of this Agreement upon which such claim is based. Subject to Section 5.1, the failure to timely notify the Indemnifying Party or provide the information described above will not relieve the Indemnifying Party of any liability that the Indemnifying Party may have to an Indemnified Party except to the extent that the Indemnifying Party actually prejudiced by the Indemnified Party's failure to provide timely notice or such information.

1.f Indemnification Payments. The Indemnifying Party will pay to the Indemnified Party the amount of any Loss for which is it liable hereunder in immediately available funds to an account specified by the Indemnitee no later than five Business Days following (a) an agreement between the parties with respect to such Loss and the Indemnifying Party's liability therefor or (b) a final and non-appealable Order by a court of competent jurisdiction with respect to such Loss and the Indemnifying Party's liability therefor. Any payment of a claim for indemnification under this Article 5 will be accounted for as an adjustment to the Cash Purchase Price for all Tax purposes to the extent permitted by applicable Law.

1.g Exclusive Remedy. Except for claims for Fraud, matters covered by Section 1.6, and a party's right to seek specific performance or other equitable relief pursuant to Section 7.5, following Closing, this Article 5 constitutes the sole and exclusive remedy of the Buyer Indemnified Parties and Seller Indemnified Parties with respect to any matters arising under or with respect to this Agreement or relating to or arising from the Transactions. In furtherance of the foregoing, following Closing, each party (on behalf of itself and the Buyer Indemnified Parties, in the case of Buyer, and on behalf of itself and Seller Indemnified Parties, in the case of Sellers) hereby irrevocably waives from and after Closing, to the fullest extent permitted under applicable Law, any and all other rights, claims and causes of action that it may have or may in the future have against the other parties relating to the Transactions.

## **6. ADDITIONAL AGREEMENTS.**

1.a Conduct Pending Closing. From the date of this Agreement until the earlier of Closing and the termination of this Agreement, Sellers will and will cause their respective Affiliates to, with respect to the Business, (a) comply in all material respects with all applicable Laws, (b) conduct the Business in the ordinary course, except for (i) actions taken pursuant to the requirements of this Agreement, and (ii) actions taken with Buyer's prior written consent, (c) use commercially reasonable efforts to maintain and preserve intact the Business as a whole as presently conducted and the Purchased Assets (other than dispositions of assets, including sales of Inventory, in the ordinary course of business), (d) use commercially reasonable efforts to maintain and preserve the relationships and goodwill with distributors, licensees and licensors, customers, suppliers, employees and others having material business dealings with the Business and (e) not make, change, or revoke any material Tax election, settle or compromise any claim with respect to Taxes, consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes, or amend any Tax Return, in each case of this clause (e), to the extent relating solely to the Purchased Assets or the Business.

1.b Further Assurances. Following Closing, each party agrees to do, execute and deliver, and to cause to be done, executed and delivered, all such further acts and things as may be reasonably requested by another party to better effect and confirm the Transactions. Without limiting the generality of the foregoing, following Closing Sellers will, upon request, and at their own cost and expense, (i) assist Buyer (which shall bear its own costs and expenses) in all reasonable efforts to complete the recordation of Keds, LLC's ownership of any domestic or foreign trademark registrations relating to the conversion of The Keds Corporation into Keds, LLC, that are not, as of the Effective Time, complete, (ii) assist Buyer in procuring and evidencing any reasonably requested release of Liens on any of the Purchased Assets which, notwithstanding the intention of the parties to release such Liens at Closing (other than Permitted Liens), have not been released or which require further evidence of release, and (iii) take such action as Buyer may reasonably request in order to assist Buyer in satisfying any conditional exclusion from coverage under the R&W Insurance in respect of title to any Assigned IP that is reasonably determined by Buyer to be material to the Business.

1.c Public Announcements. The parties will coordinate their respective press releases with respect to the Transaction.

1.d Non-Assignable Contracts; Separation of Shared Contracts.

(i) To the extent that the assignment of an Assigned Contract or Shared Contract is not permissible by the terms of such Assigned Contract or Shared Contract, this Agreement will not be deemed to constitute an assignment of such Assigned Contract or Shared Contract unless and until consent of the applicable counterparty is received. Likewise, if assignment of an Assigned Contract or Shared Contract would cause a material loss of contractual rights or benefits under such Assigned Contract or Shared Contract, this Agreement will not be deemed to be an assignment of such Assigned Contract or Shared Contract until the applicable counterparty waives such loss of contractual right or benefit. If consent to the assignment of an Assigned Contract or Shared Contract has not been obtained prior to Closing, until such time as consent of the applicable counterparty is received, Buyer and Sellers will cooperate in reasonable and permissible arrangements designed to provide Buyer with the rights and benefits of such Contracts intended to be assigned to and all liabilities and burdens intended to be assumed by Buyer related thereto.

(ii) From and after Closing, the parties will comply with the process and procedures set forth on Exhibit D, or with any other processes and procedures as the parties may agree upon from time to time in writing, with respect to the separation of the Shared Contracts or Buyer directly contracting with the applicable counterparty thereto.

1.e Employees.

(i) No later than two days following the Closing Date, Buyer will, or will cause an Affiliate of Buyer to, offer employment, on terms and conditions consistent with the requirements of this Section 6.5(a), to all the Business Employees set forth on Schedule 6.5(a)(1) (the "Initial Offer Employees"), with such employment by Buyer to be effective March 12, 2023 (the "Initial Transfer Time"). Following the Closing and within the time frames set forth in the TSA, Buyer will, or will cause an Affiliate of Buyer to, offer employment, on terms and conditions consistent with the requirements of this Section 6.5(a) to those employees set forth in Schedule 6.5(a)(2) (the "Delayed Offer Employees" and, together with the Initial Offer Employees, the "Offer Employees") (the effective dates of such offers, the "Delayed Transfer Times" and, together with the "Initial Transfer Time", the "Transfer Times"). Sellers will reasonably assist Buyer with its efforts to hire the Offer Employees, including, in the case of any Delayed Transfer Employees, using commercially reasonable efforts to enter into a termination agreement with Buyer and any such Delayed Transfer Employee to the extent requested by Buyer. Offer Employees who accept (or are deemed to accept) such offers, the "Continuing Employees". Sellers will use commercially reasonable efforts not to discourage any Offer Employees from accepting the employment offer of Buyer.

(ii) Effective as of the applicable Transfer Time, Sellers will terminate the employment of the relevant Continuing Employees other than the Inactive Business Employees, as defined below (who will be treated in accordance with Section 6.5(d)) and release any such Continuing Employees who are parties to a non-compete agreement with any Seller or its Affiliates from the obligations in connection with such restrictive covenant with respect to Buyer and its Affiliates, including the operation of the Business. Offer Employees who are not hired by Buyer or who do not accept Buyer's offer of employment will be either, in Sellers' sole discretion, (a) retained for continued employment by a Seller or its Affiliates or (b) terminated from employment with the applicable Seller or Affiliate.

(iii) Buyer and Sellers intend for each Continuing Employee to have continuous employment immediately before and immediately after the applicable Transfer Time and therefore, it is the intent of Buyer and Sellers that the Transactions will not entitle any Continuing Employee who receives an offer from Buyer that is consistent with the terms of Section 6.5(a) to separation, termination or severance benefits under any Benefit Plan; provided that Sellers or their applicable Affiliates will be solely responsible for any severance or termination payment paid or payable to any Delayed Transfer Employee in connection with a termination agreement requested by Buyer in order to permit Buyer (or its applicable

Affiliate) to enter into a new employment agreement with such Delayed Employee. Sellers will be solely responsible for any severance, termination indemnity, redundancy or similar termination payments or benefits that may become payable to any Business Employee arising out of or in connection with the Transactions or by operation of Law, including any severance or termination amounts paid or payable to any Business Employee who is not an Offer Employee or any “stay bonus” or amounts paid or payable to any Offer Employee who does not become an employee of Buyer because such Offer Employee rejects or does not accept an offer of employment made by Buyer or refuses to transfer employment or otherwise challenges such transfer of employment.

(iv) With respect to any Offer Employee who, as of the Closing Date, is receiving benefits under a short-term or long-term disability plan sponsored by Sellers or their Affiliates (an “Inactive Offer Employee”), Sellers will continue to employ such Inactive Offer Employee for 60 days following Closing, and Buyer may offer employment to such Inactive Offer Employee on the earliest reasonably practicable date following the date on which such Inactive Offer Employee is able to return to work with Seller; provided, that such Inactive Offer Employee is able to return to work within 60 days following the Closing Date. Seller will retain and be responsible for all liabilities relating to the employment or termination of employment of Inactive Offer Employees, including the compensation and benefits payable to such Inactive Offer Employee prior to the time such Inactive Offer Employee becomes a Continuing Employee and is hired by Buyer. Seller will promptly notify Buyer of the occurrence and end of any leave of absence of an Inactive Offer Employee. For all purposes of this Agreement, in the case of any Inactive Offer Employee who becomes a Continuing Employee, the date that such Inactive Offer Employee commences (or is deemed to commence) employment with Buyer or the time of such commencement (or deemed commencement) of employment will be substituted for the terms “Closing Date” or “Transfer Time,” respectively, wherever such term appears, except where the context requires otherwise.

(v) Subject to applicable Law, for a period of two years following Closing, neither Buyer nor its Affiliates will, directly or indirectly: (i) solicit or hire any then-current employee of WWW or its Affiliates or any individual that was an employee of WWW or its Affiliates in the six-month period preceding such solicitation or hiring, in each case, at the Vice President level or above, or (ii) induce any then-current employee of WWW or its Affiliates, at the Vice President level or above, to leave his or her employment with WWW or such Affiliates; provided, that this Section 6.5(e) will not prohibit Buyer from placing any general solicitation to the public and hiring individuals who respond to such solicitation and (B) soliciting or hiring individuals known by WWW or its Affiliates prior to the commencement of the negotiations of the Transaction.

(vi) Subject to applicable Law, for a period of two years following Closing, neither Sellers nor any their Affiliates will, directly or indirectly: (i) solicit or hire any then-current employee of Buyer or its Affiliates or any individual that was an employee of Buyer or its Affiliates in the six-month period preceding such solicitation or hiring, in each case, at the Vice President level or above, or (ii) induce any then-current employee of Buyer or its Affiliates, at the Vice President level or above, to leave his or her employment with Buyer or any such Affiliate; provided, that this Section 6.5(f) will not prohibit WWW from (A) placing any general solicitation to the public and hiring individuals who respond to such solicitation and (B) soliciting or hiring individuals known by Buyer or its Affiliates prior to the commencement of the negotiations of the Transaction.

1.f Tax Matters.

(i) For purposes of determining Tax liability under this Agreement for a Straddle Period with respect to the Business and/or the Purchased Assets, all (i) real property Taxes, personal property Taxes and similar ad valorem obligations imposed on a periodic basis for a Tax period which includes (but does not end) on the Closing Date (a “Straddle Period”) shall be apportioned between the Sellers and the Buyer based on the number of days of such Tax period up to and including the Closing Date (any such portion of such Tax period, the “Pre-Closing Tax Period”) and the number of days of such Tax period after the Closing Date (any such portion of such taxable period, the “Post-Closing Tax Period”), and (ii) Taxes not described in clause (i), including Taxes based on or measured by income, gross receipts, withholding, sales, payroll, the goods and services Tax, harmonized sales Tax, and Quebec sales Tax and/



or similar provincial sales Tax imposed under Canadian law (“GST/HST/QST”), for a Straddle Period shall be apportioned as if such period ended as of the close of business on the Closing Date.

(ii) Filing of Tax Returns.

(1) Pre-Closing Tax Period. With respect to the Purchased Assets and/or the Business relating to the Pre-Closing Tax Period, Sellers shall prepare and timely file any Tax Return that is due either (i) on or before the Closing Date or (ii) after the Closing Date (in each case, a “Pre-Closing Tax Return”), and shall pay any Taxes shown as due and owing on such Pre-Closing Tax Return. Unless otherwise required by applicable Law, Pre-Closing Tax Returns solely with respect to the Purchased Assets and/or the Business shall be prepared on a basis consistent with past practices of the Purchased Assets and/or Business, and, on such Pre-Closing Tax Returns, no position shall be taken, election made or method adopted that is inconsistent with positions taken, elections made or methods used in preparing and filing similar Tax Returns in prior periods.

(2) Straddle Period. With respect to the Purchased Assets and/or the Business relating to the Straddle Period, Buyer shall prepare and timely file any Tax Return that is due after the Closing Date (a “Straddle Period Tax Return”). Buyer shall deliver such completed, but unfiled, Straddle Period Tax Return to Sellers for their review and comment at least thirty Business Days before the due date of such Straddle Period Tax Return (taking into account any applicable extensions of time to file), and Buyer shall incorporate any reasonable comments of the Sellers on such Straddle Period Tax Return. Unless otherwise required by applicable Law, Straddle Period Tax Returns shall be prepared on a basis consistent with past practices of the Purchased Assets and/or the Business, and, on such Straddle Period Tax Returns, no position shall be taken, election made or method adopted that is inconsistent with positions taken, elections made or methods used in preparing and filing similar Tax Returns in prior periods. Sellers shall be responsible for the Taxes attributable to the portion of such Straddle Period ending on the Closing Date as determined pursuant to Section 6.6(a). Sellers shall pay, or cause to be paid, to Buyer within fifteen days after the date on which a Straddle Period Tax Return is filed an amount equal to the Taxes attributable to the portion of such Straddle Period ending on the Closing Date as determined pursuant to Section 6.6(a). Notwithstanding anything herein to the contrary, this Section 6.6(b)(ii) shall not apply to any Asset Tax and the filing of any Transition Period Asset Tax Return as defined in Section 6.6(b)(iii).

(3) Transition Period. During the Transition Period during which Buyer will implement a suitable e-commerce platform to permit the operation of the E-Comm Business pursuant to Section 6.12, Sellers shall prepare and timely file any Tax Return relating to an Asset Tax (as defined in this Section 6.6(b)(iii)) for the Transition Period whether such Tax Return is due (i) during the Transition Period or (ii) after the Transition Period (in each case, a “Transition Period Asset Tax Return”), and shall timely remit all Asset Taxes due in respect of such Tax Returns. Seller shall, at Buyer’s expense, prepare and deliver a “pro-forma” report of the Transition Period Asset Tax Return attributable solely to the E-Comm Business to Buyer for its review and comment reasonably before the due date of such Transition Period Asset Tax Return (taking into account any applicable extensions of time to file), and the Sellers shall incorporate any comments of Buyer to such report (and Transition Period Asset Tax Return), to the extent such comments are consistent with the past practice of the E-Comm Business and permitted by applicable Law. Buyer shall be solely liable for the Asset Taxes for the Transition Period. Buyer shall pay, or cause to be paid, to the Sellers within ten Business Days after the date on which a Transition Period Asset Tax Return is filed an amount equal to the Asset Taxes attributable to the Transition Period. For purposes of this Section 6.6(b)(iii), an “Asset Tax” means any GST/HST/QST, gross receipts, and sales and use Taxes attributable to the E-Comm Business.

(4) Post-Closing Tax Period. Except as set forth in Section 6.6(b)(iii), Buyer shall be responsible for the preparation and filing of all other Tax Returns for the Purchased Assets and/or the Business for the Post-Closing Tax Period.

(5) If any Taxes subject to the allocation and responsibility provisions of Section 6.6(a), do not require the filing of a Tax Return, then the Party receiving any notice, statement, or assessment of such Taxes shall provide notice thereof to the other Party, and if the other Party has any allocation or responsibility for any portion of such Taxes, the provisions of Section 6.6(b) shall apply as if a Tax Return were required to be filed with respect to such notice, statement, or assessment and the payment thereof.

(6) Notwithstanding anything herein to the contrary, Section 6.6(b) shall not apply to any Tax Return in respect of Transfer Taxes described in Section 6.6(d).

(iii)Refunds. Refunds of Taxes attributable to the Purchased Assets and/or the Business shall be allocated between Sellers and the Buyer consistent with the principles set forth in Section 6.6(a). From and after the Closing Date, each Party shall forward, and shall cause its Affiliates to forward, to the Party entitled to receive a refund of Tax pursuant to this Section 6.6(c), the amount of such refund within fifteen Business Days after such refund is received, net of any reasonable third-party costs or expenses incurred by such Party or its Affiliates in procuring such refund. For purposes of this Agreement, refunds of Taxes means refunds of Taxes of any nature, including in the form of cash received or a credit or offset actually reducing Taxes otherwise payable. Notwithstanding anything herein to the contrary, any refund of Tax attributable to the Transition Period shall be for the account of Buyer to the extent such refund of Tax relates to an Asset Tax.

(iv)Transfer Taxes. Any transfer, documentary, sales, use, stamp, registration, value added, license, documentary charges, recording fees, customs and import duties and other such Taxes and fees (including any penalties and interest) imposed upon the sale, transfer or assignment of the Purchased Assets and/or the Business in connection with this Agreement (the "Transfer Taxes") will be paid 50% by Buyer and 50% by Sellers when due. For the avoidance of doubt, Transfer Taxes shall not include any withholding and other Tax on, based upon or measured by, the net income, gains or profits from such sale, transfer or assignment of property or any interest therein in connection with this Agreement. The party required under applicable Law to file any required Tax Returns with respect to such Transfer Taxes will be responsible to timely file such Tax Return, and the other parties will cooperate with respect thereto as necessary. Buyer and Sellers shall cooperate in good faith and provide such documents and forms as they are legally entitled to provide to reduce or eliminate any Transfer Taxes. Notwithstanding anything to the contrary in this Agreement, (i) any Transfer Taxes incurred in connection with this Agreement as a result of a Buyer Designated Transferee that is not a "United States Person" within the meaning of Section 7701(a)(30) of the Code being designated by Buyer pursuant to Section 1.7 will be paid 100% by Buyer; and (ii) Seller shall be solely responsible for the preparation and filing of any Tax Return with respect to such Transfer Taxes in connection with the transfer of the E-Comm Business.

(v)Allocation. The final Cash Purchase Price (and other items required to be included as consideration under the Internal Revenue Code of 1986, as amended, the "Code") will first be allocated among Sellers, and then allocated among the Purchased Assets and the Business sold by each Seller, in accordance with Schedule 6.6(e) and in conformity with Section 1060 of the Code and the Treasury Regulations thereunder. Buyer will prepare and submit to Sellers, within 90 days after the post-closing adjustment is determined pursuant to Section 1.6, a draft allocation schedule for their review. If, within 30 days after receiving Buyer's proposed allocation, WWW notifies Buyer that Sellers dispute any item(s) reflected thereon, the parties will cooperate in good faith in an attempt to resolve such dispute. If the dispute is not resolved within 30 days after WWW notifies Buyer of its dispute, the determination of the disputed item will be made by the Neutral Accountant, whose decision will be final and whose fees will be allocated in the manner set forth in Section 1.6(a). The allocation and other determinations made pursuant to this Section 6.6(e) will be modified as appropriate to reflect any adjustments in the final Cash Purchase Price made following Closing in accordance with this Agreement and applicable Law. The parties will file all Tax returns (including IRS Form 8594) and information reports, and any amendments thereto, and will conduct all Tax proceedings in a manner consistent with the allocation as finally determined under this Section 6.6(e), unless otherwise required by applicable Law.

(vi)The Parties will reasonably cooperate, and will cause their respective Affiliates to reasonably cooperate, in connection with the preparation and filing of any Tax Returns relating to the

Purchased Assets and/or the Business and any Action with respect to Taxes relating to the Purchased Assets and/or the Business. Such cooperation will include the retention and (upon the other Party's request) the provision of records and information reasonably relevant to any such Tax Return or Action and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder; provided that, notwithstanding anything to the contrary in this Agreement, except to the extent solely relating to the Purchased Assets, the Business, or the Assumed Liabilities, no Party nor any of its respective Affiliates will be required at any time to provide to the other Party hereto any right to access or to review such first Party's (or its Affiliates') Tax Return or Tax work papers.

(vii) The Parties hereby waive compliance with the provision of any bulk sales, bulk transfer, or similar Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets and/or Business to Buyer.

1.g Payments. From and after Closing, if either Buyer, on the one hand, or Sellers, on the other hand, or any of their respective Affiliates receives any (a) funds intended for or otherwise the property of another party pursuant to the terms of this Agreement or any of the Transaction Documents, the receiving party will promptly (i) notify and (ii) forward such funds to the relevant other party or parties (and, for the avoidance of doubt, the parties acknowledge and agree that there is no right of offset with respect to such funds, whether in connection with a dispute under this Agreement or any of the Transaction Documents or otherwise) or (b) mail, courier package, facsimile transmission, purchase order, invoice, service request or other document intended for or otherwise the property of another party pursuant to the terms of this Agreement or any of the Transaction Documents, the receiving party will promptly (i) notify and (ii) forward such document to the relevant other party or parties. Prior to Closing, the parties will use commercially reasonable efforts to agree to a reasonable protocol for settlement of amounts in accordance with this Section 6.7. Upon request, each party will furnish to the other records and books of account to verify compliance with this Section 6.7. In the event the TSA provides for different processes or procedures than those included in this Section 6.7, the TSA will control.

1.h Wrong Pockets. If, after the Closing Date, Buyer or Sellers in good faith identify any asset owned by any Seller or an Affiliate of any Seller that that should have been, but inadvertently was not, transferred to Buyer as a Purchased Asset, then the applicable Seller will transfer or cause to be transferred such asset to Buyer for no additional consideration. If, after the Closing Date, any Seller in good faith identifies any asset that is an Excluded Asset that should not have been, but inadvertently was, transferred to Buyer or of which Buyer is otherwise in possession, then Buyer will transfer or cause to be transferred such asset to the applicable Seller or its designee for no consideration. If any Assumed Liability was inadvertently not transferred to and assumed by Buyer at Closing, Sellers will promptly transfer and deliver (or cause to be transferred and delivered) such Assumed Liability to Buyer (or its designee), and Buyer will assume such Assumed Liability in accordance with the terms of this Agreement. If any Excluded Liability was inadvertently transferred to Buyer or its Affiliates at Closing, Buyer will promptly transfer such Excluded Liability back to Sellers (or their designee) and the relevant Seller (or its designee) will assume such Excluded Liability. Prior to any such transfer, such transferor will (and will be deemed to) hold such asset or liability in trust for such transferee effective as of Closing. If the parties disagree as to the characterization of any such asset, either party may submit the dispute to the Neutral Accountant for resolution in accordance with Section 1.6, which provisions will apply as if originally set forth in this Section 6.8 mutatis mutandis.

1.i Product Returns. Pursuant to the TSA, WWW will process product returns for a period of time following Closing. Products sold by WWW prior to Closing will, upon return, be sold to Buyer at landed cost assuming such products are resaleable. Products sold by Buyer following Closing will, upon return, be delivered to Buyer at no additional product cost. The parties will use their commercially reasonable efforts to agree as to whether returned products were sold by WWW or Buyer. In the event agreement cannot be reached, products returned within 60 days following Closing will be deemed to be sold by WWW and products returned after 60 days following Closing will be deemed to be sold by Buyer.

1.j Champion License. Buyer acknowledges its obligations under the Champion License, which is included among the Assigned Contracts. Without limiting the generality of the foregoing, following Closing Buyer will meet with HBIBAE (which meeting can be attended telephonically, by video conference or by any other method agreed between HBIBAE and Buyer) within 60 calendar days after HBIBAE's request to Buyer for a meeting to discuss the Champion License and the parties' then-current practices and obligations with respect to the same.

1.k Exclusivity. From the date of this Agreement until the earlier of Closing and the termination of this Agreement, Sellers will not, and will cause their respective Affiliates and representatives not to, directly or indirectly, enter into or continue any negotiations, discussions or Contracts contemplating or relating to the acquisition by any Person other than Buyer or an Affiliate of Buyer of all or any part of the Purchased Assets or Business (regardless of the form of the transaction), excluding sales of Inventory in the ordinary course of business and sales or dispositions of receivables.

1.l E-Comm Platform Stand-Up. During the nine-month period following Closing, Buyer will use commercially reasonable best efforts to identify, procure and implement a suitable e-commerce platform to permit the operation of the E-Comm Business by Buyer. Buyer will keep WWW reasonably informed of its progress with such identification, procurement and implementation and will provide WWW not less than 90 days' prior written notice of its readiness to take over e-commerce operations. For the avoidance of doubt, Buyer assumes all risk that it is not prepared to take over the E-Comm Business within the stated time period.

1.m Change of Name. Within six months following Closing, except as expressly contemplated by this Agreement or any other Transaction Document, Sellers and their Affiliates, will discontinue any business operations under, and any commercial use of, the names "Keds" or "PRO-Keds" and Keds, LLC will change its name to a name that that does not include the prefix, suffix or word "PRO" or "Keds".

1.n Books and Records.

(i) Sellers, on the one hand, and Buyer, on the other hand, will provide, or cause to be provided, to the other party or parties and their respective representatives, at any time after Closing until the date that is the six year anniversary of Closing, as soon as reasonably practicable after written request therefor, (i) any information relating to time periods on or prior to Closing and (ii) reasonable access to, and reasonable cooperation from, personnel with relevant knowledge or involvement with respect to matters taking place during time periods on or prior to Closing, which Sellers or Buyer reasonably needs (w) for Tax or other legitimate business purposes, (x) to comply with reporting, disclosure, filing or other requirements (including under applicable securities Laws) imposed on Sellers or Buyer, or any of their respective Affiliates, by any national securities exchange or any Governmental Body having jurisdiction over any Seller or Buyer, or any of their respective Affiliates, (y) except in an Action between the parties, for use in any other judicial, regulatory, administrative or other Proceeding or in order to satisfy audit, accounting, regulatory, litigation or other similar requirements or (z) in order to perform its obligations under this Agreement or any Transaction Document; in each case, that, as of immediately following Closing, is in existence and in the reasonable possession or control of the providing party or one of its Affiliates, as applicable, and except to the extent already in the possession of the receiving party or one of its Affiliates. The receiving party will use any information received pursuant to this Section 6.14 solely to the extent reasonably necessary to satisfy the applicable obligations or requirements described in clause (w), (x), (y) or (z) of the immediately preceding sentence.

(ii) In the event that any party reasonably determines that the disclosure of any information pursuant to Section 6.14(a) would, in such party's reasonable judgment, (i) jeopardize the attorney-client privilege or other immunity or protection from disclosure, or (ii) conflict with any (A) Law or Order applicable to such party or any of their respective Affiliates or the assets or operation of the such party's business, or (B) Contract to which such party any of their Affiliates is party or by which any of the assets or properties of such party are bound; provided, however, that the parties will each take all commercially reasonable measures to permit compliance with Section 6.14(a) in a manner that avoids any such harm or consequence. The parties intend that any provision of access to or the furnishing of information pursuant

to this Section 6.14 that would otherwise be within the ambit of any legal privilege will not operate as waiver of such privilege. The access provided pursuant to this Section 6.14 will be conducted in such a manner so as not to interfere unreasonably with the operation of the business of Buyer or Sellers, as the case may be.

(iii) Any information owned by any party that is provided to the requesting party hereunder will be deemed to remain the property of the providing party. Nothing herein will be construed as granting or conferring rights of license or otherwise in any such information.

(iv) Buyer and Sellers will reimburse each other for the reasonable costs, if any, in complying with a request for information pursuant to this Section 6.14. Except as may be otherwise specifically provided elsewhere in this Agreement or another Transaction Document, such costs will be computed in accordance with Buyer's or Sellers', as applicable, standard methodology and procedures, but will not include any mark-up above actual costs. All access and investigation pursuant to this Section 6.14 will be conducted during normal business hours upon reasonable advance notice to the other party and conducted in such a manner as not to interfere with the normal operations of the business of such party.

1.o Efforts to Consummate. During the period commencing on the date of this Agreement and ending on the earlier of the termination of this Agreement in accordance with its terms and the Closing Date, each of Buyer and Sellers will, and Sellers will cause their Affiliates to, use commercially reasonable efforts (unless, with respect to any action, another standard of performance is expressly provided for herein) to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the Transactions as promptly as reasonably practicable, including satisfaction (but not waiver) of the conditions to Closing set forth in Section 2.3.

1.p Confidentiality.

(i) Upon Closing, the Confidentiality Agreement will automatically terminate.

(ii) From and after Closing until the date that is five years after the Closing Date, Sellers will, and will cause their Affiliates and representatives to, keep confidential and not use any and all non-public information included among the Purchased Assets, other than for purposes contemplated herein, including in connection with satisfying its obligations under this Agreement or another Transaction Document; provided, however, that Sellers will not be liable hereunder with respect to any disclosure to the extent such disclosure is required by any applicable Law or Order, including applicable rules of any securities exchange. In the event that Sellers or any of their Affiliates or representatives are required by any applicable Law or Order to disclose any such non-public information, Sellers will (i) to the extent practicable and permissible by such applicable Law or Order, provide Buyer with prompt written notice of such requirement, (ii) disclose only that information that Sellers determine (with the advice of counsel) is required by such applicable Law or Order to be disclosed, and (iii) use commercially reasonable efforts to preserve the confidentiality of such non-public information, including by, at Buyer's request, reasonably cooperating with Buyer to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded such non-public information (at Buyer's sole cost and expense). Notwithstanding the foregoing, non-public information will not include information that (A) is or becomes available to the public after Closing other than as a result of a disclosure by Sellers or their Affiliates or representatives in breach of this Section 6.16 or (B) becomes available to Sellers or their Affiliates or representatives after Closing from a source other than Buyer or its Affiliates or representatives if the source of such information is not known (after reasonable inquiry) by Sellers or their respective Affiliates to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, Buyer or its Affiliates with respect to such information. Notwithstanding the foregoing, with respect to all non-public information relating to the Business that is a trade secret, the confidentiality obligations in this Section 6.16 will continue in full force and effect for as long as such confidential information remains a trade secret under applicable Law.

(iii) From and after Closing until the date that is five years after Closing, Buyer will, and will cause its Affiliates and representatives to, keep confidential and not use any and all non-public information that was furnished to or obtained by Buyer and its Affiliates or representatives by Sellers or any of their Affiliates in connection with the Transactions before the Effective Date (other than information relating to the Business or included among the Purchased Assets); provided, however, that Buyer will not be liable hereunder with respect to any disclosure to the extent such disclosure is required by any applicable Law or Order, including applicable rules of any securities exchange. In the event that Buyer or any of its Affiliates or representatives are required by any applicable Law or Order to disclose any such non-public information, Buyer will (i) to the extent practicable and permissible by such applicable Law or Order, provide Sellers with prompt written notice of such requirement, (ii) disclose only that information that Buyer determines (with the advice of counsel) is required by such applicable Law or Order to be disclosed, and (iii) use commercially reasonable efforts to preserve the confidentiality of such non-public information, including by, at Sellers' request, reasonably cooperating with Sellers to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded such non-public information (at Sellers' sole cost and expense). Notwithstanding the foregoing, such non-public information will not include information that (A) is or becomes available to the public after Closing other than as a result of a disclosure by Buyer or its Affiliates or representatives in breach of this Section 6.16, (B) was in the possession of Buyer or its Affiliates or representatives prior to its being furnished thereto in connection with this Agreement, as shown by reasonable documentary evidence, (C) becomes available to Buyer or its Affiliates or representatives from a source other than Sellers or their Affiliates or representatives if the source of such information is not known (after reasonable inquiry) by Buyer or its Affiliates or representatives to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, Sellers or their Affiliates with respect to such information, or (D) is independently developed by Buyer or its Affiliates without breach of this Section 6.16, as shown by reasonable documentary evidence. Notwithstanding the foregoing, with respect to all such non-public information to the extent relating to Sellers or any of their respective Affiliates that is a trade secret, the confidentiality obligations in this Section 6.16 will continue in full force and effect for as long as such confidential information remains a trade secret under applicable Law.

(iv) From and after the Closing, at Buyer's request, Sellers shall use commercially reasonable efforts (and will cause their respective Affiliates to use commercially reasonable efforts) to enforce, at Buyer's sole cost and expense, or assign to Buyer such rights to enable Buyer to enforce, any confidentiality and non-use provisions relating to confidential information regarding the Business, the Purchased Assets or the Assumed Liabilities in any non-disclosure, confidentiality or similar contracts between Sellers or any of their Affiliates, on the one hand, and any other Person.

1.q License to Shared IP. Effective as of Closing, Sellers and their respective Affiliates hereby grant Buyer and its Affiliates a fully paid-up, royalty-free, irrevocable, perpetual, sublicensable (through multiple tiers), assignable, worldwide, non-exclusive right and license under the Shared IP to use, practice, or otherwise exploit the Shared IP in connection with any products or services, or the operation or conduct, of the Business (and any extensions or expansions of any of the foregoing), including, but not limited to, the right and license (exercisable directly or indirectly (through one or more sublicensees, intermediaries, or other Persons)), to: (a) use, practice or otherwise exploit any Shared IP to make, have made, use, offer for sale, sell, import, and otherwise commercialize any products or services and to practice any methods or processes, in each case, of or in connection with the operation or conduct of the Business; (b) mark, brand, label, package, advertise, promote, market, offer for sale, sell, distribute, and otherwise commercialize any products or services of the Business under or in connection with any Shared IP; (c) use, disclose, reproduce, distribute, perform, display, transmit, create derivative works based on, commercialize, and otherwise exploit any Shared IP, in each case, in connection with any products or services, or the operation or conduct, of the Business; and (d) use, practice, or otherwise exploit any Shared IP alone or in combination with any of Buyer's or its Affiliates' Intellectual Property (including any Intellectual Property in which Buyer or any of its Affiliates hold any license or sublicense rights granted by any other Persons) in connection with each of cases (a)-(c) hereof, or otherwise in connection with any products or services, or the operation or conduct, of the Business.

1.r Gift Cards. WWW will reimburse on a monthly basis Buyer for any sales made against gift cards issued by WWW or its Affiliates in respect of the Business prior to Closing.

1.s International Trade Matters. After the Closing and subject to U.S. Customs and Border Protection approval, Buyer will be registered as a zone user in Sellers' foreign trade zone in which certain of the Purchased Assets constituting products and merchandise are located ("FTZ"). Sellers will remain the zone operator. Buyer shall be registered as zone user until all such products and merchandise that have been directed for shipment to the FTZ have been delivered to Buyer's custody. Any liability arising from the FTZ operations will be a liability of Sellers and regarded as an Excluded Liability hereunder, and Sellers shall maintain any required FTZ bonds. Sellers shall have all responsibility for entering such goods as importer of record for consumption into the United States. Sellers shall make goods available for pick up by Buyer with all Customs duties and fees already paid in accordance with and as described in the TSA. Further, Sellers agree that if any Purchased Assets constituting products and merchandise are detained or seized by Customs and Border Protection or other Governmental Body within six months of Closing or that were manufactured in whole or part prior to Closing, Sellers shall promptly cooperate with Buyer in responding to the Action and shall produce any supply chain documentation in their possession or under their control required in order to release such products or merchandise. Sellers shall further be responsible for assisting in import and export compliance obligations relating to the Business and responding to inquiries from any Governmental Body in relation to the operation of the Business under the TSA during the term of the TSA.

1.t Sell-Off. Buyer and Sellers acknowledge and agree that the Wolverine World Wide, Inc. Distribution Agreement (Keds Footwear), effective as of October 1, 2020, by and between WWW and Deichmann SE (the "Deichmann Distribution Agreement") will be an Excluded Asset (and Sellers' obligations and liabilities thereunder will be Excluded Liabilities). Buyer agrees to allow Sellers and Deichmann SE up to 180 days following the Closing Date to liquidate any existing Keds inventory.

## 7. MISCELLANEOUS.

1.a Notices. All notices, requests, demands and other communications required or permitted to be given pursuant to this Agreement must be in writing and will be deemed to have been duly given: (a) on the day of delivery, if delivered by hand; (b) on the day of delivery, if sent by electronic mail (with confirmation of receipt) at or prior to 5:00 p.m. Eastern time on a Business Day; (c) on the first Business Day following delivery, if sent by electronic mail on a day that is not a Business Day or after 5:00 p.m. Eastern Time on a Business Day; (d) on the first Business Day following deposit with a nationally recognized overnight delivery service; or (e) upon the earlier of actual receipt and the third Business Day following mailing by registered or certified mail, postage prepaid, return receipt requested:

If to Buyer:

Vincent Camuto LLC  
Attn: Jared Poff, Executive Vice President  
810 DSW Dr.  
Columbus, OH 43219  
[REDACTED]

With a Copy (which will not be considered  
notice) to:

Vincent Camuto LLC  
Michelle Krall, Senior Vice President, Secretary  
810 DSW Dr.  
Columbus, OH 43219  
[REDACTED]

*and*

Thompson Hine LLP  
Attn: Stuart Welburn and Branwen Buckley  
335 Madison Avenue, 12<sup>th</sup> Floor  
New York, New York 10017  
Telephone: (212) 908-3914; (212) 908-3949  
[REDACTED]  
[REDACTED]

If to Sellers:

Wolverine World Wide, Inc.  
Attn: Chip Coe, Senior Vice President, Mergers &  
Acquisitions; *and*  
James D. Zwiers, Executive Vice President,  
President of Global Operations Group  
9341 Courtland Drive NE  
Rockford, Michigan 49351  
[REDACTED]  
[REDACTED]

With a Copy (which will not be considered  
notice) to:

Wolverine World Wide, Inc.  
Attn: Jennifer J. Miller  
VP & Associate General Counsel  
9341 Courtland Drive NE

Rockford, Michigan 49351  
Telephone: (616) 863-4211  
[REDACTED]

*and*

Honigman LLP  
Attn: Tracy T. Larsen and Jordan K. Schwartz  
300 Ottawa Avenue NW, Suite 400  
Grand Rapids, Michigan 49503  
Telephone: (616) 649-1950; (616) 649-1960  
[REDACTED]  
[REDACTED]



A party may change its physical or electronic address or telephone number by prior written notice to the other parties provided in accordance with this Section 7.1.

1.b Entire Agreement. This Agreement and other Transaction Documents contain the entire agreement and understanding among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, whether written or oral, relating to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents or the Exhibits and Schedules (other than an exception expressly set forth as such in the Schedules), the statements in the body of this Agreement will control.

1.c Governing Law; Jurisdiction. This Agreement will be governed by the laws of the State of Delaware (regardless of the laws that might otherwise govern under applicable principles of conflicts of law) as to all matters, including matters of validity, construction, effect, performance and remedies. The parties hereby submit to the exclusive jurisdiction of the state or federal courts located in Wilmington, Delaware in respect of any legal proceeding related to or arising out of this Agreement, the Transaction Documents or the Transactions, including any legal proceeding involving the interpretation or enforcement of the provisions of this Agreement or the Transaction Documents, and the parties hereby waive, and agree not to assert, any defense in any such legal proceeding that such party is not subject thereto or that such legal proceeding may not be brought or is not maintainable in such courts or that this Agreement or the Transaction Documents may not be enforced in or by such courts or that their property is exempt or immune from execution, that such suit, action or proceeding is brought in an inconvenient forum, or that the venue of such suit, action or proceeding is improper. The parties agree not to bring any proceeding related to or arising out of this Agreement or the Transaction Documents in any court other than the state or federal courts located in Wilmington, Delaware.

1.d WAIVER OF TRIAL BY JURY. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT, THE TRANSACTION DOCUMENTS OR THE TRANSACTIONS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS.

1.e Specific Performance. Each party acknowledges and agrees that the other party or parties (as applicable) may be damaged irreparably in the event the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Each party agrees that the other party or parties will be entitled to seek an injunction or injunctions to specifically enforce this Agreement without the necessity of posting a bond or proving the insufficiency of a remedy at law to prevent a breach or threatened breach of this Agreement, in addition to any other remedy to which they may be entitled at law or in equity.

1.f Assignment. This Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns. Except as otherwise provided in this Agreement, neither party will assign its rights, interests or obligations hereunder without the prior written consent of the other party or parties (not to be unreasonably withheld) and any such purported assignment will be void and of no effect; provided, that, without the prior written consent of Sellers, Buyer may assign any of its rights and obligations under this Agreement to any of its Affiliates as contemplated in Section 1.7. No assignment will relieve the assigning party of any of its obligations hereunder.

1.g Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but which together will constitute one instrument.

1.h Severability. If a provision of this Agreement is determined to be illegal, invalid or unenforceable, such illegality, invalidity or unenforceability will not affect the other provisions of this Agreement, which will remain valid, operative and enforceable. Upon a determination that a provision is

illegal, invalid or unenforceable, the parties will negotiate in good faith to modify this Agreement so as to achieve the original intent of the parties as closely as possible with respect to the illegal, invalid or unenforceable provisions.

1.i Waiver and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions of this Agreement may be waived, only by a written instrument signed by Buyer, on the one hand, and WWW, on the other hand, or, in the case of a waiver, by the party or parties waiving compliance. No failure to exercise or delay in exercising any right, power or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

1.j Construction. Each party has participated in the negotiation and drafting of this Agreement. In the event of a claimed ambiguity or if a question of intent or interpretation arises under this Agreement, this Agreement will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of authoring any of the provisions of this Agreement. As used in this Agreement, (a) the words “including,” “includes” or similar words will be deemed to include “without limitation,” unless the context expressly indicates otherwise and (b) references to “WWW” with respect to the taking of action or refraining from action by WWW under this Agreement, including the delivery of documents and notices, the making or receipt of payments, and making agreements or affirmations, in each case, in accordance with the terms of this Agreement, will be deemed to be preceded by the phrase “on behalf of itself and the other Sellers” unless context indicates otherwise.

1.k No Third-Party Beneficiaries. Other than as contemplated in Section 5.2 and Section 5.3, this Agreement is for the sole benefit of the parties and their successors and permitted assigns and nothing herein, expressed or implied, will give or be construed to give any other Person any legal or equitable rights hereunder.

1.l Expenses. Except as otherwise expressly provided herein, each party will pay its own respective fees, costs and expenses (including fees, costs and expenses of legal counsel, brokers and other representatives and consultants) incurred in connection with the negotiation and execution of this Agreement and the consummation of the Transactions. Notwithstanding the foregoing, Sellers and Buyer will be responsible for 50% of the premium, fees and other costs of the R&W Insurance Policy, excluding a \$35,000 premium for enhanced coverage (if Buyer elects to purchase same) for which Buyer will be 100% responsible.

*(Signature page follows)*

IN WITNESS WHEREOF, the parties have caused this Asset Purchase Agreement to be duly executed as of the date and year first written above.

**DBI BRANDS MANAGEMENT LLC**

By: /s/ \_\_\_\_\_  
Name: Jared Poff  
Title: Executive Vice President

**VINCENT CAMUTO LLC**

By: /s/ \_\_\_\_\_  
Name: Jared Poff  
Title: Executive Vice President

**WOLVERINE WORLD WIDE, INC.**

By: /s/ \_\_\_\_\_  
Name:  
Title:

**KEDS, LLC**

By: Saucony Inc., Its Sole Member

By: /s/ \_\_\_\_\_  
Name:  
Title:

**SR HOLDINGS, LLC**

By: Saucony Inc., Its Sole Member

By: /s/ \_\_\_\_\_  
Name:  
Title:

**WOLVERINE OUTDOORS, INC.**

By: /s/ \_\_\_\_\_  
Name:  
Title:

**WOLVERINE DISTRIBUTION, INC.**

By: /s/ \_\_\_\_\_  
Name:  
Title:

## **Exhibit A**

### **DEFINITIONS**

For purposes of this Agreement, the following terms have the meanings set forth below:

“Action” means any claim, complaint, charge, cause of action, demand, litigation, action, examination, hearing, suit, inquiry, audit, notice of violation, citation, summons, subpoena, arbitration, mediation, investigation or proceeding (including any civil, criminal, administrative, or appellate proceeding) in any jurisdiction, foreign or domestic, by or before any Governmental Body.

“Accounting Principles” means the accounting principles, practices, policies and methodologies set forth on Schedule A-1 hereto.

“Accounts Payable” means all accounts and notes payable of Sellers and their respective Affiliates with respect to the Inventory.

“Affiliate” means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first mentioned Person. “Control” (including “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities, by Contract or credit arrangement, as trustee or executor, or otherwise. Without limiting the generality of the previous sentence, any Person owning fifty percent (50%) or more of the voting securities of another Person will be deemed to control that Person.

“Agreement” has the meaning set forth in the introductory paragraph of this Agreement.

“Alternative Arrangements” has the meaning set forth in Section 5.4(f).

“Anti-Bribery Laws” has the meaning set forth in Section 3.16.

“Asset Tax” has the meaning set forth in Section 6.6(b)(iii).

“Assigned Contracts” means those Contracts listed or identified on Schedule A-2, as the same may be modified by the parties.

“Assigned IP” means any and all Intellectual Property (including, without limitation, any and all Registered IP, Unregistered IP, and Licensed IP) that (i) is owned, purported to be owned, licensed, used, or held for use by a Seller or any of its Affiliates and (ii) is used or held for use exclusively in, or otherwise relates exclusively to, the Business; excluding, however, any Shared IP.

“Assignment and Assumption Agreement” has the meaning set forth in Section 2.2(a).

“Assumed Liabilities” has the meaning set forth in Section 1.3.

“Basket” has the meaning set forth in Section 5.4(a).

“Bill of Sale” has the meaning set forth in Section 2.2(b).

“Business” has the meaning set forth in the recitals of this Agreement.

“Business Day” means a day that is not a Saturday, Sunday or other day on which the banks are required or authorized by Law to be closed in the State of New York.

“Business Employee” has the meaning set forth in Section 3.12(a).

“Business Material Adverse Effect” means any event, circumstance, change, effect or condition that, individually or in the aggregate (a) is, or is reasonably expected to be, materially adverse to the financial condition or results of operations of the Business taken as a whole; provided, however, that none of the following changes will constitute or will be considered in determining whether there has occurred, and no event, circumstance, change, effect or condition resulting from or arising out of any of the following will constitute, a Business Material Adverse Effect: (i) the announcement of the execution of this Agreement or another Transaction Document or the intended consummation of the Transactions pursuant to the terms of this Agreement (including any threatened or actual impact on any relationship with any customer, vendor, supplier, distributor, landlord or employee of the Business); (ii) the failure of the Business to meet any estimate of revenues, earnings or other financial projections, performance measures or operating statistics (provided that the facts and circumstances underlying any such failure may be considered in determining whether there has occurred a Business Material Adverse Effect); (iii) any condition or change in economic conditions generally affecting the economy or the industries in which the Business operates; (iv) natural or manmade disaster or other acts of God, or any national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency, war or the occurrence of any military or terrorist attack on the United States or any of its territories, possessions, offices or military installations; (v) any condition affecting financial, banking or securities markets (including any disruption thereof, any decline in the price of any security or market index and any change in interest rates, commodity prices or foreign exchange rates); (vi) any change in any Law, Orders or GAAP; (vii) supply chain disruptions and public outbreak of disease or virus (including coronavirus) or other public health conditions, pandemics or emergencies; and (viii) the taking of any action required or expressly permitted by this Agreement or the other Transaction Documents, including the completion of the Transactions in accordance with the terms hereof, except, with respect to a matter described in any of the foregoing clauses (a)(iii)-(vi) of this definition, to the extent such matter has a disproportionate adverse effect on the Business taken as a whole relative to other comparable businesses operating in the same industries; or (b) prevents a Seller from consummating, or materially impairs or delays the ability of a Seller to consummate, the Transactions.

“Business Obligations” has the meaning set forth in Section 3 of Exhibit D.

“Buyer” has the meaning set forth in the introductory paragraph of this Agreement.

“Buyer Designated Transferee” has the meaning set forth in Section 1.7.

“Buyer Indemnified Parties” has the meaning set forth in Section 5.2.

“Cap” has the meaning set forth in Section 5.4(a).

“Cash Purchase Price” has the meaning set forth in Section 1.5.

“Champion License” means that certain Trademark License Agreement, dated June 28, 2022, by and between HBI Branded Apparel Enterprises, LLC (“HBIBAE”) and Keds, LLC.

“Closing” has the meaning set forth in Section 2.1(c).

“Closing Date” has the meaning set forth in Section 2.1(c).

“Closing Statement” has the meaning set forth in Section 1.6(a).

“Code” has the meaning set forth in Section 6.6(e).

“Continuing Employees” has the meaning set forth in Section 6.5(a).

“Contract” means any note, bond, mortgage, indenture, guarantee, license, franchise, permit, lease, deed, agreement, understanding, arrangement, contract, commitment, letter of intent, assignment, or other instrument or obligation, and any amendments thereto, whether written or oral.

“Copyright Assignment” means that certain assignment agreement (in the form attached hereto as Exhibit E) to be entered into at Closing, and which pertains to the assignment of Copyrights and other Intellectual Property included in the Assigned IP.

“Customs” has the meaning set forth in Section 3.15.

“Data Protection Laws” has the meaning set forth in Section 3.17(a).

“Delayed Offer Employees” has the meaning set forth in Section 6.5(a).

“Delayed Transfer Time” has the meaning set forth in Section 6.5(a).

“Domain Name Assignment” means that certain assignment agreement (in the form attached hereto as Exhibit F) to be entered into at Closing, and which pertains to the assignment of certain Internet Properties and other Intellectual Property included in the Assigned IP.

“E-Comm Business” has the meaning set forth in the recitals of this Agreement.

“Effective Time” has the meaning given to in Section 2.1.

“Employee Benefit Plan” means any “employee benefit plan” (as defined in ERISA § 3(3)) and each other benefit or compensation plan, program, policy, agreement or arrangement, whether or not covered by ERISA, that is maintained, sponsored, contributed to, or required to be contributed to, by a Seller with respect to the Business or with respect to which the Business has any liability, actual or contingent.

“Enforceability Exceptions” has the meaning set forth in Section 3.2.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“Estimated Cash Purchase Price” has the meaning set forth in Section 1.5.

“Estimated Closing Statement” has the meaning set forth in Section 1.5.

“Excluded Assets” means any asset of a Seller or an Affiliate other than the Purchased Assets, including those assets set forth on Schedule A-3.

“Excluded Liabilities” means any liability of a Seller or an Affiliate other than the Purchased Assets, including those assets set forth on Schedule A-4.

“Express Representations” has the meaning set forth in Section 3.22.

“Financial Statements” has the meaning set forth in Section 3.4(a).

“Fraud” means actual intentional common law fraud, as determined under Delaware law, in the making of the representations and warranties contained in this Agreement.

“Fundamental Representations” means the representations and warranties set forth in the following Sections 3.1 (Organization and Power), 3.2 (Authorization), 3.9 (Title; Liens), the last two sentences of Section 3.11(a) and the last sentence of 3.11(c) (Intellectual Property), and 3.21 (Brokers)

“GAAP” means United States generally accepted accounting principles from time to time, but not later than the date of this Agreement.

“Governmental Body” means any government, agency, governmental department, commission, board, bureau, court, arbitration panel or instrumentality of the United States of America or any foreign

government or any state, municipality or other political subdivision in or of any of the foregoing (whether now or hereafter constituted and/or existing) and any court, agency, instrumentality, regulatory commission or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“GST/HST/QST” has the meaning set forth in Section 6.6(a).

“Inactive Offer Employee” has the meaning set forth in Section 6.5(d).

“Indemnified Party” has the meaning set forth in Section 5.5(a).

“Indemnifying Party” has the meaning set forth in Section 5.5(a).

“Indirect Manufacturers” has the meaning set forth in Section 3.12(d).

“Initial Offer Employees” has the meaning set forth in Section 6.5(a).

“Initial Transfer Time” has the meaning set forth in Section 6.5(a).

“Intellectual Property” means: (a) all patents, utility patents, design patents, industrial designs, utility models, inventions (whether patentable or unpatentable and whether or not reduced to practice), all applications therefor (whether provisional, non-provisional, or otherwise), all divisionals, continuations, continuations-in-part, substitutions, reissues, reexaminations, renewals, and registrations thereof, all rights to claim priority to any of the foregoing, and all other Governmental Body-issued indicia of invention ownership (including statutory invention registrations, certificates of invention, and petty patents) (“Patents”); (b) all trademarks, service marks, brands, certification marks, collective marks, designs, logos, devices, taglines, slogans, trade dress, trade names, trade styles, business names, fictitious business names, and other similar indicia of source or origin, together with all of the goodwill associated with the use of and symbolized by any of the foregoing, and all registrations, applications for registration, and renewals of or for any of the foregoing (“Trademarks”); (c) all copyrights, works of authorship (including any and all Software as works of authorship), and expressions, whether published or unpublished, and whether or not copyrightable, including all compilations, collective works and derivative works of any of the foregoing, all mask works of any of the foregoing, all moral and economic rights in any of the foregoing, and all registrations, applications for registration, renewals, and extensions of any of the foregoing (“Copyrights”); (d) all domain names, web addresses, uniform resource locators (URLs), Internet Protocol addresses, websites, web pages, social media sites, social media pages, social media accounts and user names (including “handles”), all content and data associated with any of the foregoing, and all other names, identifiers, and locators associated with any of the foregoing, and all registrations, applications for registration, and renewals of, any of the foregoing (“Internet Properties”); (e) all trade secrets, know-how, formulae, compositions, materials, algorithms, code, program, ideas, inventions (whether or not patentable), invention disclosures, designs, discoveries, improvements, enhancements, technology, specifications, reports, quality records, technical information, business data (including customer lists, vendor lists, supplier lists, manufacturing data, financial data, marketing data, customer data, pricing and cost information, and business and marketing plans and proposals), data, databases, data compilations and collections, patterns, drawings, blueprints, tools, instruments, devices, methods, processes, procedures, techniques, confidential information, proprietary information, and all other information and things that would constitute a “trade secret” under applicable Law (“Trade Secrets”); (f) all software, computer programs, operating systems, applications, firmware, code, source code, object code, application programming interfaces, software development kits, data files, databases, database management systems, computerized databases, architecture, protocols, files, records, schematics, and other related specifications and documentation (“Software”); (g) all copies, models, molds, lasts, forms, patterns, dies, casts, copy lathes, prototypes, samples, and tangible embodiments of any of the foregoing (in whatever form or medium); (h) all other intellectual or industrial property and proprietary rights; (i) all rights to sue, recover damages, or otherwise claim for past, present, or future infringement or unauthorized use or disclosure, or breach of any of the assets, properties, or rights described above, and (j) any and all rights, titles, and interests in, arising out of, or associated with any of the foregoing in any jurisdiction throughout the world.



“Intellectual Property Assignment” means that certain assignment agreement (in the form attached hereto as Exhibit G) to be entered into at Closing, and which pertains to the assignment of Intellectual Property included in the Assigned IP.

“Interim Period Benefit” has the meaning set forth in Section 2.1.

“Inventory” means all inventories of finished goods sold in the Business that are owned by Sellers or any of their respective Affiliates as of the Effective Time, wherever located.

“IP Agreements” means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, waivers, releases, permissions, assignments, and other Contracts, whether written or oral, relating to any Intellectual Property, including any Licensed IP, to which a Seller or any of its Affiliates is a party, beneficiary, or otherwise bound.

“IP Buyer” has the meaning set forth in the introductory paragraph of this Agreement.

“Knowledge” or other similar knowledge qualification means the actual knowledge, after due inquiry, of James Zwiers, Chip Coe and Jennifer Lynch.

“Law” means any United States federal, state or local or applicable foreign law, statute, standard, ordinance, code, rule, regulation, decree, resolution or promulgation, or any governmental Order, or any license, franchise, permit or similar right granted under any of the foregoing, or any similar provision having the force or effect of law.

“Licensed IP” means any and all Intellectual Property (including, without limitation, any and all Registered IP and Unregistered IP) under which Seller or any of its Affiliates either (a) has granted any license or sublicense rights to any other Persons or (b) holds any license or sublicense rights granted by any other Persons.

“Lien” means any lien (statutory or otherwise), claim, charge, equitable interest, license, option, mortgage, security interest, pledge, encumbrance, easement, covenant, right of first refusal or similar restrictions; provided, however, that “Lien” does not include any Permitted Lien.

“Losses” means losses, liabilities, damages, deficiencies, Actions, judgments, interest, awards, assessments, fines, penalties, Taxes, fees, costs (including reasonable costs of investigation, defense and enforcement of this Agreement), expenses of whatever kind, in each case, including reasonable attorneys’ and experts fees and expenses and the costs of enforcing any right to indemnification hereunder; provided, however, that Losses will not include punitive or exemplary damages except to the extent to be finally determined by a court of competent jurisdiction to be owed to an unaffiliated third Person.

“Manufacturer” has the meaning set forth in Section 3.6(a).

“Material Contracts” has the meaning set forth in Section 3.6(b).

“Material Customers” has the meaning set forth in Section 3.7.

“Material Vendors” has the meaning set forth in Section 3.8.

“Net Inventory” means (a) the value of the Inventory, *less* (b) the amount of the Accounts Payable, in each case determined as of the Effective Time in accordance with the Accounting Principles.

“Net Inventory Adjustment Amount” means the amount, if any, by which actual Net Inventory at the Effective Time differs from the Target Amount.

“Neutral Accountant” has the meaning set forth in Section 1.6(a).

“Objection Notice” has the meaning set forth in Section 1.6(a).

“Offer Employees” has the meaning set forth in Section 6.5(a).

“Order” means any award, injunction, writ, judgment, decree, order, stipulation, ruling, subpoena, or verdict or other decision issued, promulgated, or entered by any Governmental Body of competent jurisdiction.

“Patent Assignment” means that certain assignment agreement (in the form attached hereto as Exhibit H) to be entered into at Closing, and which pertains to the assignment of Patents and other Intellectual Property included in the Assigned IP.

“Permitted Lien” means: (a) Liens for Taxes not yet due and payable or not yet delinquent or the amount or validity of which is being contested in good faith; (b) Liens which, individually or in the aggregate, are not material in character, amount or extent which do not, individually or in the aggregate, materially adversely affect, detract from or inhibit the use of the Purchased Assets or the conduct of the Business, and which did not arise in connection with any Excluded Indebtedness; (c) Liens arising by operation of Law in the ordinary course, such as mechanics’ Liens, materialmens’ Liens, carriers’ Liens, warehousemens’ Liens and similar Liens; provided, that the underlying obligations are not delinquent; (d) pledges or deposits under workers’ compensation (or similar) Laws, unemployment insurance or other types of insurance or compensation plans; (e) pledges or deposits that secure the performance of tenders, statutory obligations, bonds, bids, leases, Contracts and similar obligations; (f) restrictions that are reasonably apparent on the face of any Scheduled IP Agreement that is actually scheduled by Sellers; and (g) Liens to be discharged at Closing.

“Person” means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated association, trust, corporation, limited liability company, entity or governmental entity (whether foreign, federal, state, county, city or otherwise and including any instrumentality, division, agency or department thereof).

“Personal Data” means: (a) a natural person’s name, street address, telephone number, e-mail address, photograph, social security number or tax identification number, driver’s license number, passport number, credit card number, bank information, financial account information or customer or account number, biometric identifiers or any other piece of information that alone or in combination with other information directly or indirectly collected, held or otherwise managed by or for a Seller allows the identification of or contact with a natural person, household, or device; (b) any other information defined as “personal data,” “personally identifiable information,” “nonpublic personal information,” “individually identifiable health information,” “protected health information” or “personal information” under any Law; and (c) any information associated, directly or indirectly (by, for example, records linked via unique keys), to any of the foregoing.

“Platform Agreements” has the meaning set forth in Section 3.11(g).

“Pre-Closing Tax Period” has the meaning set forth in Section 6.6(a).

“Pre-Closing Tax Return” has the meaning set forth in Section 6.6(b)(i).

“Post-Closing Tax Period” has the meaning set forth in Section 6.6(a).

“Purchased Assets” means the following assets:

- (a) Inventory;
- (b) the Assigned IP together with all goodwill associated therewith;
- (c) rights under Assigned Contracts, to the extent assignable;
- (d) the Business Rights, if any;

(e) the tangible personal property identified on Schedule A-5;

(f) to the extent in a Seller's or an Affiliate's possession or reasonable control, (i) sole ownership of the files, documents, books and records, lists, reports, files, work papers, work product, correspondence, financial, purchasing, market and credit information, drawings, patterns, product information, including product development data, slogans, and Contract documents, manuals, sales, any customer, licensee, licensor, distributor and vendor lists, data and any related databases, marketing and promotional information and displays, literature and studies, audits, investigations, inspections, quality control data, and other materials, performance marketing results, costing information, purchase order information, lifetime interaction information, purchasing history, lifetime value of customer, brand engagement history, for the E-Comm Business, daily sales of units, dollar sales, markdowns, and similar information for each sku, documents and data in any form or medium (whether in hard copy or computer, digital, mobile or other electronic format) ("Books and Records") that are exclusively related to, exclusively used and exclusively held for use in connection with the Business (and sole ownership of with the exclusive right to use same after the Closing Date, subject to the below), and (ii) co-ownership of the Books and Records solely to the extent related to, used or held for use in connection with, the Business (but not exclusively so) or required for the operation of the Business (it being understood that any portion of the Books and Records not related to the Business may be redacted and with each party having the right to use and permit others to use same after Closing without the consent of or an accounting to the other party), except, in each case, (A) personnel records, health related files or any records that are prohibited from being transferred to Buyer under any data privacy Laws, (B) to the extent exclusively relating to Excluded Assets or Excluded Liabilities and (C) Sellers and their Affiliates may retain copies of and use such Books and Records in clause (i) for purposes of financial reporting and accounting matters, preparing financial statements, preparing and filing any Tax Returns, prosecuting any claims for refund, defending any Tax claims or assessment, preparing securities Law or exchange filings, prosecuting, defending or settling any litigation or insurance claim, performing this Agreement and the Transactions;

(g) all rights, claims, credits, causes of action or rights of set-off against third-parties to the extent relating to the Purchased Assets, whether known or unknown, liquidated or unliquidated, fixed or contingent, and all rights under or pursuant to all warranties, representations and guarantees to the extent relating to the Purchased Assets made by suppliers, manufacturers, contractors and other third-parties in connection with products or services to the extent purchased by or furnished to Sellers for use in the Business;

(h) all rights, causes of action, judgments, claims, reimbursements, and demands under manufacturers', suppliers', contractors', licensors' and vendors' warranties related exclusively to the Purchased Assets;

(i) effective as of the Transfer Time and insofar as they relate to the Continuing Employees, copies of the personnel files and other employment related records of such Continuing Employees;

(j) all deposits, rebates or allowances from customers, suppliers, distributors or other business relations, related exclusively to the Purchased Assets and with respect to periods following Closing; and

(k) all of Sellers' goodwill with respect to the Business as a going concern.

Notwithstanding the foregoing, the Purchased Assets do not include any Excluded Assets.

"Registered IP" means any and all Intellectual Property that is subject to any issuance, registration, or application by or with any Governmental Body or authorized private registrar in any jurisdiction in the world, including, without limitation, issued Patents, registered Trademarks, registered Internet Properties, and registered Copyrights, and pending applications for any of the foregoing; provided, however, that for purposes of Section 3.11, "Registered IP" shall exclude Intellectual Property listed on Schedule A-6.

“R&W Insurance Binder” means the agreement, dated as of the date of this Agreement, by and between Buyer and ASQ Underwriting, pursuant to which the R&W Insurance Policy is bound.

“R&W Insurance Policy” means the buyer-side representations and warranties insurance policy to be obtained by Buyer in connection with the Transactions.

“Sanctioned Region” means any country or region that is, or has been in the last five (5) years, the subject or target of a comprehensive embargo under Sanctions and Export Control Laws (including Cuba, Iran, North Korea, Sudan, Syria and the Crimea, Donetsk and Luhansk regions of Ukraine).

“Sanctioned Person” means any Person that is the subject or target of sanctions or restrictions under Trade Laws, including: (i) any Person listed on any applicable U.S. or non-U.S. sanctions- or export-related restricted party list, including but not limited to OFAC’s Specially Designated Nationals and Blocked Persons List, the EU Consolidated List and HM Treasury’s Consolidated List of Persons Subject to Financial Sanctions; (ii) any Person that is, in the aggregate, fifty percent (50%) or greater owned, directly or indirectly, or otherwise controlled by a Person or Persons described in clause (i) so as to subject the Person to sanctions; (iii) any Person acting on behalf of or at the direction of any Person described in clause (i) or (ii); or (iv) any Person that is organized, resident, or located in a Sanctioned Region.

“Scheduled IP Agreements” has the meaning set forth in Section 3.11(b).

“Seller(s)” has the meaning set forth in the introductory paragraph of this Agreement.

“Seller Indemnified Parties” has the meaning set forth in Section 5.3.

“Seller Tax” means (i) any Taxes of any Seller or any of its Affiliates (or any member, shareholder, or owner of any Seller or any of its Affiliates), (ii) any liability of Seller for the Taxes of any Person, under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise, (iii) any Taxes that become a liability of Buyer or any of its Affiliates under any common law doctrine of de facto merger or successor, transferee or similar liability, bulk transfer or similar liability, by contract or otherwise,<sup>1</sup> (iv) any Taxes imposed with respect to, arising out of or relating to the Purchased Assets and/or Business with respect to any Pre-Closing Tax Period, (v) any Transfer Taxes for which Sellers are responsible pursuant to Section 6.6(d), or (vi) Taxes attributable to the Excluded Assets or the Excluded Liabilities.

“Shared Contracts” has the meaning set forth in Section 3.6(b).

“Shared IP” means any and all Intellectual Property (including, without limitation, any and all Registered IP, Unregistered IP, and Licensed IP) that, in each case, (i) is owned, purported to be owned, licensed, used, or held for use by a Seller or any of its Affiliates and (ii) is not used or held for use exclusively in, or otherwise does not relate exclusively to, the Business, but which is used or held for use in the Business.

“Straddle Period” has the meaning set forth in Section 6.6(a).

“Straddle Period Tax Return” has the meaning set forth in Section 6.6(b)(ii).

“Target Amount” means \$26,860,415.

“Tax” or “Taxes” means any federal, state, local or foreign income, gross receipts, franchise, profits, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll, employment, license, unclaimed property or escheatment, employee or other withholding, foreign

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or domestic withholding, or other tax, of any kind whatsoever, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing (whether disputed or not).

“Tax Returns” means any return, report, declaration, form claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Third-Party Proceedings” has the meaning set forth in Section 5.5(a).

“Trade Laws” means all U.S. and non-U.S. laws, statutes, measures, Orders, and regulations relating to (i) economic or trade sanctions administered or enforced by the United States (including by the U.S. Department of Treasury Office of Foreign Assets Control (“OFAC”), the U.S. Department of State, and the U.S. Department of Commerce), or any other relevant Governmental Body; (ii) export, deemed export, transfer, and retransfer controls, including the U.S. Export Administration Regulations, the International Traffic in Arms Regulations, and any other similar regulations issued by any other relevant Governmental Body; (iii) import and customs regulations enforced by the United States (including by U.S. Customs and Border Protection), or any other relevant Governmental Body and (iv) U.S. antiboycott requirements.

“Trademark Assignment” means that certain assignment agreement (in the form attached hereto as Exhibit I) to be entered into at Closing, and which pertains to the assignment of Trademarks and other Intellectual Property included in the Assigned IP.

“Transactions” has the meaning set forth in the recitals of this Agreement.

“Transaction Documents” means this Agreement, the Confidentiality Agreement, the TSA, the Patent Assignment, Trademark Assignment, the Copyright Assignment, the Domain Name Assignment, the Intellectual Property Assignment, and all other agreements executed and delivered in connection herewith or therewith.

“Transfer Time” has the meaning set forth in Section 6.5(a).

“Transition Period” means the period between the Closing and the earlier of (a) the nine-month anniversary of Closing and (b) the date on which the Buyer’s independent operation of the E-Comm Business begins.

“Transition Period Asset Tax Return” has the meaning set forth in Section 6.6(b)(iii).

“TSA” means that certain agreement to be entered into at Closing whereby Buyer will receive, and WWW or an Affiliate will provide, designated transitional services on the terms set forth therein, in substantially the form attached hereto as Exhibit J.

“Unregistered IP” means any and all Intellectual Property that is not subject to any issuance, registration, or application by or with any Governmental Body or authorized private registrar in any jurisdiction in the world; provided, however, that for purposes of Section 3.11, “Unregistered IP” shall exclude Intellectual Property listed on Schedule A-6.

“WWW” has the meaning set forth in the introductory paragraph of this Agreement.

## **LIST OF EXHIBITS AND SCHEDULES OMITTED FROM THE PURCHASE AGREEMENT**

1. Exhibits B and C. Form ancillary documents.
2. Exhibit D. Process to be followed by parties in evaluating and potentially assigning contracts Keds shares with other Wolverine brands.
3. Exhibits E – I. Form IP-related ancillary documents.
4. Exhibit J. Form Transition Services Agreement.
5. Schedule 5.2(d). Specific line-item indemnities (there are none).
6. Schedules 6.5(a)(1) and 6.5(a)(2). Lists of “initial offer” and “delayed offer” employees who have been or will be offered employment with Designer Brands.
7. Schedule 6.6(c). Purchase price allocation among (i) the Sellers and (ii) the Purchased Assets.
8. Schedule A-1. The accounting principles to be followed in preparation of the Estimated Closing Statement and the Closing Statement.
9. Schedule A-2. List of Assigned Contracts.
10. Schedule A-3. List of Excluded Assets.
11. Schedule A-4. List of Excluded Liabilities.
12. Schedule A-5. List of tangible personal property included in the Purchased Assets.
13. Schedule A-6. List of intellectual property not included in the definitions of Registered IP or Unregistered IP.

## SUBSIDIARIES OF THE REGISTRANT

Name	State or Country of Incorporation or Organization
Gemini Asia Merrell, LLC	Delaware
Gemini Asia Saucony, LLC	Delaware
Gemini Intellectual Property, LLC	Delaware
Gemini Operations B.V.	The Netherlands
Hush Puppies Retail, LLC	Michigan
d/b/a Merrell	
Saucony	
Sperry	
Sperry / Saucony	
Sperry Top-Sider	
Sperry Top-Sider / Saucony	
Keds, LLC	Massachusetts
Krause Cayman Ltd.	Cayman Islands
Krause Global B.V.	The Netherlands
Krause Leathers (Thailand) Limited	Thailand
Lady of Leisure Holdings Limited	England & Wales
Lady of Leisure Hong Kong Limited	Hong Kong
Lady of Leisure InvestCo Limited	England & Wales
Lady of Leisure (Macau) Limited	Macau
Lady of Leisure Singapore Pte Limited	Republic of Singapore
Lifestyle and Heritage Brands of Mexico, S. de R.L. de C.V.	Mexico
Lifestyle and Heritage Servicios S. de R.L. de C.V.	Mexico
LifeStyle Brands (BVI) Limited	British Virgin Islands
LifeStyle Brands (HK) Limited	Hong Kong
LifeStyle Brands (Shanghai) Limited	People's Republic of China
Merrell Brand Operations (HK) Limited	Hong Kong
Merrell Brand Operations Limited	British Virgin Islands
Merrell Distribution Operations (HK) Limited	Hong Kong
Merrell Distribution Operations Limited	British Virgin Islands
Rockford ARS, LLC	Delaware
Rockford Global B.V.	The Netherlands
Saucony Brand Operations (HK) Limited	Hong Kong
Saucony Brand Operations Limited	British Virgin Islands
Saucony Distribution Operations (HK) Limited	Hong Kong
Saucony Distribution Operations Limited	British Virgin Islands
Saucony IP Holdings LLC	Delaware
Saucony, Inc.	Massachusetts
Spartan Shoe Company Limited	Cayman Islands
Sperry Top-Sider, LLC	Massachusetts
SR Holdings, LLC	Delaware
SR/Ecom, LLC	Massachusetts
SRL, LLC	Delaware

Name	State or Country of Incorporation or Organization
Stride Rite Children's Group, LLC d/b/a Merrell Rockford Footwear Depot Saucony Saucony / Sperry Top-Sider Sperry Sperry Since 1935 Saucony Footwear Merrell Footwear Online Shoes	Massachusetts
Stride Rite International Corp.	Massachusetts
Stride Rite International Services Brazil Ltda	Brazil
Sweaty Betty Ireland Digital Limited	Republic of Ireland
Sweaty Betty Ireland Limited	Republic of Ireland
Sweaty Betty Ireland Retail Limited	Republic of Ireland
Sweaty Betty Limited	England & Wales
Sweaty Betty (Shanghai) Commercial Limited	People's Republic of China
Sweaty Betty Trading Limited	England & Wales
Sweaty Betty USA Digital LLC	Delaware
Sweaty Betty USA TopCo Inc.	Delaware
Sweaty Betty USA Wholesale LLC	Delaware
The Stride Rite Corporation	Massachusetts
Wolverine Chile SpA	Chile
Wolverine Consulting Services (Zhuhai) Company Limited	People's Republic of China
Wolverine de Mexico, S.A. de C.V.	Mexico
Wolverine Distribution, Inc.	Delaware
Wolverine Europe B.V.	The Netherlands
Wolverine Europe Limited	England & Wales
Wolverine Europe Retail Limited	England & Wales
Wolverine Italia S.r.l.	Italy
Wolverine Outdoors, Inc.	Michigan
Wolverine Product Management, LLC	Michigan
Wolverine Sourcing, Inc.	Michigan
Wolverine Sourcing, Ltd.	Cayman Islands
Wolverine Trading (HK) Limited	Hong Kong
Wolverine Trading (Zhuhai) Company Limited	People's Republic of China
Wolverine Vietnam LLC	Vietnam
Wolverine World Wide Canada ULC	Alberta
Wolverine World Wide HK Limited	Hong Kong
Wolverine Worldwide Brands Private Limited	India
Wolverine Worldwide Leathers HK Limited	Hong Kong
Wolverine Worldwide Leathers, Inc.	Delaware
Xiamen Merrell Brand Operations Co., Ltd	People's Republic of China
Xiamen Merrell Outdoors Co., Ltd	People's Republic of China



**Name**  
Xiamen Saucony Brand Operations Co., Ltd  
Xiamen Saucony Sports Co., Ltd

**State or Country of Incorporation or Organization**  
People's Republic of China  
People's Republic of China

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-8 No. 333-93563) pertaining to the 1999 Stock Incentive Plan of Wolverine World Wide, Inc.,
2. Registration Statement (Form S-8 No. 333-88898) pertaining to the Amended and Restated Outside Directors' Deferred Compensation Plan of Wolverine World Wide, Inc.,
3. Registration Statement (Form S-8 No. 333-97917) pertaining to the Amended and Restated Directors' Stock Option Plan of Wolverine World Wide, Inc.,
4. Registration Statement (Form S-8 No. 333-106973) pertaining to the 2003 Stock Incentive Plan of Wolverine World Wide, Inc.,
5. Registration Statement (Form S-8 No. 333-129202) pertaining to the 2005 Stock Incentive Plan of Wolverine World Wide, Inc.,
6. Registration Statement (Form S-8 No. 333-165201) pertaining to the 2010 Stock Incentive Plan of Wolverine World Wide, Inc.,
7. Registration Statement (Form S-8 No. 333-186914) pertaining to the 2013 Stock Incentive Plan of Wolverine World Wide, Inc.,
8. Registration Statement (Form S-8 No. 333-210771) pertaining to the 2016 Stock Incentive Plan of Wolverine World Wide, Inc.,
9. Registration Statement (Form S-8 No. 333-224761) pertaining to the Amended and Restated 2016 Stock Incentive Plan of Wolverine World Wide, Inc., and
10. Registration Statement (Form S-8 No. 333-256085) pertaining to the Amended and Restated 2016 Stock Incentive Plan of Wolverine World Wide, Inc.;

of our reports dated February 23, 2023, with respect to the consolidated financial statements and schedule of Wolverine World Wide, Inc. and subsidiaries and the effectiveness of internal control over financial reporting of Wolverine World Wide, Inc. and subsidiaries included in this Annual Report (Form 10-K) of Wolverine World Wide, Inc. for the year ended December 31, 2022.

/s/ Ernst & Young LLP

Grand Rapids, Michigan

February 23, 2023

## CERTIFICATION

I, Brendan L. Hoffman, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 23, 2023

/s/ Brendan L. Hoffman

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Brendan L. Hoffman  
President and Chief Executive Officer  
Wolverine World Wide, Inc.

## CERTIFICATION

I, Michael D. Stornant, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 23, 2023

/s/ Michael D. Stornant

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Michael D. Stornant

Executive Vice President, Chief Financial Officer and Treasurer  
Wolverine World Wide, Inc.

**CERTIFICATIONS**

Solely for the purpose of complying with 18 U.S.C. § 1350, each of the undersigned hereby certifies in his capacity as an officer of Wolverine World Wide, Inc. (the "Company") that the Annual Report of the Company on Form 10-K for the fiscal year ended December 31, 2022 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: February 23, 2023

/s/ Brendan L. Hoffman

Brendan L. Hoffman  
President and Chief Executive Officer  
(Principal Executive Officer)

/s/ Michael D. Stornant

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