

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

**FORM 10-Q**

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

For the quarterly period ended April 2, 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)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**38-1185150**

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

**9341 Courtland Drive N.E.**, **Rockford**, **Michigan**

(Address of principal executive offices)

**49351**

(Zip Code)

**(616) 866-5500**

(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

There were 80,734,007 shares of common stock, \$1 par value, outstanding as of April 25, 2022.

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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:

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

These or other uncertainties could cause a material difference between an actual outcome and a forward-looking statement. The uncertainties included here are not exhaustive and are described in more detail in Part I, Item 1A: “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended January 1, 2022 (the “2021 Form 10-K”). Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company does not undertake an obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

## PART I. FINANCIAL INFORMATION

## ITEM 1. Financial Statements

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

(In millions, except per share data)	Quarter Ended	
	April 2, 2022	April 3, 2021
Revenue	\$ 614.8	\$ 510.7
Cost of goods sold	353.5	288.4
Gross profit	261.3	222.3
Selling, general and administrative expenses	211.3	174.4
Environmental and other related costs, net of recoveries	30.4	(10.2)
Operating profit	19.6	58.1
Other expenses:		
Interest expense, net	8.7	9.6
Other expense (income), net	(1.1)	2.8
Total other expenses	7.6	12.4
Earnings before income taxes	12.0	45.7
Income tax expense	3.6	7.3
Net earnings	\$ 8.4	\$ 38.4
Less: net loss attributable to noncontrolling interests	(1.3)	(0.1)
Net earnings attributable to Wolverine World Wide, Inc.	\$ 9.7	\$ 38.5
Net earnings per share (see Note 3):		
Basic	\$ 0.12	\$ 0.46
Diluted	\$ 0.12	\$ 0.45
Comprehensive income	\$ 5.3	\$ 44.6
Less: comprehensive loss attributable to noncontrolling interests	(1.1)	(0.4)
Comprehensive income attributable to Wolverine World Wide, Inc.	\$ 6.4	\$ 45.0
Cash dividends declared per share	\$ 0.10	\$ 0.10

See accompanying notes to consolidated condensed financial statements.

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

(In millions, except share data)	April 2, 2022	January 1, 2022	April 3, 2021
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 149.6	\$ 161.7	\$ 364.8
Accounts receivable, less allowances of \$25.4, \$28.3 and \$25.0	370.6	319.6	323.6
Finished products, net	470.6	354.1	311.2
Raw materials and work-in-process, net	12.7	11.4	9.7
Total inventories	483.3	365.5	320.9
Prepaid expenses and other current assets	74.4	56.9	37.9
Total current assets	1,077.9	903.7	1,047.2
Property, plant and equipment, net of accumulated depreciation of \$222.0, \$219.1 and \$202.6	128.4	129.0	120.8
Lease right-of-use assets, net	137.7	138.2	136.7
Goodwill	552.4	556.6	442.7
Indefinite-lived intangibles	707.4	718.1	382.3
Amortizable intangibles, net	72.6	74.6	71.2
Deferred income taxes	1.6	1.8	2.2
Other assets	68.0	64.4	64.2
Total assets	<u>\$ 2,746.0</u>	<u>\$ 2,586.4</u>	<u>\$ 2,267.3</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 293.8	\$ 222.1	\$ 279.3
Accrued salaries and wages	18.9	41.7	17.8
Other accrued liabilities	254.5	222.5	157.0
Lease liabilities	35.2	38.3	33.7
Current maturities of long-term debt	10.0	10.0	10.0
Borrowings under revolving credit agreements	355.0	225.0	—
Total current liabilities	967.4	759.6	497.8
Long-term debt, less current maturities	729.6	731.8	710.4
Accrued pension liabilities	106.2	107.4	146.5
Deferred income taxes	110.8	118.9	37.0
Lease liabilities, noncurrent	119.3	118.2	122.8
Other liabilities	97.4	106.1	127.7
Stockholders' equity:			
Common stock – par value \$1, authorized 320,000,000 shares; 112,092,848, 111,632,094, and 111,243,844 shares issued	112.1	111.6	111.2
Additional paid-in capital	302.3	298.9	265.7
Retained earnings	1,129.6	1,128.2	1,123.1
Accumulated other comprehensive loss	(102.2)	(98.9)	(124.1)
Cost of shares in treasury; 31,035,541, 29,604,013, and 28,359,799 shares	(845.1)	(810.2)	(766.8)
Total Wolverine World Wide, Inc. stockholders' equity	596.7	629.6	609.1
Noncontrolling interest	18.6	14.8	16.0
Total stockholders' equity	615.3	644.4	625.1
Total liabilities and stockholders' equity	<u>\$ 2,746.0</u>	<u>\$ 2,586.4</u>	<u>\$ 2,267.3</u>

See accompanying notes to consolidated condensed financial statements.

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

(In millions)	Quarter Ended	
	April 2, 2022	April 3, 2021
<b>OPERATING ACTIVITIES</b>		
Net earnings	\$ 8.4	\$ 38.4
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	8.5	7.2
Deferred income taxes	(6.8)	1.0
Stock-based compensation expense	10.3	10.0
Pension and SERP expense	2.3	3.5
Environmental and other related costs, net of cash payments and recoveries received	14.1	(0.2)
Other	2.2	0.6
Changes in operating assets and liabilities:		
Accounts receivable	(52.2)	(56.2)
Inventories	(122.8)	(79.0)
Other operating assets	(8.1)	8.9
Accounts payable	74.4	95.8
Income taxes payable	8.2	(0.2)
Other operating liabilities	(31.0)	(3.5)
Net cash provided by (used in) operating activities	(92.5)	26.3
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(7.5)	(2.2)
Other	3.7	(0.5)
Net cash used in investing activities	(3.8)	(2.7)
<b>FINANCING ACTIVITIES</b>		
Payments under revolving credit agreements	(37.0)	—
Borrowings under revolving credit agreements	167.0	—
Payments on long-term debt	(2.5)	(2.5)
Cash dividends paid	(8.4)	(8.5)
Purchases of common stock for treasury	(33.8)	—
Employee taxes paid under stock-based compensation plans	(7.1)	(9.2)
Proceeds from the exercise of stock options	0.8	10.5
Contributions from noncontrolling interests	7.0	4.8
Net cash provided by (used in) financing activities	86.0	(4.9)
Effect of foreign exchange rate changes	(1.8)	(1.3)
Increase (decrease) in cash and cash equivalents	(12.1)	17.4
Cash and cash equivalents at beginning of the year	161.7	347.4
Cash and cash equivalents at end of the quarter	\$ 149.6	\$ 364.8

See accompanying notes to consolidated condensed financial statements.

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

	Wolverine World Wide, Inc. Stockholders' Equity						
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non- controlling Interest	Total
<i>(In millions, except share and per share data)</i>							
Balance at January 2, 2021	\$ 110.4	\$ 252.6	\$ 1,093.3	\$ (130.6)	\$ (764.3)	\$ 11.6	\$ 573.0
Net earnings (loss)			38.5			(0.1)	38.4
Other comprehensive income (loss)				6.5		(0.3)	6.2
Shares issued, net of shares forfeited under stock incentive plans (336,783 shares)	0.3	(7.0)					(6.7)
Shares issued for stock options exercised, net (480,292 shares)	0.5	10.1					10.6
Stock-based compensation expense		10.0					10.0
Cash dividends declared (\$0.10 per share)			(8.7)				(8.7)
Purchases of shares under stock-based compensation plans (75,690 shares)					(2.5)		(2.5)
Capital contribution from noncontrolling interest						4.8	4.8
Balance at April 3, 2021	<u>\$ 111.2</u>	<u>\$ 265.7</u>	<u>\$ 1,123.1</u>	<u>\$ (124.1)</u>	<u>\$ (766.8)</u>	<u>\$ 16.0</u>	<u>\$ 625.1</u>
Balance at January 1, 2022	\$ 111.6	\$ 298.9	\$ 1,128.2	\$ (98.9)	\$ (810.2)	\$ 14.8	\$ 644.4
Net earnings (loss)			9.7			(1.3)	8.4
Other comprehensive income (loss)				(3.3)		0.2	(3.1)
Shares issued, net of shares forfeited under stock incentive plans (420,226 shares)	0.4	(7.6)					(7.2)
Shares issued for stock options exercised, net (40,528 shares)	0.1	0.7					0.8
Stock-based compensation expense		10.3					10.3
Cash dividends declared (\$0.10 per share)			(8.3)				(8.3)
Purchase of common stock for treasury (1,432,813 shares)					(34.9)		(34.9)
Capital contribution from noncontrolling interest						7.0	7.0
Other						(2.1)	(2.1)
Balance at April 2, 2022	<u>\$ 112.1</u>	<u>\$ 302.3</u>	<u>\$ 1,129.6</u>	<u>\$ (102.2)</u>	<u>\$ (845.1)</u>	<u>\$ 18.6</u>	<u>\$ 615.3</u>

See accompanying notes to consolidated condensed financial statements.

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

**1. BASIS OF PRESENTATION**

**Nature of Operations**

Wolverine World Wide, Inc. (the "Company") is a leading designer, marketer and licensor of a broad range of quality casual footwear and apparel; performance outdoor and athletic footwear and apparel; kids' footwear; industrial work shoes, boots and apparel; and uniform shoes and boots. The Company's portfolio of owned and licensed brands includes: *Bates*<sup>®</sup>, *Cat*<sup>®</sup>, *Chaco*<sup>®</sup>, *Harley-Davidson*<sup>®</sup>, *Hush Puppies*<sup>®</sup>, *Hytex*<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 joint ventures. The Company also operates retail stores and eCommerce sites to market both its own brands and branded footwear and apparel from other manufacturers, as well as a leathers division that markets *Wolverine Performance Leathers*<sup>™</sup>.

On August 2, 2021, the Company completed the acquisition of Lady Leisure InvestCo Limited (the "Acquired Company") for \$417.4 million, which is 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 16 for further discussion.

**Basis of Presentation**

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for a complete presentation of the financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included in the accompanying financial statements. For further information, refer to the consolidated financial statements and notes included in the Company's 2021 Form 10-K.

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

**Fiscal Year**

The Company's fiscal year is the 52 or 53-week period that ends on the Saturday nearest to December 31. Fiscal years 2022 and 2021 each have 52 weeks. The Company reports its quarterly results of operations on the basis of 13-week quarters for each of the first three fiscal quarters and a 13 or 14-week period for the fiscal fourth quarter. References to particular years or quarters refer to the Company's fiscal years ended on the Saturday nearest to December 31 or the fiscal quarters within those years.

**Seasonality**

The Company 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. The Company meets its working capital requirements through internal operating cash flows and, as needed, under its revolving credit facility, as discussed in more detail under the caption "Liquidity and Capital Resources" in Item 2: "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Company's working capital could also be impacted by other events, including pandemics such as COVID-19.

## 2. NEW ACCOUNTING STANDARDS

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

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

## 3. EARNINGS PER SHARE

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

(In millions, except per share data)	Quarter Ended	
	April 2, 2022	April 3, 2021
<b>Numerator:</b>		
Net earnings attributable to Wolverine World Wide, Inc.	\$ 9.7	\$ 38.5
Adjustment for earnings allocated to non-vested restricted common stock	(0.2)	(0.7)
Net earnings used in calculating basic and diluted earnings per share	\$ 9.5	\$ 37.8
<b>Denominator:</b>		
Weighted average shares outstanding	81.5	82.5
Adjustment for non-vested restricted common stock	—	(0.4)
Shares used in calculating basic earnings per share	81.5	82.1
Effect of dilutive stock options	0.4	1.1
Shares used in calculating diluted earnings per share	81.9	83.2
<b>Net earnings per share:</b>		
Basic	\$ 0.12	\$ 0.46
Diluted	\$ 0.12	\$ 0.45

For the quarters ended April 2, 2022 and April 3, 2021, 984,771 and 58,260 outstanding stock options, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

## 4. GOODWILL AND INDEFINITE-LIVED INTANGIBLES

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

(In millions)	Quarter Ended	
	April 2, 2022	April 3, 2021
Goodwill balance at beginning of the year	\$ 556.6	\$ 442.4
Foreign currency translation effects	(4.2)	0.3
Goodwill balance at end of the quarter	\$ 552.4	\$ 442.7

The Company’s indefinite-lived intangible assets, which comprise trade names and trademarks, totaled \$707.4 million, \$718.1 million, and \$382.3 million as of April 2, 2022, January 1, 2022, and April 3, 2021, respectively. The carrying value of the Company’s *Sperry*® trade name was \$296.0 million as of April 2, 2022. Based on the interim impairment assessment as of April 2, 2022, it was determined that there were no triggering events indicating impairment of the Company’s goodwill and indefinite-lived intangible assets. The risk of future non-cash impairment for the *Sperry*® trade name is dependent on key assumptions used in the determination of the trade name’s fair value, such as revenue growth, earnings before interest, taxes,

depreciation and amortization ("EBITDA") margin, discount rate, and assumed tax rate, or if macroeconomic conditions deteriorate due to the COVID-19 pandemic and adversely affect the value of the Company's *Sperry*<sup>®</sup> trade name.

## 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Revenue Recognition and Performance Obligations

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

(In millions)	Quarter Ended April 2, 2022			Quarter Ended April 3, 2021		
	Wholesale	Consumer-Direct	Total	Wholesale	Consumer-Direct	Total
Wolverine Michigan Group	\$ 275.6	\$ 53.7	\$ 329.3	\$ 234.4	\$ 63.3	\$ 297.7
Wolverine Boston Group	169.0	43.3	212.3	150.8	50.1	200.9
Other	28.8	44.4	73.2	11.2	0.9	12.1
Total	\$ 473.4	\$ 141.4	\$ 614.8	\$ 396.4	\$ 114.3	\$ 510.7

The Company has agreements to license symbolic intellectual property with minimum guarantees or fixed consideration. The Company is due \$17.3 million of remaining fixed transaction price under its license agreements as of April 2, 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 the fiscal periods presented related to the Company's contract liabilities was nominal.

The Company's contract balances are as follows:

(In millions)	April 2, 2022	January 1, 2022	April 3, 2021
Product returns reserve	\$ 13.2	\$ 16.6	\$ 9.9
Customer markdowns reserve	2.9	2.3	2.2
Other sales incentives reserve	3.4	3.4	4.9
Customer rebates liability	16.7	17.0	13.9
Customer advances liability	7.9	6.8	4.0

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

## 6. DEBT

Total debt consists of the following obligations:

(In millions)	April 2, 2022	January 1, 2022	April 3, 2021
Term Facility, due October 21, 2026	\$ 197.5	\$ 200.0	\$ —
Term Loan A, due December 6, 2023	—	—	177.5
Senior Notes, 5.000% interest, due September 1, 2026	—	—	250.0
Senior Notes, 6.375% interest, due May 15, 2025	—	—	300.0
Senior Notes, 4.000% interest, due August 15, 2029	550.0	550.0	—
Borrowings under revolving credit agreements	355.0	225.0	—
Unamortized deferred financing costs	(7.9)	(8.2)	(7.1)
Total debt	<u>\$ 1,094.6</u>	<u>\$ 966.8</u>	<u>\$ 720.4</u>

On October 21, 2021, the Company entered into a 2021 Replacement Facility Amendment and Reaffirmation Agreement (the "Amendment") to 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 April 2, 2022 and are recorded as current maturities of long-term debt on the consolidated condensed 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 \$6.0 million, \$5.8 million and \$6.1 million as of April 2, 2022, January 1, 2022 and April 3, 2021, 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 April 2, 2022, the Term Facility and the Revolving Facility had a weighted-average interest rate of 1.68%.

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 April 2, 2022, the Company was in compliance with all covenants and performance ratios under the Amended Senior Credit Facility.

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

The Company has a foreign revolving credit facility with aggregate available borrowings of \$4.0 million that are uncommitted and, therefore, each borrowing against the facility is subject to approval by the lender. There were no borrowings against this facility as of April 2, 2022, January 1, 2022 and April 3, 2021.

The Company included in interest expense the amortization of deferred financing costs of \$0.5 million and \$0.7 million for the quarters ended April 2, 2022 and April 3, 2021, respectively.

## 7. LEASES

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

(In millions)	Quarter Ended	
	April 2, 2022	April 3, 2021
Operating lease cost	\$ 9.0	\$ 8.1
Variable lease cost	3.6	3.2
Short-term lease cost	1.0	0.3
Sublease income	(2.1)	(1.8)
Total lease cost	\$ 11.5	\$ 9.8

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

(In millions)	Quarter Ended	
	April 2, 2022	April 3, 2021
Cash paid for operating lease liabilities	\$ 11.2	\$ 9.1
Operating lease assets obtained in exchange for lease liabilities	8.4	0.2

The Company did not enter into any real estate leases with commencement dates subsequent to April 2, 2022.

## 8. DERIVATIVE FINANCIAL INSTRUMENTS

The Company utilizes foreign currency forward exchange contracts designated as cash flow hedges to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business. These foreign currency forward exchange hedge contracts extended out to a maximum of 538 days, 538 days, and 538 days as of April 2, 2022, January 1, 2022 and April 3, 2021, respectively. If, in the future, the foreign exchange contracts are determined not to be highly effective or are terminated before their contractual termination dates, the Company would remove the hedge designation from those contracts and reclassify into earnings the unrealized gains or losses that would otherwise be included in accumulated other comprehensive income (loss) within stockholders' equity.

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

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

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

was also recorded in accumulated other comprehensive income (loss). All other changes in fair value were recorded in interest expense.

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

(Dollars in millions)	April 2, 2022	January 1, 2022	April 3, 2021
Foreign exchange hedge contracts	\$ 331.7	\$ 296.7	\$ 231.3
Interest rate swap	311.3	311.3	—
Cross currency swap	—	—	79.8

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

(In millions)	April 2, 2022	January 1, 2022	April 3, 2021
<b>Financial assets:</b>			
Foreign exchange hedge contracts	\$ 9.1	\$ 5.9	\$ 1.4
Interest rate swap	5.0	—	—
<b>Financial liabilities:</b>			
Foreign exchange hedge contracts	\$ (1.0)	\$ (1.0)	\$ (4.6)
Interest rate swap	—	(0.1)	—
Cross currency swap	—	—	(7.9)

## 9. STOCK-BASED COMPENSATION

The Company recognized compensation expense of \$10.3 million and \$10.0 million, and related income tax benefits of \$2.0 million and \$2.0 million, for grants under the Company's stock-based compensation plans for the quarters ended April 2, 2022 and April 3, 2021, respectively.

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

The Company granted restricted awards and performance awards as follows:

(In millions)	Quarter Ended April 2, 2022		Quarter Ended April 3, 2021	
	Company Shares Issued	Weighted-Average Grant Date Fair Value	Company Shares Issued	Weighted-Average Grant Date Fair Value
Restricted Awards	811,712	\$ 27.02	552,439	\$ 34.22
Performance Awards	382,291	\$ 30.06	620,771	\$ 35.74

## 10. RETIREMENT PLANS

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

(In millions)	Quarter Ended	
	April 2, 2022	April 3, 2021
Service cost pertaining to benefits earned during the period	\$ 1.3	\$ 1.8
Interest cost on projected benefit obligations	3.3	3.2
Expected return on pension assets	(5.1)	(4.9)
Net amortization loss	2.8	3.4
Net pension expense	<u>\$ 2.3</u>	<u>\$ 3.5</u>

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

## 11. INCOME TAXES

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

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

The Company's effective tax rates for the quarters ended April 2, 2022 and April 3, 2021 were 30.4% and 16.0%, respectively. The change in the effective tax rates between the periods is due to lower pre-tax earnings in the current year causing discrete adjustments recorded in the current year to have a larger effect on the effective rate. The Company recognized discrete tax expenses in 2022 which increased tax expense. In 2021, the Company recognized discrete tax benefits which reduced tax expense, resulting in a lower effective tax rate.

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

## 12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

The change in accumulated other comprehensive income (loss) during the quarters ended April 2, 2022 and April 3, 2021 is as follows:

(In millions)	Foreign currency translation	Derivatives	Pension	Total
Balance at January 2, 2021	\$ (36.8)	\$ (20.3)	\$ (73.5)	\$ (130.6)
Other comprehensive income (loss) before reclassifications <sup>(1)</sup>	(1.6)	5.0	—	3.4
Amounts reclassified from accumulated other comprehensive income (loss)	—	0.6 <sup>(2)</sup>	3.4 <sup>(3)</sup>	4.0
Income tax expense (benefit)	—	(0.2)	(0.7)	(0.9)
Net reclassifications	—	0.4	2.7	3.1
Net current-period other comprehensive income (loss) <sup>(1)</sup>	(1.6)	5.4	2.7	6.5
Balance at April 3, 2021	<u>\$ (38.4)</u>	<u>\$ (14.9)</u>	<u>\$ (70.8)</u>	<u>\$ (124.1)</u>
Balance at January 1, 2022	\$ (56.8)	\$ (8.9)	\$ (33.2)	\$ (98.9)
Other comprehensive income (loss) before reclassifications <sup>(1)</sup>	(13.7)	8.5	—	(5.2)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(0.4) <sup>(2)</sup>	2.8 <sup>(3)</sup>	2.4
Income tax expense (benefit)	—	0.1	(0.6)	(0.5)
Net reclassifications	—	(0.3)	2.2	1.9
Net current-period other comprehensive income (loss) <sup>(1)</sup>	(13.7)	8.2	2.2	(3.3)
Balance at April 2, 2022	<u>\$ (70.5)</u>	<u>\$ (0.7)</u>	<u>\$ (31.0)</u>	<u>\$ (102.2)</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 are included in cost of goods sold. Amounts related to foreign currency derivatives that are no longer deemed to be highly effective are included in other income. Amounts related to the interest rate swap and the cross-currency swap are included in interest expense.

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

### 13. FAIR VALUE MEASUREMENTS

The Company measures certain financial assets and liabilities at fair value on a recurring basis. For additional information regarding the Company's fair value policies, refer to Note 1 in the Company's 2021 Form 10-K.

#### Recurring Fair Value Measurements

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

(In millions)	Fair Value Measurements			
	Quoted Prices With Other Observable Inputs (Level 2)			
	April 2, 2022	January 1, 2022	April 3, 2021	
<b>Financial assets:</b>				
Derivatives	\$ 14.1	\$ 5.9	\$ 1.4	
<b>Financial liabilities:</b>				
Derivatives	\$ (1.0)	\$ (1.1)	\$ (12.5)	

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

#### Fair Value Disclosures

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

(In millions)	April 2, 2022	January 1, 2022	April 3, 2021
Carrying value	\$ 1,094.6	\$ 966.8	\$ 720.4
Fair value	1,033.0	960.6	759.0

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).

### 14. LITIGATION AND CONTINGENCIES

#### Litigation

The Company operated a leather tannery in Rockford, Michigan from the early 1900s through 2009 (the "Tannery"). The Company also owns a parcel on House Street in Plainfield Township that the Company used for the disposal of Tannery byproducts until about 1970 (the "House Street" site). Beginning in the late 1950s, the Company used 3M Company's Scotchgard™ in its processing of certain leathers at the Tannery. Until 2002 when 3M Company changed its Scotchgard™ formula, Tannery byproducts disposed of by the Company at the House Street site and other locations may have contained PFOA and/or PFOS, two chemicals in the family of compounds known as per- and polyfluoroalkyl substances (together, "PFAS"). PFOA and PFOS help provide non-stick, stain-resistant, and water-resistant qualities, and were used for many decades in commercial products like firefighting foams and metal plating, and in common consumer items like food wrappers, microwave popcorn bags, pizza boxes, Teflon™, carpets and Scotchgard™.

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

### *Civil and Regulatory Actions of EGLE and EPA*

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

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

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

On January 10, 2018, the EPA entered a Unilateral Administrative Order (the "Order") under Section 106(a) of CERCLA, 42 U.S.C. § 9606(a) with an effective date of February 1, 2018. The Order pertained to specified removal actions at the Company's Tannery and House Street sites, including certain time critical removal actions subsequently identified in an April 29, 2019 letter from the EPA, to abate the actual or threatened release of hazardous substances at or from the sites. On October 28, 2019, the EPA and the Company entered into an Administrative Settlement and Order on Consent ("AOC") that supersedes the Order and addresses the agreed-upon removal actions outlined in the Order. The Company has completed 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 September 27, 2021, the Company and 3M Company entered into a non-binding term sheet outlining proposed settlement terms with the law firm representing certain of the plaintiffs in the individual lawsuits included in the Litigation Matters, and on January 11, 2022, the parties entered into the Master Settlement Agreement related to this proposed settlement. Each of these plaintiffs subsequently agreed to participate in the settlement. These plaintiffs' lawsuits have been dismissed with prejudice.

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 have been dismissed with prejudice. Only one private individual action remains pending in Michigan state court.

In addition, the parties to the putative class action have engaged in productive mediation sessions, and remain in ongoing settlement discussions.

For certain of the Litigation Matters described above and as a result of developments in March 2022, the Company increased its accrual by \$37.8 million since January 1, 2022 and made related payments of \$1.5 million. As of April 2, 2022, the Company had recorded liabilities of \$86.4 million for certain of the Litigation Matters described above and are recorded as other accrued

liabilities. At this time, assessing potential liability with respect to the Litigation Matters that are still pending is difficult. Other than the individual lawsuits subject to the settlements described above, the Litigation Matters are in various stages of discovery and related motions. In addition, there is minimal direct and relevant precedent for these types of claims related to PFAS, and the science regarding the human health effects of PFAS exposure in the environment remains inconclusive and inconsistent, thereby creating additional uncertainties.

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 other environmental matters. Some of the legal proceedings include claims for compensatory as well as punitive damages. While the final outcome of these matters cannot be predicted with certainty, considering, among other things, the meritorious legal defenses available to the Company and reserves for liabilities that the Company has recorded, along with applicable insurance, it is management's opinion that the outcome of these items are not expected to have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

#### Environmental Liabilities

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

(In millions)	Quarter Ended	
	April 2, 2022	April 3, 2021
Remediation liability at beginning of the year	\$ 85.7	\$ 101.8
Amounts paid	(10.5)	(1.0)
Remediation liability at the end of the quarter	\$ 75.2	\$ 100.8

The reserve balance as of April 2, 2022 includes \$21.6 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 \$53.6 million expected to be paid over the course of up to 25 years, recorded in other liabilities.

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

#### Minimum Royalties and Advertising Commitments

The Company has future minimum royalty and advertising obligations due under the terms of certain licenses held by the Company. These minimum future obligations for the fiscal periods subsequent to April 2, 2022 are as follows:

(In millions)	2022	2023	2024	2025	2026	Thereafter
Minimum royalties	\$ 1.2	\$ —	\$ —	\$ —	\$ —	\$ —
Minimum advertising	\$ 1.2	\$ 3.9	\$ 3.9	\$ 4.2	\$ 4.3	\$ —

Minimum royalties are based on both fixed obligations and assumptions regarding the Consumer Price Index. Royalty obligations in excess of minimum requirements are based upon future sales levels. In accordance with these agreements, the

Company incurred royalty expense of \$0.5 million and \$0.4 million for the quarters ended April 2, 2022 and April 3, 2021, respectively.

The terms of certain license agreements also require the Company to make advertising expenditures based on the level of sales of the licensed products. In accordance with these agreements, the Company incurred advertising expense of \$1.3 million and \$1.0 million for the quarters ended April 2, 2022 and April 3, 2021, respectively.

## 15. BUSINESS SEGMENTS

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

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

The Company also reports "Other" and "Corporate" categories. The Other category consists of the *Sweaty Betty*<sup>®</sup> activewear business, the Company's leather marketing operations, sourcing operations that include third-party commission revenues and multi-branded consumer-direct retail stores. The Corporate category consists of unallocated corporate expenses, such as corporate employee costs, costs related to the COVID-19 pandemic 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 consumer-direct businesses. The Company's reportable segments are determined based on how the Company internally reports and evaluates financial information used to make operating decisions.

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

(In millions)	Quarter Ended	
	April 2, 2022	April 3, 2021
Revenue:		
Wolverine Michigan Group	\$ 329.3	\$ 297.7
Wolverine Boston Group	212.3	200.9
Other	73.2	12.1
Total	\$ 614.8	\$ 510.7
Segment operating profit (loss):		
Wolverine Michigan Group	\$ 65.1	\$ 59.2
Wolverine Boston Group	29.2	34.1
Other	0.1	0.3
Corporate	(74.8)	(35.5)
Operating profit	19.6	58.1
Interest expense, net	8.7	9.6
Other expense (income), net	(1.1)	2.8
Earnings before income taxes	\$ 12.0	\$ 45.7

(In millions)	April 2, 2022	January 1, 2022	April 3, 2021
<b>Total assets:</b>			
Wolverine Michigan Group	\$ 762.2	\$ 651.9	\$ 684.8
Wolverine Boston Group	1,172.3	1,123.6	1,126.8
Other	595.6	606.2	37.0
Corporate	215.9	204.7	418.7
Total	<u>\$ 2,746.0</u>	<u>\$ 2,586.4</u>	<u>\$ 2,267.3</u>
<b>Goodwill:</b>			
Wolverine Michigan Group	\$ 144.4	\$ 145.1	\$ 145.7
Wolverine Boston Group	296.4	296.2	297.0
Other	111.6	115.3	—
Total	<u>\$ 552.4</u>	<u>\$ 556.6</u>	<u>\$ 442.7</u>

## 16. BUSINESS ACQUISITIONS

On July 31, 2021, the Company entered into a definitive agreement to acquire 100% of the outstanding shares of Lady of Leisure InvestCo Limited. The acquisition was completed on August 2, 2021 for \$417.4 million, which is 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 \$53.6 million and net loss of \$0.1 million to the Company for the quarter ended April 2, 2022. The *Sweaty Betty*<sup>®</sup> operating results are included in the Other 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 is preliminary and based upon valuation information available to determine the fair value of certain assets and liabilities, including goodwill, and is subject to change, primarily for income tax matters and final adjustments to net working capital as additional information is obtained about the facts and circumstances that existed at the valuation date. The Company expects to finalize the fair values of the assets acquired and liabilities assumed over the one-year measurement period.

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

(In millions)	Fair Value
Accounts receivable	\$ 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 the acquired assembled workforce. All of the goodwill is presented within the Other category 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 as follows:

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

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

(In millions)	Quarter Ended April 3, 2021
Net revenue	\$ 569.8
Net earnings attributable to Wolverine World Wide, Inc.	41.1

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

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

### **BUSINESS OVERVIEW**

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

The Company’s brands are marketed in approximately 170 countries and territories at April 2, 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 April 2, 2022, the Company operated 142 retail stores in the U.S., Europe and Canada and 64 consumer-direct eCommerce sites.

On July 31, 2021, the Company entered into a definitive agreement to acquire 100% of the outstanding shares of Lady Leisure InvestCo Limited (the “Acquired Company”). The acquisition was completed on August 2, 2021 for \$417.4 million, which is net of acquired cash of \$7.4 million. The Acquired Company owns the *Sweaty Betty*® brand and activewear business, a premium women’s activewear brand. The acquisition was funded with cash on hand and borrowings under the Company’s revolving credit facility.

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

The COVID-19 pandemic has had a material adverse impact, and is expected to continue to have an impact, on the Company’s financial results. 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 caused delays of shipments to wholesale partners during the first quarter of 2022. Supply chain disruptions resulted in the Company not being able to fulfill all orders received from customers during the quarter. The Company also incurred higher logistics costs, including freight and labor costs, during the first quarter of 2022 as a result of the supply chain disruption. The Company expects certain aspects of the disruption in the global supply chain to continue into future periods. The Company will continue to monitor delays and other disruptions in the supply chain and will implement measures intended to mitigate the effects of such delays and disruptions as needed.

The Company continues to monitor the ongoing impacts of the COVID-19 pandemic as well as guidance from international and domestic governmental authorities, including developments that are outside the Company’s control. These developments and other potential impacts of the COVID-19 pandemic, such as new or prolonged factory closures and other adverse impacts on the global supply chain effecting the planned delivery of inventory, could materially adversely impact revenue growth as well as profitability in future periods.

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. For a more complete discussion of the risks the Company encounter in our business, please refer to Item 1A, “Risk Factors” in the Company’s 2021 Form 10-K.

### **2022 FINANCIAL OVERVIEW**

- Revenue was \$614.8 million for the first quarter of 2022, representing an increase of 20.4% compared to the first quarter of 2021.
- Gross margin was 42.5% in the first quarter of 2022 compared to 43.5% in the first quarter of 2021.
- The effective tax rates in the first quarters of 2022 and 2021 were 30.4% and 16.0%, respectively.
- Diluted earnings per share for the first quarter of 2022 was \$0.12 per share compared to diluted earnings per share of \$0.45 per share for the first quarter of 2021.
- The Company declared cash dividends of \$0.10 per share in both of the first quarters of 2022 and 2021.
- Cash flow used by operating activities was \$92.5 million for the first quarter of 2022 compared to cash flow provided by operating activities of \$26.3 million for the first quarter of 2021.

- Compared to the first quarter of 2021, inventory increased \$162.4 million, or 50.6%. Sweaty Betty contributed 14.5% to the increase versus the prior year.

## RESULTS OF OPERATIONS

(In millions, except per share data)	Quarter Ended		
	April 2, 2022	April 3, 2021	Percent Change
Revenue	\$ 614.8	\$ 510.7	20.4 %
Cost of goods sold	353.5	288.4	22.6
Gross profit	261.3	222.3	17.5
Selling, general and administrative expenses	211.3	174.4	21.2
Environmental and other related costs, net of recoveries	30.4	(10.2)	398.0
Operating profit	19.6	58.1	(66.3)
Interest expense, net	8.7	9.6	(9.4)
Other expense (income), net	(1.1)	2.8	(139.3)
Earnings before income taxes	12.0	45.7	(73.7)
Income tax expense	3.6	7.3	(50.7)
Net earnings	8.4	38.4	(78.1)
Less: net loss attributable to noncontrolling interests	(1.3)	(0.1)	—
Net earnings attributable to Wolverine World Wide, Inc.	\$ 9.7	\$ 38.5	(74.8)%
Diluted earnings per share	\$ 0.12	\$ 0.45	(73.3)%

## REVENUE

Revenue was \$614.8 million for the first quarter of 2022, representing an increase of 20.4% compared to the first quarter of 2021. The change in revenue reflected a 10.6% increase from the Michigan Group, a 5.7% increase from the Boston Group and a 10.5% contribution from *Sweaty Betty*<sup>®</sup> revenue of \$53.6 million. The Michigan Group's revenue increase was driven by high-thirties increase from *Cat*<sup>®</sup>, low-teens increase from *Wolverine*<sup>®</sup>, and mid-forties increase from *Chaco*<sup>®</sup>. The Boston Group's revenue increase was driven by high-teens increase from *Sperry*<sup>®</sup> and mid-single digit increase from *Saucony*<sup>®</sup>, partially offset by high-teens decline from *Keds*<sup>®</sup>. Changes in foreign exchange rates decreased revenue by \$3.9 million during the first quarter of 2022. Direct-to-consumer revenue increased during the first quarter of 2022 by 23.7% compared to the first quarter of 2021, including a 38.0% contribution from the *Sweaty Betty*<sup>®</sup> acquisition.

## GROSS MARGIN

Gross margin was 42.5% in the first quarter of 2022 compared to 43.5% in the first quarter of 2021. The gross margin decrease in the first quarter was driven by an unfavorable mix shift to the international third-party channel (100 basis points), unfavorable volume and outbound freight costs in the Company's direct to consumer channel (70 basis points), and higher cost of products from inbound freight, labor and materials costs, in part offset by price increases (60 basis points), partially offset by the contribution from the *Sweaty Betty*<sup>®</sup> acquisition (100 basis points).

## OPERATING EXPENSES

Operating expenses increased \$77.5 million, from \$164.2 million in the first quarter of 2021 to \$241.7 million in the first quarter of 2022. The increase was primarily driven by higher environmental and other related costs, net of insurance recoveries (\$40.6 million), an increase due to the contribution from *Sweaty Betty*<sup>®</sup> operating expenses (\$29.9 million), higher selling costs (\$3.9 million), higher general and administrative costs (\$3.0 million), higher distribution costs (\$2.2 million), higher product development costs (\$0.7 million), partially offset by lower advertising costs (\$2.1 million) and lower incentive compensation costs (\$0.7 million). Environmental and other related costs were \$40.4 million and \$5.5 million in the first quarters of 2022 and 2021, respectively.

## INTEREST, OTHER AND INCOME TAXES

Net interest expense was \$8.7 million in the first quarter of 2022 compared to \$9.6 million in the first quarter of 2021. Reduction in interest expense is due to the lower average interest rates on the Company's outstanding debt. 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.

Other income was \$1.1 million in the first quarter of 2022, compared to other expense of \$2.8 million in the first quarter of 2021.

The effective tax rates in the first quarter of 2022 and 2021 were 30.4% and 16.0%, respectively. The change in the effective tax rates between the periods is due to lower pre-tax earnings in the current year causing discrete adjustments recorded in the current year to have a larger effect on the effective rate. The Company recognized discrete tax expenses in 2022 which increased tax expense. In 2021, the Company recognized discrete tax benefits which reduced tax expense, resulting in a lower effective tax rate.

## REPORTABLE SEGMENTS

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

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

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

The reportable segment results are as follows:

(In millions)	Quarter Ended			
	April 2, 2022	April 3, 2021	Change	Percent Change
<b>REVENUE</b>				
Wolverine Michigan Group	\$ 329.3	\$ 297.7	\$ 31.6	10.6 %
Wolverine Boston Group	212.3	200.9	11.4	5.7 %
Other	73.2	12.1	61.1	505.0 %
Total	\$ 614.8	\$ 510.7	\$ 104.1	20.4 %
<b>OPERATING PROFIT (LOSS)</b>				
Wolverine Michigan Group	\$ 65.1	\$ 59.2	\$ 5.9	10.0 %
Wolverine Boston Group	29.2	34.1	(4.9)	(14.4)%
Other	0.1	0.3	(0.2)	(66.7)%
Corporate	(74.8)	(35.5)	(39.3)	(110.7)%
Total	\$ 19.6	\$ 58.1	\$ (38.5)	(66.3)%

Further information regarding the reportable segments can be found in Note 15 to the consolidated condensed financial statements.

### Wolverine Michigan Group

The Michigan Group's revenue increased \$31.6 million, or 10.6%, in the first quarter of 2022, compared to the first quarter of 2021. The revenue increase was driven by high-thirties increase from *Cat*<sup>®</sup>, low-teens increase from *Wolverine*<sup>®</sup>, and mid-forties increase from *Chaco*<sup>®</sup>. The *Cat*<sup>®</sup> increase was due to the strength of the work product category and timing of shipments between quarters. The *Wolverine*<sup>®</sup> increase was due to strong performance of its core franchises which includes Raider and Rancher, strength of the work product category, and expanded work footwear products. The *Chaco*<sup>®</sup> increase is the result of improved inventory positions in the current period versus the prior period which was negatively impacted by supply chain constraints.

The Michigan Group's operating profit increased \$5.9 million in the first quarter of 2022, compared to the first quarter of 2021. The operating profit increase was due to revenue increases, partially offset by a 140 basis point decrease in gross margin and a \$3.4 million increase in selling, general and administrative costs. The decrease in gross margin in the current year period was due to an unfavorable mix shift to the international third-party channel, higher costs of products from inbound freight, labor and materials costs partially offset by price increases and unfavorable volume and outbound freight costs in the Company's direct to

consumer channel. The increase in selling, general and administrative expenses in the current year period was primarily due to higher labor and distribution costs.

### Wolverine Boston Group

The Boston Group's revenue increased \$11.4 million, or 5.7%, during the first quarter of 2022, compared to the first quarter of 2021. The revenue increase was driven by high-teens increase from *Sperry*<sup>®</sup> and mid-single digit increase from *Saucony*<sup>®</sup>, partially offset by high-teens decline from *Keds*<sup>®</sup>. The *Sperry*<sup>®</sup> increase was driven by strong U.S. and international wholesale channel performance. The *Saucony*<sup>®</sup> increase was driven by the strength and expanded sales of core technical product franchises which include the Ride, Guide, Kinvara, Triumph, Peregrine and Endorphin series. The *Keds*<sup>®</sup> decline is due to logistics delays limiting the amount of inventory available for sale during the period.

The Boston Group's operating profit decreased \$4.9 million in the first quarter of 2022 compared to the first quarter of 2021. The operating profit decrease was due to a 230 basis point decrease in gross margin and a \$5.3 million increase in selling, general and administrative costs. The decrease in gross margin in the current year period was due to higher costs of products from inbound freight, labor and materials costs partially offset by price increases and unfavorable volume and outbound freight costs in the Company's direct to consumer channel. The increase in selling, general and administrative expenses in the current year period was primarily due to higher labor and distribution costs.

### Other

The Other category's revenue increased \$61.1 million, or 505.0%, in the first quarter of 2022 compared to the first quarter of 2021. The revenue increase was driven by low-eighties increase in the performance leathers business and a \$53.6 million contribution from the *Sweaty Betty*<sup>®</sup> acquisition.

### Corporate

Corporate expenses increased \$39.3 million in the first quarter of 2022 compared to the first quarter of 2021, primarily due to higher environmental and other related costs, net of insurance recoveries (\$40.6 million).

## LIQUIDITY AND CAPITAL RESOURCES

(In millions)	April 2, 2022	January 1, 2022	April 3, 2021
Cash and cash equivalents	\$ 149.6	\$ 161.7	\$ 364.8
Debt	1,094.6	966.8	720.4
Available revolving credit facility <sup>(1)</sup>	639.0	769.2	793.9

<sup>(1)</sup> Amounts are net of both borrowings, if any, and outstanding standby letters of credit in accordance with the terms of the revolving credit facility.

### Liquidity

Cash and cash equivalents of \$149.6 million as of April 2, 2022 were \$215.2 million lower compared to April 3, 2021. The decrease is due primarily to a business acquisition of \$417.4 million, share repurchases of \$73.4 million, cash dividends paid of \$33.4 million, cash used by operating activities of \$32.0 million, and additions to property, plant and equipment of \$22.9 million, partially offset by borrowings less repayments of debt of \$375.0 million. The Company had \$639.0 million of borrowing capacity available under the Revolving Credit Facility as of April 2, 2022. Cash and cash equivalents located in foreign jurisdictions totaled \$131.3 million as of April 2, 2022.

The Company funded the purchase price for the *Sweaty Betty*<sup>®</sup> acquisition through a combination of cash on hand and borrowings on the revolving credit facility.

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

The Company may purchase up to an additional \$412.9 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 particular amount of shares and may be suspended at any time. The Company repurchased \$33.8 million of shares in the first quarter of 2022. There were no repurchases of Company shares during the first quarter of 2021.

A detailed discussion of environmental remediation costs is found in Note 14 to the consolidated condensed financial statements. The Company has established a reserve for estimated environmental remediation costs based upon an evaluation of

currently available facts with respect to each individual site. As of April 2, 2022, the Company had a reserve of \$75.2 million, of which \$21.6 million is expected to be paid in the next 12 months and is recorded as a current obligation in other accrued liabilities and the remaining \$53.6 million is recorded in other liabilities expected to be paid over the course of up to 25 years. The Company's remediation activity at its former Tannery site and sites where the Company disposed of Tannery byproducts is ongoing. It is difficult to estimate the cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods.

Note 14 to the consolidated condensed financial statements also includes a detailed discussion of environmental litigation matters. The Company increased its accrual by \$37.8 million since January 1, 2022 and made related payments of \$1.5 million with respect to certain of these matters, as discussed in Note 14.

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

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

### Financing Arrangements

On October 21, 2021, the Company entered into a 2021 Replacement Facility Amendment and Reaffirmation Agreement (the "Amendment") of its existing 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.

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 April 2, 2022, the Company was in compliance with all covenants and performance ratios under the Senior Credit Facilities.

The Company's debt at April 2, 2022 totaled \$1,094.6 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, pursue acquisitions and for general corporate purposes. The increased debt position resulted from borrowings under the Revolving Facility to fund operating activities and share repurchases.

### Cash Flows

The following table summarizes cash flow activities:

(In millions)	Quarter Ended	
	April 2, 2022	April 3, 2021
Net cash provided by (used in) operating activities	\$ (92.5)	\$ 26.3
Net cash used in investing activities	(3.8)	(2.7)
Net cash provided by (used in) financing activities	86.0	(4.9)
Additions to property, plant and equipment	7.5	2.2
Depreciation and amortization	8.5	7.2

### **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.

For the first quarter of 2022, an increase in net working capital represented a use of cash of \$131.5 million. Working capital balances were unfavorably impacted by an increase in inventories of \$122.8 million and an increase in accounts receivable of \$52.2 million, a decrease in other operating liabilities of \$31.0 million and an increase in other operating assets of \$8.1 million, partially offset by an increase in accounts payable of \$74.4 million and an increase in income taxes payable of \$8.2 million. Operating cash flows were favorably impacted by stock-based compensation expense of \$10.3 million, depreciation and amortization expense of \$8.5 million, pension expense of \$2.3 million and environmental and other related costs of \$14.1 million.

### **Investing Activities**

The Company made capital expenditures of \$7.5 million and \$2.2 million in the first quarter of 2022 and 2021, respectively, for building improvements, new retail stores, distribution operations improvements and information system enhancements.

### **Financing Activities**

The current year activity includes net borrowings under the Revolving Facility of \$130.0 million. The Company paid \$2.5 million in principal payments associated with its financing arrangements during the first quarter of 2022 and 2021, respectively. The Company also paid \$7.1 million and \$9.2 million in the first quarters of 2022 and 2021, respectively, in connection with shares or units withheld to pay employee taxes related to awards under stock incentive plans and received \$0.8 million and \$10.5 million in proceeds from the exercise of stock options in the first quarters of 2022 and 2021, respectively. The Company also settled repurchases in cash for \$33.8 million of its common stock during the first quarter of 2022. There were no repurchases of the Company's common stock during the first quarter of 2021. The Company received \$7.0 million and \$4.8 million in the first quarters of 2022 and 2021, respectively, from noncontrolling owners of the Company's China joint venture to support the growth of the joint venture.

The Company declared cash dividends of \$0.10 per share in the first quarters of 2022 and 2021. Dividends paid in the first quarters of 2022 and 2021 totaled \$8.4 million and \$8.5 million, respectively. A quarterly dividend of \$0.10 per share was declared on May 3, 2022 to shareholders of record on July 1, 2022.

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

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

The Company has identified the critical accounting policies used in determining estimates and assumptions in the amounts reported. For information regarding our critical accounting policies refer to Part II, Item 7: "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in the Company's 2021 Form 10-K. Management believes there have been no material changes in those critical accounting policies.

### ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

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

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

The Company conducts wholesale operations outside of the U.S. in Canada, continental Europe, United Kingdom, Colombia, Hong Kong, China and Mexico where the functional currencies are primarily the Canadian dollar, euro, British pound, Colombian peso, Hong Kong dollar, Chinese renminbi and Mexican peso, respectively. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business as well as to manage foreign currency translation exposure. As of April 2, 2022 and April 3, 2021, the Company had outstanding forward currency exchange contracts to purchase primarily U.S. dollars in the amounts of \$331.7 million and \$231.3 million, respectively, with maturities ranging up to 538 days.

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

Assets and liabilities outside the U.S. are primarily located in the United Kingdom, Canada and the Netherlands. The Company's investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. As of April 2, 2022, a stronger U.S. dollar compared to certain foreign currencies decreased the value of these investments in net assets by \$13.7 million from their value as of January 1, 2022. As of April 3, 2021, a stronger U.S. dollar compared to certain foreign currencies decreased the value of these investments in net assets by \$1.6 million from their value as of January 2, 2021.

The Company is exposed to interest rate changes primarily as a result of interest expense on the term loan borrowings and any borrowings under the Revolving Facility. The Company's total variable-rate debt was \$552.5 million at April 2, 2022 and the Company held a forward dated interest rate swap agreement, denominated in U.S. dollars, that effectively converts \$311.3 million of this amount to fixed-rate debt.

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

### ITEM 4. Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on, and as of the time of such evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures, as defined in Securities Exchange Act Rule 13a-15(e), were effective as of the end of the period covered by this report. On August 2, 2021, the Company completed the acquisition of the *Sweaty Betty*<sup>®</sup> brand and activewear business as described in Note 16 to the consolidated condensed financial statements, and the Company is in the process of integrating the acquired company's business processes, information technology systems, and other components into the Company's internal controls over financial reporting. There have been no changes during the quarter ended April 2, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II. OTHER INFORMATION****ITEM 1. Legal Proceedings**

The Company is involved in litigation and various legal matters arising in the normal course of business, including certain environmental compliance activities. For a discussion of legal matters, refer to Note 14 to the Company's consolidated condensed financial statements.

**ITEM 1A. Risk Factors**

There have been no material changes in the assessment of the Company's risk factors from those set forth in the Company's Annual Report on Form 10-K for the year ended January 1, 2022.

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

The following table provides information regarding the Company's purchases of its own common stock during the first quarter of 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 1 (January 2, 2022 to February 5, 2022)</b>				
Common Stock Repurchase Program <sup>(1)</sup>	776,406	\$ 26.43	776,406	\$ 427,304,349
Employee Transactions <sup>(2)</sup>	29,029	\$ 25.44	—	
<b>Period 2 (February 6, 2022 to March 5, 2022)</b>				
Common Stock Repurchase Program <sup>(1)</sup>	186,724	\$ 21.78	186,724	\$ 423,237,799
Employee Transactions <sup>(2)</sup>	240,511	\$ 26.62	—	
<b>Period 3 (March 6, 2022 to April 2, 2022)</b>				
Common Stock Repurchase Program <sup>(1)</sup>	469,683	\$ 22.00	469,683	\$ 412,904,461
Employee Transactions <sup>(2)</sup>			—	
<b>Total for the first Quarter Ended April 2, 2022</b>				
Common Stock Repurchase Program <sup>(1)</sup>	1,432,813	\$ 24.37	1,432,813	\$ 412,904,461
Employee Transactions <sup>(2)</sup>	269,540	\$ 26.49	—	

<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 \$100.5 million of common stock. The annual amount of any stock repurchases is restricted under the terms of the Company's Senior Credit Facilities 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. Exhibits**

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

Exhibit Number	Document
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 May 7, 2021.</u></a>
10.1	<a href="#"><u>2022 Form of Restricted Stock Unit Agreement.*</u></a>
10.2	<a href="#"><u>Form of Performance Stock Unit Agreement (2022 - 2024 performance period).*</u></a>
10.3	<a href="#"><u>Employment Agreement between Isabel Soriano and the Company.*</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 Senior 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 Quarterly Report on Form 10-Q for the quarter ended April 2, 2022, formatted in Inline XBRL: (i) Consolidated Condensed Statements of Operations and Comprehensive Income; (ii) Consolidated Condensed Balance Sheets; (iii) Consolidated Condensed Statements of Cash Flows; (iv) Consolidated Condensed Statements of Stockholders' Equity; and (v) Notes to Consolidated Condensed Financial Statements.
104	The cover page of the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2022, formatted in Inline XBRL (included in Exhibit 101).

\* Management contract or compensatory plan or arrangement

**SIGNATURES**

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

WOLVERINE WORLD WIDE, INC.

May 12, 2022

Date

/s/ Brendan L. Hoffman

\_\_\_\_\_  
Brendan L. Hoffman  
President and Chief Executive Officer  
(Principal Executive Officer and Duly Authorized Signatory for Registrant)

May 12, 2022

Date

/s/ Michael D. Stornant

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

<b>Restricted Stock Unit Agreement</b>
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**RESTRICTED STOCK UNIT AGREEMENT**

This Restricted Stock Unit Agreement (the “**Agreement**”) is made as of the award date set forth in the grant (the “**Grant Date**”), between WOLVERINE WORLD WIDE, INC., a Delaware corporation (“**Wolverine**”), and the employee identified in the grant (“**Employee**”).

The Wolverine World Wide, Inc. Stock Incentive Plan of 2016, as amended and restated and as it may be further amended from time to time (the “**Plan**”) is administered by the Compensation Committee of Wolverine’s Board of Directors (the “**Committee**”). The Committee has determined that Employee is eligible to participate in the Plan and has awarded restricted stock units to Employee, subject to the terms and conditions contained in this Agreement and in the Plan.

The Committee has awarded to Employee restricted stock units of Wolverine subject to the terms, conditions and restrictions contained in this Agreement and in the Plan (the “**Restricted Stock Unit Award**”). Employee acknowledges receipt of a copy of the Plan and accepts this restricted stock unit award subject to all of the terms, conditions, and provisions of this Agreement and the Plan.

1. **Award.** Wolverine hereby awards to Employee the Restricted Stock Unit Award consisting of the number of restricted stock units as set in the grant (the “**Restricted Stock Units**”), which shall be eligible to vest in accordance with the terms of this Agreement and the Plan. Each Restricted Stock Unit shall represent the conditional right to receive, without payment but subject to the terms, conditions and limitations set forth in this Agreement and in the Plan, on the applicable vesting date one share of common stock of the Company (“**Common Stock**”) or, at the option of the Committee, a cash payment in an amount equal to the Fair Market Value (as defined in the Plan) of a share of Common Stock on the date of vesting multiplied by the number of shares of Common Stock that vest hereunder, subject to any applicable withholdings required by applicable laws.

2. **Transferability.** Until the Restricted Stock Units vest as set forth in this Agreement, the Plan provides that Restricted Stock Units are generally not transferable by Employee except by will or according to the laws of descent and distribution, and further provides that all rights with respect to the Restricted Stock Units are exercisable during Employee’s lifetime only by Employee, Employee’s guardian, or legal representative.

3. **Vesting.** *Except as otherwise provided in this Agreement, the Restricted Stock Units shall vest as follows: twenty percent (20%) at the end of the first, twenty percent (20%) at the end of the second, thirty percent (30%) at the end of the third, and thirty (30%) at the end of the fourth year anniversary of the Grant Date, respectively.*

4. **Termination of Employment Status.**

(a) If Employee’s employment with Wolverine or any of its Subsidiaries is terminated prior to the date on which the Restricted Stock Units vest hereunder, any then unvested Restricted Stock Units shall be automatically forfeited with no consideration due to Employee.

(b) Notwithstanding the above, if Employee’s employment with Wolverine or its Subsidiaries terminates due to Employee’s (a) death; (b) Disability; or (c) Retirement, any then unvested Restricted Stock Units will immediately vest in full.

(c) Upon a Change in Control, unvested Restricted Stock Units will vest, if at all, in accordance with Section 13(b)(ii) of the Plan. Employee’s rights under this sub-Section (c) are in addition to any other rights

Employee has under this Section 4.

(d) If, in connection with a Change in Control, the Restricted Stock Units are not assumed or continued, or a new award is not substituted for the Restricted Stock Units by the acquirer or survivor (or an affiliate of the acquirer or survivor) in accordance with the provisions of Section 13(b) of the Plan, the Restricted Stock Units will automatically vest in full upon the occurrence of such Change in Control.

5. Settlement. On or within sixty (60) days following the vesting date of the Restricted Stock Units, Wolverine will deliver shares of Common Stock and/or pay cash, as applicable, in respect of such vested Restricted Stock Units, unless such payment or delivery is deferred in a manner consistent with Section 409A of the Code.

6. Employment by Wolverine. The Agreement and the Restricted Stock Unit Award under this Agreement shall not impose upon Wolverine or any Subsidiary any obligation to retain Employee in its employ for any given period or upon any specific terms of employment. Wolverine or any Subsidiary may at any time dismiss Employee from employment, free from any liability or claim under the Plan or this Agreement, unless otherwise expressly provided in any written agreement with Employee. By accepting this Award, Employee reaffirms the obligations of any Employee Confidentiality, Intellectual Property Protection, and Restrictive Covenant Agreement or similar agreement, previously entered into between Wolverine and Employee.

7. Stockholder Rights. Employee (or Employee's permitted transferees) shall not have any voting and liquidation rights with respect to the Restricted Stock Units or the underlying Common Stock represented thereby unless and until shares of Common Stock are actually issued to Employee upon vesting of the Restricted Stock Units, in accordance with the terms of this Agreement. Employee shall be paid a dividend equivalent ("**Dividend Equivalent**") in the form of cash, with respect to any cash dividend, and additional Restricted Stock Units, with respect to any stock dividend, as of each dividend payment date, if any, prior to the vesting of the Restricted Stock Award (or portion thereof), on which dividends are paid on Common Stock underlying outstanding Restricted Stock Units. Such Dividend Equivalent shall be computed by multiplying the amount of the cash dividend or the amount of the stock dividend, as applicable, declared and paid per share of Common Stock by the number of Restricted Stock Units held by Employee on the record date for the payment of such dividend. Any stock dividends declared on the Common Stock underlying the Restricted Stock Units prior to vesting of the award (or any portion of the award) will be credited by the Company for Employee's account and will be paid, if at all, to Employee on the applicable vesting date with respect to the applicable Restricted Stock Units to which such dividends relate. Any cash Dividend Equivalent will be paid within seven days of the payment date of such cash dividend, and, for the avoidance of doubt, will be paid on unvested Restricted Stock Units. Upon vesting of the Restricted Stock Units and issuance to Employee of underlying shares of Common Stock, if applicable, Employee shall have all stockholder rights, including the right to transfer the underlying shares of Common Stock, subject to such conditions as Wolverine may reasonably specify to ensure compliance with applicable federal, provincial and state securities laws.

8. Withholding. Wolverine or one of its subsidiaries shall be entitled to (a) withhold and deduct from Employee's future wages (or from other amounts that may be due and owing to Employee from Wolverine or a Subsidiary), or make other arrangements for the collection of, all legally required amounts necessary to satisfy any and all applicable federal, state and local withholding and employment-related tax requirements attributable to the Restricted Stock Units award under this Agreement, including, without limitation, the award, vesting, or settlement of Restricted Stock Units and any Dividend Equivalents; or (b) require Employee promptly to remit the amount of such withholding to Wolverine or a Subsidiary before taking any action with respect to the Restricted Stock Units. Unless the Committee provides otherwise, withholding may be satisfied by withholding shares of Common Stock to be received by Employee pursuant to this Agreement or by delivery to Wolverine or a Subsidiary of previously owned Common Stock of Wolverine.

9. Section 409A of the Code.

(a) If Employee is deemed on the date of his or her termination of employment to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B), then, with regard to any payment that is

considered nonqualified deferred compensation under Section 409A of the Code, to the extent applicable, payable on account of a “separation from service”, to the extent required in order to avoid any accelerated taxation or the imposition of an additional tax, interest or penalty under Section 409A of the Code, such payment will be made or provided on the date that is the earlier of (i) the expiration of the six-month period measured from the date of such “separation from service” and (ii) the date of the Participant’s death (the “**Delay Period**”). Upon the expiration of the Delay Period, all payments delayed pursuant to this Section (whether they would have otherwise been payable in a single lump sum or in installments in the absence of such delay) will be paid on the first business day following the expiration of the Delay Period in a lump sum and any remaining payments due under the Award will be paid in accordance with the normal payment dates specified for them in this Agreement. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid any accelerated taxation or the imposition of an additional tax, interest or penalty under Section 409A of the Code, Employee shall not be considered to have terminated employment with the Company or any affiliate for purposes of this Restricted Stock Unit Award until Employee would be considered to have incurred a “separation from service” from the Company and its affiliates within the meaning of Section 409A of the Code (after giving effect to the presumptions contained therein).

(b) For purposes of Section 409A of the Code, each payment made hereunder will be treated as a separate payment.

(c) With regard to any payment considered to be nonqualified deferred compensation under Section 409A of the Code, to the extent applicable, that is payable upon a Change in Control or other similar event, to the extent required in order to avoid any accelerated taxation or the imposition of an additional tax, interest or penalty under Section 409A of the Code, no amount will be payable unless such change in control constitutes a “change in control event” within the meaning of Section 1.409A-3(i)(5) of the Treasury Regulations.

(d) This Restricted Stock Unit Award is intended to comply with, or be exempt from, the requirements of Section 409A of the Code and shall be interpreted consistent with this intent. Notwithstanding the foregoing, neither the Company, any affiliate of the Company, the Committee, nor any other person shall have any liability to Employee with respect to the foregoing.

10. Effective Date. This Restricted Stock Unit Award shall be effective as of the Grant Date.

11. Agreement Controls. The Plan is hereby incorporated in this Agreement by reference. Capitalized terms not defined in this Agreement shall have those meanings provided in the Plan. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the provisions of the Agreement shall control.

WOLVERINE WORLD WIDE, INC.

/s/ Michael D. Stornant

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Michael D. Stornant

Executive Vice President, Chief Financial Officer  
and Treasurer

**FORM OF PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT****Performance Restricted Stock Unit Agreement****PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT**

This Performance Restricted Stock Unit Award Agreement (together with Attachment 1 hereto, the “**Agreement**”) is made as of the award date set forth in the grant (the “**Grant Date**”), by and between WOLVERINE WORLD WIDE, INC., a Delaware corporation (“**Wolverine**” or the “**Company**”), and the employee identified in the grant (“**Employee**”).

Wolverine maintains a Stock Incentive Plan of 2016 (as amended and restated and as it may be further amended from time to time, the “**Plan**”) that is administered by the Compensation Committee of Wolverine’s Board of Directors (the “**Committee**”), under which the Committee may award restricted stock units as all or part of a long-term incentive award.

The Committee has determined (i) that Employee is eligible to participate in the Plan and receive a long-term incentive award, (ii) Employee’s participation level, and (iii) the performance criteria for the award. The Committee has awarded to Employee restricted stock units of Wolverine subject to the terms, conditions and restrictions contained in this Agreement and in the Plan (the “**Restricted Stock Unit Award**”). Employee acknowledges receipt of a copy of the Plan and accepts this Restricted Stock Unit Award subject to all such terms, conditions and restrictions.

1. **Award.** Wolverine hereby awards to Employee the Restricted Stock Unit Award consisting of a target number of restricted stock units as set forth in the grant (the “**Restricted Stock Units**”), which shall be eligible to vest in accordance with the terms of this Agreement and the Plan. The ultimate “**Incentive Award**” received by Employee will be the number of Restricted Stock Units that vest hereunder as determined by the Committee. Each Restricted Stock Unit represents the conditional right to receive, without payment but subject to the terms, conditions and limitations set forth in this Agreement and in the Plan, one share of common stock of the Company (“**Common Stock**”) in accordance with this Agreement. On the Payout Date (as defined in Attachment 1), the Company shall deliver to Employee a number of shares of Common Stock in respect of the Restricted Stock Units that vest hereunder, together with any Dividend Equivalents (as defined below) thereon, or, at the option of the Company, a cash payment in an amount equal to the Fair Market Value on the Payout Date multiplied by the number of shares of Common Stock in respect of the Restricted Stock Units that vest hereunder, together with any Dividend Equivalents thereon, subject to any applicable withholdings required by applicable law.

2. **Transferability.** Until the Restricted Stock Units vest as set forth in Section 3 below and Attachment 1, the Plan provides that Restricted Stock Units are generally not transferable by Employee except by will or according to the laws of descent and distribution. The Plan further provides that all rights with respect to the Restricted Stock Units are exercisable during Employee’s lifetime only by Employee, Employee’s guardian or legal representative.

3. **Vesting.** Except as otherwise provided in this Agreement or by action of the Committee to reduce the number of Restricted Stock Units that would otherwise vest hereunder, the Restricted Stock Units shall vest as set forth in Attachment 1.

4. **Termination of Employment Status.**

(a) Except as set forth in subsection (b) or Section 5 below, Employee:

(i) must be an employee of the Company or one of its subsidiaries at the time the Committee certifies the achievement of the Performance Period performance criteria for the vesting of any portion of the Restricted Stock Unit Award (the performance criteria being BVA, EPS, and TSR Percentile Ranking, as defined in Attachment 1); and

(ii) shall forfeit the entire unvested Restricted Stock Unit Award if, before such certification, Employee's employment with Wolverine or its subsidiaries terminates (the "**Employment Termination**") or the Committee terminates the Restricted Stock Unit Award (an "**Award Termination**").

(b) If the Employment Termination is:

(i) due to Employee's:

- (1) Disability;
- (2) death; or
- (3) Retirement; or

(ii) due to such other circumstances as the Committee in its discretion allows;

then the number of Restricted Stock Units which shall vest at the end of the Performance Period shall be calculated as set forth in subsection (c), subject to reduction by the Committee in its discretion. If there is an Award Termination, the Committee may in its discretion allow some or all of the Restricted Stock Units to vest, calculated as set forth in subsection (c), subject to reduction by the Committee in its discretion.

(c) As soon as reasonably practicable following the end of the Performance Period, the Committee shall calculate, as set forth in Attachment 1, the number of Restricted Stock Units that would have vested based on the attainment of the performance criteria if Employee's employment or Restricted Stock Units had not been terminated prior to the certification. The remainder of the Restricted Stock Units shall be automatically forfeited.

5. Change in Control. If, prior to the Performance Period End Date (as defined in Attachment 1), a Change in Control occurs, to the extent the Restricted Stock Units are outstanding immediately prior to such Change in Control, they shall vest in accordance with Section 13(b)(iii) of the Plan.

6. Employment by Wolverine. The Agreement and the Restricted Stock Unit Award shall not impose upon Wolverine or any of its Subsidiaries any obligation to retain Employee in its employ for any given period or upon any specific terms of employment. Wolverine or any of its Subsidiaries may at any time dismiss Employee from employment, free from any liability or claim under the Plan or this Agreement, unless otherwise expressly provided in any written agreement with Employee. By accepting this Award, Employee reaffirms the obligations of any Employee Confidentiality, Intellectual Property Protection, and Restrictive Covenant Agreement or similar agreement, previously entered into between Wolverine and Employee.

7. Stockholder Rights. Employee (or Employee's permitted transferees) shall not have any voting and liquidation rights with respect to the Restricted Stock Units or the underlying Common Stock represented thereby unless and until shares of Common Stock are actually issued to Employee upon vesting of the Restricted Stock Units in accordance with the terms of this Agreement.

Employee shall be entitled to receive a dividend equivalent (“**Dividend Equivalent**”) in the form of cash, with respect to any cash dividend that is declared and paid on the Common Stock underlying the Restricted Stock Units prior to the Payout Date, with the amount that is paid to Employee in respect of the Dividend Equivalents equal to the aggregate cash dividends declared and paid per share of Common Stock during the period beginning on the Grant Date and ending immediately prior to the Payout Date multiplied by the number of Restricted Stock Units that vest hereunder in accordance with Appendix 1. For greater certainty, no Dividend Equivalent shall be payable to Employee in respect of any unvested Restricted Stock Units that are forfeited. Upon vesting of the Restricted Stock Units and issuance to Employee of underlying Common Stock, if applicable, Employee shall have all stockholder rights, including the right to transfer the underlying Common Stock, subject to such conditions as Wolverine may reasonably specify to ensure compliance with applicable federal and state securities laws.

8. Withholding. Wolverine and any of its Subsidiaries shall be entitled to (a) withhold and deduct from Employee’s future wages (or from other amounts that may be due and owing to Employee from Wolverine or a Subsidiary, including amounts under this Agreement), or make other arrangements for the collection of, all legally required amounts necessary to satisfy any and all applicable federal, state and local withholding and employment-related tax requirements attributable to the Restricted Stock Units Award under this Agreement, including, without limitation, the award, vesting or settlement of Restricted Stock Units and any Dividend Equivalents; or (b) require Employee promptly to remit the amount of such withholding to Wolverine or a Subsidiary before taking any action with respect to the Restricted Stock Units. Unless the Committee provides otherwise, withholding may be satisfied by withholding shares of Common Stock to be received by Employee pursuant to this Agreement or by delivery to Wolverine or a Subsidiary of previously owned Common Stock of Wolverine.

9. Effective Date. This grant of Restricted Stock Units shall be effective as of the Grant Date set forth in the grant.

10. Agreement Controls. The Plan is hereby incorporated in this Agreement by reference. Capitalized terms not defined in this Agreement shall have those meanings provided in the Plan. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the provisions of the Agreement shall control.

**WOLVERINE WORLD WIDE, INC.  
COMPENSATION COMMITTEE**

**ATTACHMENT 1 TO RESTRICTED STOCK UNITS AWARD AGREEMENT**

The number of Restricted Stock Units that will vest is equal to the number resulting from the formula set forth immediately below, but not in excess of 600% of the target number of Restricted Stock Units (“the Maximum RSU Amount”), subject to any exercise of negative discretion of the Committee.

1. The number of Restricted Stock Units that will vest under this Attachment 1 and this Agreement, as determined by the Committee, is equal to:

[(Overall Award Percentage x Target Value)/Market Price] x the Adjustment Factor

rounded up to the nearest whole number (but not in excess of the Maximum RSU Amount) where:

Overall Award Percentage will be the sum of (i) the BVA Average Award Percentage multiplied by the BVA Factor, and (ii) the EPS Average Award Percentage multiplied by the EPS Factor.

BVA Average Award Percentage will be equal to (x) the sum of the BVA Award Percentage for each Fiscal Year during the Performance Period divided by (y) three.

EPS Average Award Percentage will be equal to (x) the sum of the EPS Award Percentage for each Fiscal Year during the Performance Period divided by (y) three.

(a) BVA Award Percentage for each Fiscal Year during the Performance Period will be calculated as follows:

If the BVA for the applicable Fiscal Year is < Threshold BVA, BVA Award Percentage = 0%

If the BVA for the applicable Fiscal Year is ≥ Threshold BVA and < Target BVA, BVA Award Percentage =

$$\left( \left[ \left[ \frac{(BVA - \text{Threshold BVA})}{(\text{Target BVA} - \text{Threshold BVA})} \right] \times 0.5 \right] + 0.5 \right) \times 100$$

If the BVA for the applicable Fiscal Year is ≥ Target BVA and < Goal BVA, BVA Award Percentage =

$$\left( \left[ \left[ \frac{(BVA - \text{Target BVA})}{(\text{Goal BVA} - \text{Target BVA})} \right] \times 0.5 \right] + 1.0 \right) \times 100$$

If the BVA for the applicable Fiscal Year is  $\geq$  Goal BVA and  $<$  Stretch BVA, BVA Award Percentage =

$$\left( \left[ \frac{(BVA - Goal BVA)}{(Stretch BVA - Goal BVA)} \right] \times 0.5 \right] + 1.5 \right) \times 100$$

If the BVA for the applicable Fiscal Year is  $\geq$  Stretch BVA, BVA Award Percentage = Award Cap

(b) EPS Award Percentage for each Fiscal Year during the Performance Period will be calculated as follows:

If the EPS for the applicable Fiscal Year is  $<$  Threshold EPS, EPS Award Percentage = 0%

If the EPS for the applicable Fiscal Year is  $\geq$  Threshold EPS and  $<$  Target EPS, EPS Award Percentage =

$$\left( \left[ \frac{(EPS - Threshold EPS)}{(Target EPS - Threshold EPS)} \right] \times 0.5 \right] + 0.5 \right) \times 100$$

If the EPS for the applicable Fiscal Year is  $\geq$  Target EPS and  $<$  Goal EPS, EPS Award Percentage =

$$\left( \left[ \frac{(EPS - Target EPS)}{(Goal EPS - Target EPS)} \right] \times 0.5 \right] + 1.0 \right) \times 100$$

If the EPS for the applicable Fiscal Year is  $\geq$  Goal EPS and  $<$  Stretch EPS, EPS Award Percentage =

$$\left( \left[ \frac{(EPS - Goal EPS)}{(Stretch EPS - Goal EPS)} \right] \times 0.5 \right] + 1.5 \right) \times 100$$

If the EPS for the applicable Fiscal Year is  $\geq$  Stretch EPS, EPS Award Percentage = Award Cap

2. The number of Restricted Stock Units that vest based on performance as determined under Section 1 above will be adjusted by the following “**Adjustment Factor**”:

- a. If the TSR Percentile Rank is greater than or equal to 75.00, then the number of Restricted Stock Units that vest will be a number equal to the number of Restricted Stock Units that would vest based on performance as determined under Section 1 above, multiplied by an Adjustment Factor of 1.25 (e.g., if 100 Restricted Stock Units would vest under Section 1 prior to applying the Adjustment Factor, 125 would vest), subject to the Maximum RSU Amount.
- b. If the TSR Percentile Rank is greater than 25.01 and less than 74.99, the Adjustment Factor is 1.0 (e.g., there shall be no adjustment to the number of Restricted Stock Units that vest based on performance as determined under Section 1 above).
- c. If the TSR Percentile Rank is less than or equal to 25.00, then the number of Restricted Stock Units that vest based on performance as determined under Section 1 above will be a number equal to the number of Restricted Stock Units that would vest based on performance as determined under Section 1 above, multiplied by an Adjustment Factor of 0.75 (e.g., if 100 Restricted Stock Units would vest under Section 1 prior to applying the Adjustment Factor, 75 would vest).

The other defined terms shall have the following meanings for the purpose of this Agreement:

Award Cap	200%
Award Recipient	An employee of the Company to whom the Compensation Committee of the Board of Directors or the Board of Directors grants a Performance Restricted Unit Award, for such portion of the Performance Period as the Committee determines.
BVA	An economic value added measurement that equals the operating income for a Fiscal Year reduced by (i) a provision for income taxes equal to the operating income multiplied by the Company's total effective tax rate for the same Fiscal Year; and (ii) a capital charge equal to a 13-point average of " <b>net operating assets</b> " at the beginning and end of a Fiscal Year (with "net operating assets" defined as the net of trade receivables (net of reserves), inventory (net of reserves), other current assets, property, plant and equipment, trade payables and accrued liabilities) multiplied by 10%, as adjusted by resolution of the Compensation Committee within the first 90 days of the Performance Period.
EPS	The total after-tax profits for a Fiscal Year divided by the fully-diluted weighted average shares outstanding during the Fiscal Year, as adjusted by resolution of the Compensation Committee within the first 90 days of the Performance Period.
Fiscal Year	The fiscal year of the Company for financial reporting purposes as the Company may adopt from time to time.
Market Price	The Fair Market Value on the Grant Date.
Payout Date	The date determined by the Committee upon the vesting of Restricted Stock Units for the issuance and delivery of Common Stock and, if applicable, any cash payment, to which such Payout Date relates, which date shall be as soon as practicable, but in no event more than sixty (60) days following the date of vesting (or, if earlier, within 30 days following the date of a Change in Control, to the extent provided in Section 5 of this Agreement and the Plan).
Performance Period	The three-year period beginning on the first day of the Company's 2022 Fiscal Year and ending on the last day of the Company's 2024 Fiscal Year.
Performance Period End Date	The last day of the Company's 2024 Fiscal Year.
Russell 3000 Companies	The companies making up the Russell 3000 Consumer Discretionary Index as of the first day of the Performance Period.
Target Value	Subject to the forfeiture provisions of Section 4 of the Agreement, the Target Value shall be the average of the sum of the highest dollar target amount granted each year of the Performance Period, multiplied by a fraction, the numerator of which is months employed and participating for that year of the Performance Period and the denominator of which is 12. For clarification, the dollar target amount is only counted once for corresponding cycle grant year in cases where grants are made on the same date for multiple performance periods. Partial months employed/participating shall only be included in the numerator, above, if Employee is employed/participating for the majority of days in such month.

Total Shareholder Return	<p>The change in value expressed as a percentage of a given dollar amount invested in a company's most widely publicly traded stock over the Performance Period, taking into account both stock price appreciation (or depreciation) and the reinvestment of dividends (including the cash value of non-cash dividends) in such stock of the company. The thirty (30) calendar-day average closing price of shares of Common Stock and the stock of the Russell 3000 Companies (i.e., the average closing prices over the period of trading days occurring in the thirty (30) calendar days prior to the first day of the Performance Period and ending on the first day of the Performance Period and the average closing prices over the period of trading days occurring in the final thirty (30) calendar days ending on the Performance Period End Date) will be used to value shares of Common Stock and the stock of the Russell 3000 Companies. Dividend reinvestment will be calculated using the closing price of a share of Common Stock or the stock of the applicable Russell 3000 Company on the ex-dividend date or, if no trades were reported on such date, the latest preceding date for which a trade was reported. If a company that is included in the Russell 3000 Consumer Discretionary Index as of the first day of the Performance Period ceases to be publicly traded (other than through bankruptcy) during the Performance Period, or if it publicly announced that any such company will be acquired, whether or not such acquisition occurs during the Performance Period, such company shall not be treated as Russell 3000 Company for purposes of the determinations herein and such company's Total Shareholder Return shall not be included for purposes of the calculations herein. Companies that were in the Russell 3000 Consumer Discretionary Index on the first day of the Performance Period but that exit due to bankruptcy before the end of the Performance Period remain Russell 3000 Companies and are assigned a Total Shareholder Return value of -100%. Companies that exit the Russell 3000 Consumer Discretionary Index before the end of the Performance Period but remain publicly-traded throughout the Performance Period remain Russell 3000 Companies.</p>
TSR Percentile Rank	<p>The percentage of Total Shareholder Return values among the Russell 3000 Companies at the Performance Period End Date that are equal to or lower than the Company's Total Shareholder Return at the Performance Period End Date, provided that if the Company's Total Shareholder Return falls between the Total Shareholder Return of two of the Russell 3000 Companies the TSR Percentile Rank shall be adjusted by interpolating the Company's Total Shareholder Return on a straight line basis between the Total Shareholder Return of the two Russell 3000 Companies that are closest to the Company's. For purposes of the TSR Percentile Rank calculation, the Company will be excluded from the group of Russell 3000 Companies.</p>
BVA Factor	As set by the Compensation Committee within the first 90 days of the Performance Period.
Threshold BVA	As set by the Compensation Committee for each Fiscal Year during the Performance Period within the first 90 days of the Performance Period.
Target BVA	As set by the Compensation Committee for each Fiscal Year during the Performance Period within the first 90 days of the Performance Period.
Goal BVA	As set by the Compensation Committee for each Fiscal Year during the Performance Period within the first 90 days of the Performance Period.

Stretch BVA	As set by the Compensation Committee for each Fiscal Year during the Performance Period within the first 90 days of the Performance Period.
EPS Factor	As set by the Compensation Committee within the first 90 days of the Performance Period.
Threshold EPS	As set by the Compensation Committee for each Fiscal Year during the Performance Period within the first 90 days of the Performance Period.
Target EPS	As set by the Compensation Committee for each Fiscal Year during the Performance Period within the first 90 days of the Performance Period.
Goal EPS	As set by the Compensation Committee for each Fiscal Year during the Performance Period within the first 90 days of the Performance Period.
Stretch EPS	As set by the Compensation Committee for each Fiscal Year during the Performance Period within the first 90 days of the Performance Period.

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**Dated:** 8 June 2018

(1) **WOLVERINE EUROPE LIMITED**

(2) **ISABEL SORIANO CORRAL**

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**Service Agreement**

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**THIS AGREEMENT** is made on 8 June 2018  
**BETWEEN**

- (1) **WOLVERINE EUROPE LIMITED** whose registered office is at King's Place, 90 York Way, London N1 9AG (the "Company"); and
- (2) **ISABEL SORIANO CORRAL** currently of Santiago, Chile (the "Executive").

## **OPERATIVE PROVISIONS**

### **1. DEFINITIONS AND INTERPRETATION**

1.1 In this Agreement the following expressions have the following meanings:

<b>"Automatic Enrolment Laws"</b>	the provisions of Part I of the Pensions Act 2008 and the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010;
<b>"Board"</b>	the Board of directors of the Company from time to time (including any committee of the Board duly appointed by it);
<b>"Commencement Date"</b>	the date on which the Executive commences employment with the Employer;
<b>"Confidential Information"</b>	trade secrets or other technical or commercially sensitive information of the Company or any Group Company and its/their officers, shareholders, customers, clients or suppliers in whatever form (whether in written, oral, visual or electronic form or on any magnetic or optical disk or memory and wherever located and whether or not marked "confidential", including (without limitation) such information falling within the following categories:  research and development; Employment Inventions; information relating to the business, products, affairs and finances of the Company or any Group Company; formulae and formulations; methods of treatment, processing, manufacture or production, process and production controls including quality controls; plans, strategies and tactics; suppliers and their production and delivery capabilities; identity and contact details of clients, customers and details of their particular requirements; Connections; costings, profit margins, discounts, rebates and other financial information; marketing strategies and tactics; current activities and current and future plans relating to all or any of development, production or sales including the timing of all or any such matters; the development of new products and services and/or new lines of business; production or design secrets; technical design, data or specifications of the Company's products or services; machinery and equipment design, development and maintenance; information about employees including their particular areas of expertise and terms of employment; remuneration and benefit strategies for employees; and career path and appraisal details of employees;  providing that the foregoing shall not apply to information widely known outside of the Group or which has been publicly available or disseminated by the Group, save (in either case) through the default of the Executive;

<b>"Connections"</b>	work-related contacts and contact details obtained during the Executive's employment with the Company or resulting from the performance of her duties which are retained in electronic profile pages within social networking sites such as Facebook, LinkedIn, Twitter and similar;
<b>"Critical Person"</b>	any employee, agent, director, consultant or independent contractor employed, appointed or engaged by the Company or any Group Company in a senior, executive, professional, technical, marketing, distribution, sales or managerial capacity and: <ul style="list-style-type: none"> <li>(a) with whom the Executive had material contact in the course of that person's employment, appointment or engagement during the Relevant Period; or</li> <li>(b) for whose activities on behalf of the Company the Executive had direct or indirect responsibility during the Relevant Period;</li> </ul>
<b>"Employment Inventions"</b>	any invention which is made wholly or partially by the Executive at any time in the course of her employment with the Company or any Group Company (whether or not during working hours or using the Company's or any Group Company's premises or resources and whether or not recorded in material form);
<b>"Employment IPRs"</b>	Intellectual Property Rights created by the Executive in the course of her employment with the Company or any Group Company (whether or not during working hours or using the Company's or any Group Company's premises or resources);
<b>"ERA"</b>	the Employment Rights Act 1996;
<b>"Group"</b>	the Company and every Group Company wherever registered or incorporated;
<b>"Group Company"</b>	the Company and its Parent Undertakings, its Subsidiary Undertakings and the Subsidiary Undertakings of any of its Parent Undertakings from time to time ("Parent Undertaking" and "Subsidiary Undertaking" having the meanings set out in section 1162 Companies Act 2006);
<b>"Intellectual Property Rights"</b>	patents, rights to inventions, utility models, copyright and related rights, trademarks, trade names and domain names, rights in get up, rights in goodwill or to sue for passing off, unfair competition rights, rights in designs, rights in computer software, database rights, topography rights, rights in confidential information (including know how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;
<b>"Inventions"</b>	any invention, idea, discovery, development, improvement or innovation whether or not patentable or capable of registration and whether or not recorded in any medium;

<b>"PAYE deductions"</b>	deductions made to comply with or meet any liability of the Company to account for tax pursuant to regulations made under Chapter 2 of Part 11 Income Tax (Earnings and Pensions) Act 2003 and with any obligations to deduct national insurance contributions;
<b>"Products or Services"</b>	products or services which (i) are the same as, of the same kind as, or of a materially similar kind to, or competitive with, any products or services supplied or provided by the Company or Relevant Group Company within the Relevant Period and (ii) with the design, development, sale or supply, promotion or provision of which the Executive was directly or otherwise materially concerned or connected during the Relevant Period;
<b>"Recognised Investment Exchange"</b>	has the meaning give to it in section 285 of the Financial Services and Markets Act 2000;
<b>"Relevant Customer"</b>	any person, firm, company or organisation who or which at any time during the Relevant Period is or was: <ul style="list-style-type: none"> <li>(a) negotiating with the Company or any other Group Company for the sale or supply of products or services; or</li> <li>(b) a client or customer of, or in the habit of dealing with, the Company or any other Group Company for the sale or supply of products or services,</li> </ul> <p style="margin-left: 40px;">and in each case:</p> <ul style="list-style-type: none"> <li>(i) with whom or which the Executive had material contact or dealings or about whom or which the Executive was in possession of Confidential Information during the Relevant Period in the course of her employment; and/or</li> <li>(ii) with whom any employees of the Company or any other Group Company reporting to the Executive had material contact or dealings during the Relevant Period in the course of their employment;</li> </ul>
<b>"Relevant Group Company"</b>	any Group Company (other than the Company) for which the Executive has performed services under this Agreement or for or in respect of which she has had operational or management responsibility at any time during the Relevant Period;
<b>"Relevant Period"</b>	the period of 12 months immediately before the Termination Date or (where such provision is applied) the commencement of any period of exclusion pursuant to <b>Clause 21.2</b> and <b>21.3</b> ;

**"Relevant Supplier"**

any business which at any time during the Relevant Period has supplied products or services to the Company or any Relevant Group Company and:

- (a) with which the Company or any Relevant Group Company has exclusive, special or favourable terms which the Company or Relevant Group Company could not easily obtain from a replacement supplier;
- (b) with which the Executive had material contact or dealings or about which the Executive was in possession of Confidential Information in the Relevant Period during the course of her employment;

**"Restricted Company"**

means any other business (whether conducted on its own or as part of a wider entity) which supplies or provides (or intends to supply or provide) Products or Services in direct or indirect competition with those parts of the business of the Company or any other Relevant Group Company in respect of which the Executive was materially engaged or involved, or for which she was responsible, or in respect of which was in possession of Confidential Information during the Relevant Period;

**"Restricted Territory"**

any area or territory:

- (a) in which the Executive worked during the Relevant Period; and/or
- (b) in relation to which the Executive was responsible for, or involved in, the supply of Products or Services in the Relevant Period;

**"Termination Date"**

the date on which the Executive's employment under this Agreement terminates and references to "from the Termination Date" mean from and including the date of termination;

**"WTR"**

Working Time Regulations 1998.

1.2 References to "clauses" are to clauses of this Agreement unless otherwise specified.

1.3 Unless otherwise required words denoting the singular include the plural and vice versa.

1.4 References to statutory provisions include all modifications and re-enactments of them and all subordinate legislation made under them.

1.5 Clause headings are included for convenience only and do not affect its construction.

**2. ENTIRE AGREEMENT**

2.1 This Agreement constitutes the entire agreement between the parties and supersedes any prior agreement or arrangement in respect of the employment relationship between the Company and the Executive from the Commencement Date and, in the case of the Group, the Company acts as agent for any Group Company.

2.2 Neither party has entered into this Agreement in reliance upon, or shall have any remedy in respect of, any misrepresentation, representation or statement (whether made by the other party or any other person) which is not expressly set out in this Agreement.

- 2.3 The only remedies available for any misrepresentation or breach of any representation or statement which was made prior to entry into this Agreement and which is expressly set out in this Agreement will be for breach of contract.
- 2.4 Nothing in this **Clause 2** shall be interpreted or construed as limiting or excluding the liability of either party for fraud or fraudulent misrepresentation.
- 2.5 The Executive acknowledges, warrants and undertakes that:
- 2.5.1 by entering into this Agreement and fulfilling her obligations under it, she is not and will not be in breach of any obligation to any third party;
  - 2.5.2 she is not prevented by any agreement, arrangement, contract, understanding, court order or otherwise, from performing his duties in accordance with the terms and conditions of this Agreement;
  - 2.5.3 she is entitled to work in the UK without any additional approvals and will notify the Company immediately if she ceases to be so entitled during this Agreement or is prevented or restricted from holding office as director or fulfilling the duties of director;
  - 2.5.4 she will at all times comply fully with the Company's data protection policy and anti-corruption and bribery policy and related procedures;
  - 2.5.5 in the event of any claim that she is in breach of any of the above warranties, she will indemnify the Company against any claims, costs, damages, liabilities or expenses which the Company may incur in respect of such claim; and
  - 2.5.6 she holds all necessary third party qualifications, permissions, authorisations and/or approvals to fulfil her obligations under this Agreement and shall notify the Company immediately if she ceases to hold any such qualification, permission, authorisation or approval or becomes subject to any inquiry, investigation or proceedings that may lead to the loss of or restriction to such qualification, permission, authorisation or approval.

### 3. **APPOINTMENT DURATION AND NOTICE**

- 3.1 The Executive is appointed as Managing Director, EMEA, reporting to the President, International Group and may, at the request of the Company, be appointed a director within the meaning of section 250 Companies Act 2006 of the Company or any Group Company. The Company has the right in its absolute discretion to change the person or persons to whom the Executive reports or on a restructuring of the Company (or part of the Company to which the Executive is assigned) to introduce additional layers of management senior to the Executive.
- 3.2 The Executive's continuous employment with the Company for the purposes of the ERA commences on the Commencement Date. No employment with a previous employer counts for the purposes of the ERA as part of the Executive's period of continuous employment.
- 3.3 The Executive's employment will commence on the Commencement Date and will continue unless and until terminated:
- 3.3.1 in the circumstances described in **Clause 4** or **21**; or
  - 3.3.2 by either party giving to the other written notice of the period specified in the Schedule.
- 3.4 The Company reserves the right to transfer the Executive's employment under this Agreement to another Group Company at any time at its discretion.

### 4. **PAYMENT IN LIEU OF NOTICE**

- 4.1 Without prejudice to **Clauses 4.3, 21.1, 21.2** and **21.3**, at its absolute discretion the Company may terminate this Agreement and the Executive's employment with immediate effect at any time by giving her written notice and paying her basic salary at the rate applicable at the Termination Date (less PAYE deductions) in lieu of the notice periods referred to in **Clause 3.3** or remainder of the notice period if at the Company's request the Executive has worked (or been excluded pursuant to **Clause 21.2** and **21.3**) during part of the notice period and the Company may pay any sum in lieu of notice by instalments over the period of what would have been the period of notice to expiry, had notice been served. If the Company exercises its right to pay in lieu in instalments, the

Executive is obliged to take reasonable steps to seek suitable alternative income over the period and to disclose the gross amount of any such income to the Company. The instalment payments will be reduced by the net amount of such income.

4.2 For the avoidance of doubt, if the Company exercises its right under **Clause 4.1**:

4.2.1 the Executive's employment will terminate on the date specified in the notice given by the Company pursuant to **Clause 4.1**;

4.2.2 any payment in lieu of salary pursuant to this clause will not include pay in respect of bonus, commission, holiday or other benefits which would otherwise have accrued or been payable during the period to which the payment in lieu of salary relates; and

4.2.3 any payment made to the Executive in accordance with **Clause 4.1** will (unless the Company exercises its right to pay in lieu in instalments pursuant to **Clause 4.1**) be paid within 28 days following the Termination Date and is in full and final settlement of all claims which she has or may have against the Company or any Group Company or any director, employee or agent of the Company or any Group Company arising out of her employment and the termination of her employment.

4.3 The Executive shall not be entitled to any payment in lieu of notice pursuant to this clause or otherwise if the Company would be entitled to terminate her employment without notice in accordance with **Clause 21**.

## 5. **DUTIES**

5.1 The Executive will carry out such duties and functions, exercise such powers and comply with such instructions in connection with the business of the Company and the Group as the Board reasonably determines from time to time and in accordance with the general fiduciary and statutory duties required of her office and the Company's policies and procedures concerning anti-corruption and the Bribery Act 2010.

5.2 Except when prevented by illness, accident or holiday the Executive will devote the whole of her time and all of her attention and skill to the affairs of the Company and, where appropriate, the Group, and will promote, protect, develop and extend the business of the Company and the Group. She will not knowingly or deliberately do anything which is to its (or their) detriment, including having any direct or indirect involvement in discussions with any other employees of the Company or Group, head-hunters or potential employers about her leaving the employment of the Company with other employees of the Group to join a new employer as part of a team of more than one person.

5.3 The Executive will, if and so long as she is so required by the Company, carry out duties for and/or act as a director, officer or employee of the Company or any Group Company and shall comply with the Articles of Association of the Company and/or Group Company (as amended from time to time). The duties attendant on any such appointment will be carried out by the Executive as if they were duties to be performed by her on behalf of the Company under this Agreement.

5.4 The Executive will at all times promptly give to the Board (in writing if requested) all information, explanations and assistance that the Board may require in connection with the business or affairs of the Company and, where appropriate the Group, and her employment under this Agreement. She furthermore undertakes to disclose immediately to the Board anything of which she becomes aware or in which she becomes involved which affects adversely or may affect adversely the business, interests or reputation of the Company or any Group Company including but not limited to acts of misconduct, dishonesty, breaches of contract, fiduciary duty or company rules whether by herself or by a director or employee of the Company or any Group Company, irrespective of whether she may incriminate herself by so doing.

5.5 Without prejudice to **Clause 3.1** or **21.2** or **21.3** the Board may at any time require the Executive to cease performing and exercising all or any of such duties, functions or powers and/or the Board may appoint any person or persons to act jointly with the Executive to discharge her duties and functions hereunder.

5.6 The Executive undertakes not to use social media in a way that breaches the terms of this Agreement or any of the Company's policies, particularly (but not limited to) by breaching her obligations of confidentiality under **Clause 18**, breaching copyright, making disparaging or defamatory remarks about the Company or any Group Company or about their respective officers, employees, customers, clients or competitors or by harassing or bullying any staff members in any way. Any personal communications made by the Executive via social media shall be clearly and identifiably her own and shall not purport

or appear to be representative of views held by the Company, any Group Company or any other person employed by or associated with the Company. The Executive will immediately on request by the Company withdraw, delete or amend any publication made by her on any social media or other website.

## 6. PLACE OF WORK

6.1 The Executive will perform her duties principally at the head office of the Company and at such other place or places as the Company reasonably requires. The Executive may be required to travel both inside and outside the United Kingdom in the course of her duties but the Company will not require her, without her prior consent, to reside anywhere outside the United Kingdom for a total period of more than one month at any one time.

## 7. HOURS OF WORK

7.1 The Executive will work the Company's normal office hours and such other hours without additional remuneration in order to meet the requirements of the business and for the proper performance of her duties. In view of the Executive's seniority and managerial duties and responsibilities, the Executive is regarded as a "managing executive" for the purposes of the WTR and accordingly the maximum weekly working hours provided for under the WTR do not apply to her.

## 8. REMUNERATION

8.1 The Company will pay the Executive a salary at the rate specified in **The Schedule** (inclusive of any fees to which she may become entitled as a director of the Company or any Group Company) with effect from the Commencement Date (or at such higher rate as may from time to time be notified to her by the Board) which salary will accrue from day to day and be payable in arrears by equal monthly instalments on or around the 25<sup>th</sup> day of each month.

8.2 The fact that the Executive's salary may be increased in any year or years during her employment does not confer any right on the Executive to receive any increase in any subsequent year and no increase will be payable if the Executive is under notice of termination or in receipt of benefits under the Company's permanent health insurance scheme.

8.3 The Executive hereby authorises the Company to deduct from her remuneration (which for this purpose includes salary, pay in lieu of notice, commission, bonus, holiday pay and sick pay) all sums owed by her to the Company or any Group Company, including but without limitation the balance outstanding of any loans (and interest where appropriate) advanced by the Company to the Executive and any deduction pursuant to **Clause 14.5**.

8.4 The Executive hereby acknowledges that her remuneration under this clause, and any payment she might receive for loss of office, is subject to approval of the Company's remuneration policy. For the avoidance of doubt, the Executive further agrees that she will repay any payment made to her in contravention of the Company's remuneration policy.

8.5 In the event that any term of this Agreement provides for the payment of remuneration or payment for loss of office contravenes sections 226B and 226C of the Companies Act 2006 then the Company will be entitled to vary the relevant term.

## 9. BONUS AND STOCK

9.1 During this Agreement, at the absolute discretion of the Board, the Executive may be allowed to participate in such bonus scheme or schemes (whether short or long term) as the Company operates for executives of comparable status to incentivise performance and reward future loyalty and on such terms (including any performance targets or criteria) as the Board may determine from time to time.

9.2 Without prejudice to **Clause 9.1** participation in any scheme shall be subject to the following:

9.2.1 payments under any such scheme for any year will not confer on the Executive any right to participate or to be paid in the following year or any subsequent years;

9.2.2 any payments are conditional on the Board being reasonably satisfied with the Executive's performance and conduct up to the date of payment;

- 9.2.3 no payment will be made under any scheme if, on the payment date the Executive has given, or has been given, notice of termination of employment, is suspended from employment or is no longer employed by the Company;
- 9.2.4 any such scheme is entirely discretionary in nature and is not incorporated by reference into this Agreement;
- 9.2.5 bonus payments are non-pensionable and are subject to PAYE deductions.

9.3 The Executive may be invited to participate in such stock /restricted stock schemes as the Company may operate ("the Stock Schemes") in accordance with their rules from time to time ("the Rules"). Any participation will be voluntary and will not constitute a contractual entitlement under this Agreement or give rise to any rights or remedies against the Company. By participating the Executive will be deemed irrevocably to have waived any such entitlement, rights or remedies. If the Executive's employment terminates for any reason and her rights or expectations (if any) under the Stock Schemes lapse or are otherwise lost or altered pursuant to the Rules, the Executive will not be entitled to damages for wrongful dismissal or breach of contract or otherwise to any sum or other benefits to compensate her in respect of any loss under the Stock Schemes that she may suffer as a result.

## 10. EXPENSES

10.1 The Executive will be reimbursed all out of pocket expenses wholly, exclusively and necessarily incurred by her in the performance of her duties under this Agreement on hotel, travelling, and other similar items provided that she complies with the Company's current policy relating to expenses and produces to the Company satisfactory evidence of expenditure.

## 11. CAR

11.1 The Employer agrees to make a payment to the Executive to the total value of £37,396.70 (valued on the Commencement Date) reported as taxable income and "grossed up" after any required deductions have been made in order that the Executive is able to purchase a car of her choice. The Executive acknowledges and agrees that in the event that she serves notice of termination of employment and/or her employment with the Employer terminates in the 2 year period after the Commencement Date (except where she is dismissed by the Employer in circumstances where none of the circumstances envisaged under clause 21.1 below apply), that this payment must be reimbursed by the Executive to the Employer within 14 days of the termination of her employment and the Executive further agrees that, in such circumstances, deductions may be made from any sum due or payable to the Executive by the Employer in respect of such reimbursement. The Executive agrees, at the Employer's request, to execute any relevant document in order to give effect to the terms of this clause.

11.2 The Employer further agrees, assuming that the Employee remains employed and is not under notice of termination of employment at the relevant anniversary date to, shortly after the third, sixth and ninth anniversary of the Commencement Date respectively, to make further individual payments to the Executive of £37,396.70 (adjusted to reflect inflation since the Commencement Date) reported as taxable income and "grossed up" after any required deductions have been made in order that the Executive is able to purchase a car of her choice on or around each such anniversary dates.

## 12. COMPANY BENEFITS

12.1 Subject to underwriting at a reasonable cost to the Company and to the Executive satisfying the normal underwriting requirements of the relevant insurance provider during this Agreement and provided she is below state pension age, the Executive will be entitled to participate at the Company's expense in:

- 12.1.1 such private medical expenses insurance scheme as the Company may operate for the benefit of those persons specified in **The Schedule**;
- 12.1.2 such life assurance scheme as the Company may operate;
- 12.1.3 such permanent health insurance scheme as the Company may operate.

12.2 If the relevant insurance provider of any private medical insurance or other insurance referred to in **Clause 12.1** refuses for any reason to provide the applicable insurance benefit to the Executive or the Executive's family, as applicable, the Company shall not be liable to provide to the Executive any replacement benefit of the same or similar kind or to pay compensation in lieu of such benefit.

- 12.3 The Executive's participation in any scheme referred to in **Clause 12.1** will be subject to the rules of the relevant scheme from time to time in force and the Executive will be responsible for any tax falling due.
- 12.4 The Employer agrees to pay the Executive the annual housing allowance specified in **The Schedule** subject to appropriate deductions for the purpose of living within commutable distance from the Employer's UK head office. In the event that the Executive serves notice of termination of employment under this Agreement she will be responsible for any penalties associated with housing including but not limited to any lease termination penalties or notice periods.
- 12.5 The Company agrees to reimburse the Executive for the cost of two business class air tickets and ground transportation per year from London to Argentina for you and your spouse as long as arrangements for such transport are made through the Company's travel vendor under the Company's relevant policies.
- 12.6 The Company agrees to provide the Employee with an annual living allowance for the purpose of living within commutable distance from the Employer's UK head office as set out in **The Schedule**.
- 12.7 The Company will provide the Executive with reasonable tax support and ensure appropriate tax equalisation is put in place for the Executive through its usual provider throughout her employment with the Company.
- 12.8 The Company will provide the Executive and her immediate family with any required immigration support and assistance throughout her employment with the Company.
- 12.9 The Company will relocate the Executive and her immediate family to London (where she will be expected to live during her employment) under its relocation programme, details of which shall be provided to her. Benefits received under this programme are subject, in certain circumstances, to repayment, under a repayment agreement which the Executive agrees to agree to and sign separately.
- 12.10 The Company agrees to reimburse the Executive for the cost of reasonable repatriation expenses for her and her immediate family in circumstances where the Company terminates the Employee's employment under this Agreement except where such termination is under **Clause 21.1** below.
- 12.11 In respect of the benefits referred to at **Clauses 9, 11 and 12.1 to 12.3** above, the Company expressly reserves the right to at any time withdraw, reduce or vary the Executive's entitlement under or participation in any schemes or benefits and this Agreement is to be read as subject to this provision.
13. **PENSION**
- 13.1 Subject to **Clauses 13.2** and **13.3**, during this Agreement the Executive is entitled to participate in such pension scheme as is notified to her by the Company from time to time.
- 13.2 Membership of any pension scheme is subject to the trust deed and rules or the policy applying to the relevant scheme from time to time (including without limitation any powers of alteration and discontinuance) and the trust deed and rules or policy will take precedence in the event of alleged discrepancy with the terms of this Agreement. If the Executive's rights or benefits under the relevant pension scheme are altered or discontinued, the Company will not be obliged to provide any additional or replacement scheme or pension benefits (except to the extent required by law) or to pay damages or compensation to the Executive.
- 13.3 The Company will comply with its employer duties under the Automatic Enrolment Laws in respect of the Executive and will automatically enrol or re-enrol the Executive into a pension scheme as and when required by law. The Executive is required to notify the Company in writing if she has registered for, or is otherwise eligible for, any form of tax protection which may be lost or prejudiced as a result of her being automatically enrolled or re-enrolled into a pension scheme. The Company will have no liability to the Executive in respect of any adverse tax consequences of her automatic enrolment or re-enrolment where the Executive fails to provide such notification, or where the notification is provided less than one week prior to the Executive's automatic enrolment or re-enrolment date.
14. **HOLIDAY**
- 14.1 Subject to **Clauses 14.2** to **14.4** the Executive will be entitled to the number of working days' holiday specified in **The Schedule** (in addition to normal public holidays) in each

holiday year to be taken at such time or times as may be approved in advance by the Board.

- 14.2 Should the Executive be absent from work for any period of one month or more due to illness or incapacity, holiday entitlement in excess of the statutory minimum will not accrue.
- 14.3 Subject to **Clause 14.3** and **14.4**, in each holiday year the Executive will be expected to take at least the holiday to which she is entitled under the WTR. The Executive is not entitled to carry forward any holiday entitlement.
- 14.4 The Executive's entitlement to paid holiday in the holiday year in which her employment terminates or commences will be pro rata for each completed calendar month of service in that year. The Board may require the Executive to take any accrued but untaken holiday entitlement during her notice period. Holiday entitlement in excess of the statutory minimum shall not accrue during any period of garden leave arising on the Company exercising its rights under **Clause 21.2** and **21.3**.
- 14.5 Subject to **Clause 14.6**, where the Executive has taken more or less than her holiday entitlement in the year her employment terminates, a proportionate adjustment will be made by way of addition to or deduction from (as appropriate) her final gross pay calculated on a pro rata basis.
- 14.6 If the Company terminates the Executive's employment immediately by summary notice in writing pursuant to **Clause 21.1** of this Agreement or if the Executive has terminated her employment in breach of this Agreement any payment due to the Executive under **Clause 14.5** as a result of untaken holiday will be limited to the Executive's statutory holiday entitlement only. Re-imbursment of excess holiday taken by the Executive shall be recoverable from the Executive in full at the rate at which it was paid to her.

## 15. **INCAPACITY AND SICK PAY**

- 15.1 If the Executive is absent from her duties as a result of illness or injury she will notify the Company as soon as possible and complete any self-certification forms which are required by the Company. If the incapacity continues for a period of seven days or more she will produce to the Company a medical certificate to cover the duration of such absence.
- 15.2 Sick pay is paid entirely at the discretion of the Company and in accordance with the Company's sick pay policy from time to time.
- 15.3 Without prejudice to the Company's right to terminate this Agreement pursuant to **Clause 21.1** the Company reserves the right to terminate this Agreement notwithstanding any right the Executive might have to participate in any permanent health insurance scheme or to receive sick pay or other benefits.
- 15.4 Whether or not the Executive is absent by reason of sickness, injury or other incapacity the Executive will, at the request of the Board, agree to have a medical examination performed by a doctor appointed and paid for by the Company and the Executive hereby authorises the Board to have unconditional access to any report or reports (including copies) produced as a result of any such examination as the Board may from time to time require. Any sick pay paid in excess of statutory sick pay will be conditional on the Executive complying with the terms of this clause.

## 16. **CONFLICT OF INTEREST**

- 16.1 The Executive will disclose promptly to the Board in writing all her interests in any business other than that of the Company and the Group and any interests of her spouse, partner or children to the extent these might in the reasonable view of the Company compete or interfere with the performance of her duties and will notify the Board immediately of any change in her external interests.
- 16.2 Except with the written consent of the Board (such consent not to be unreasonably withheld) the Executive will not during her employment under this Agreement be directly or indirectly engaged, concerned or interested whether as principal, servant or agent (on her own behalf or on behalf of or in association with any other person) in any other trade, business or occupation other than the business of the Company or any Group Company. This clause will not prevent the Executive from being interested, for investment purposes only, as a member, debenture holder or beneficial owner of any stock, shares or debentures which are listed or dealt in on a Recognised Investment Exchange and which do not represent more than 4% of the total share or loan capital from time to time in issue in such company. For the avoidance of doubt, the Executive's current 50% shareholding in a business operated by her spouse and any shareholding in any similar

business set up by her spouse is excluded from this clause assuming that such shareholding does not conflict with her duties with the Company.

- 16.3 During her employment with the Company, the Executive will not obtain or seek to obtain, or permit any other person to obtain or seek to obtain, any financial or other competitive advantage (direct or indirect) from the disclosure, downloading, uploading, copying, transmittal, removal or destruction of information acquired by her in the course of her employment, whether or not that information is Confidential Information (as defined).
- 16.4 During the term of this Agreement the Executive shall not make (other than for the benefit of the Company or any Group Company) any statement or record in whatsoever medium relating to any matter within the scope of the business of the Company or any Group Company or use such record or allow it/them to be used other than for the benefit of the Company or any Group Company.
- 16.5 During her employment the Executive is likely to operate LinkedIn, which help to promote her skills and reputation as an employee of the Company for and on behalf of the Company. The Executive undertakes for the duration of her employment to operate such accounts in a professional manner and in a manner which does not conflict with her duties with the Company.

## 17. **RESTRICTIVE COVENANTS**

17.1 It is hereby agreed, acknowledged and understood that:-

- 17.1.1 these covenants are agreed with the Company acting on its own behalf and for and on behalf of any and all other Relevant Group Companies;
- 17.1.2 the Company shall be at liberty to enforce these covenants on its own behalf and/or for and on behalf of any other Relevant Group Company (whether in respect of actual or anticipated damage to itself or to any other Relevant Group Company);
- 17.1.3 damages are unlikely to be an adequate remedy for a breach of these restrictive covenants and (without prejudice to the Company's right to seek damages) injunctive relief will be an appropriate and necessary remedy in the event of an actual or anticipated breach of these restrictions;
- 17.1.4 the Company shall be at liberty to seek and recover damages occasioned as a result of a breach of these restrictive covenants, whether in respect of losses that are suffered by itself and/or by any other Relevant Group Company (and in the event that the Company recovers damages for losses suffered by any other Relevant Group Company, it shall account to that Group Company for any such damages);
- 17.1.5 at the request of the Company the Executive will enter into a direct agreement or undertaking with any other Group Company whereby she will accept restrictions and provisions corresponding to the restrictions and provisions in this **Clause 17** and in **Clause 18** (or such of them as may be appropriate in the circumstances).

17.2 The Executive will not without the prior written consent of the Company or, where appropriate, Relevant Group Company directly or indirectly and whether alone or in conjunction with or on behalf of any other person and whether as a principal, director, employee, agent, consultant, partner or otherwise:

- 17.2.1 for a period of 12 months from the Termination Date induce, solicit, or entice away (or endeavour to induce, solicit or entice away) from the Company or any Relevant Group Company a Critical Person, whether or not such person would commit any breach of his or her contract of employment or engagement by leaving the service of the Company or any other Group Company;
- 17.2.2 for a period of 6 months from the Termination Date so as to compete (or to compete in the future) with the Company or any Relevant Group Company:
- 17.2.2.1 induce, solicit or entice away (or endeavour to induce, solicit or entice away) from the Company any Relevant Customer for the supply or provision of the Products or Services;
- 17.2.2.2 supply or provide any Products or Services to any Relevant Customer (or endeavour to do so);

- 17.2.2.3 do or attempt to do anything which causes or may cause a Relevant Customer to cease or reduce materially its orders or contracts or intended orders or contracts with the Company or Relevant Group Company or alter its terms of business with and to the detriment of the Company and/or Relevant Group Company;
  - 17.2.2.4 do or attempt to do anything which causes or may cause any Relevant Supplier or potential Relevant Supplier to cease, alter or reduce materially its supplies to the Company or any Relevant Group Company or alter its terms of business with and to the detriment of the Company and/or Relevant Group Company;
  - 17.2.2.5 in connection with any business in, or proposing to be in, competition with the Company, or any other Group Company employ, engage or appoint or in any way cause to be employed, engaged or appointed a Critical Person, whether or not such person would commit any breach of his or her contract of employment or engagement by leaving the service of the Company or any other Group Company;
  - 17.2.2.6 become employed, engaged, concerned or interested in the same department, group or business area of any business which has at the same time as or in conjunction with or prior to the employment, appointment or engagement of the Executive, employed, appointed or engaged in that department, group or business area a Critical Person for the purposes of competing, or preparing to compete with the Company or any Relevant Group Company for the purposes of supplying or providing, or preparing to supply or provide, Products or Services;
  - 17.2.2.7 be employed, engaged, concerned or interested in or provide technical, commercial or professional advice to, any Relevant Customer (save as provided for under **Clause 17.3** below and provided always that nothing in this restriction shall prevent (i) employment, engagement, concern or interest in a role wholly unrelated to the Products or Services, or (ii) the provision of technical, commercial or professional advice in respect of matters wholly unrelated to the Products or Services;
- 17.2.3 within the Restricted Territory for a period of 6 months from the Termination Date be employed, engaged, concerned or interested in or provide technical, commercial or professional advice to any other business (whether conducted on its own or as part of a wider entity) which supplies or provides (or intends to supply or provide) the or Services in direct or indirect competition with those parts of the business of the Company or any Relevant Group Company in respect of which the Executive was materially engaged or involved, or for which she was responsible, or in respect of which she was in possession of Confidential Information during the Relevant Period.
- 17.2.4 use or seek to register, in connection with any business, any name, internet domain name (URL), social media account or other device which includes the name or device of the Company or any Group Company, any identical or similar sign or any sign or name previously used by the Company or any Group Company or at any time after the Termination Date represent herself as connected with the Company or any Group Company in any capacity.
- 17.3 None of the restrictions set out in **Clause 17.2** shall apply to prevent the Executive from being interested, for investment purposes only, in any business, whether as a member, debenture holder or beneficial owner of any stock, shares or debentures listed or dealt in on a Recognised Investment Exchange and which do not represent more than 4% of the total share or loan capital from time to time in issue in such company.
- 17.4 Whilst the restrictions in this **Clause 17** (on which the Executive hereby acknowledges she has had an opportunity to take independent legal advice are regarded by the parties as fair and reasonable, each of the restrictions in this **Clause 17** is intended to be separate and severable. If any restriction is held to be void but would be valid if part of the wording (including in particular, but without limitation, the definitions contained in **Clause 1**) were deleted, such restriction will apply with so much of the wording deleted as may be necessary to make it valid or effective.
- 17.5 The parties agree that the periods referred to in **Clause 17.2.1** will be reduced by one day for every day during which at the Company's direction and pursuant to **Clause 21.2** and **21.3** below the Executive has been excluded from the Company's premises and/or

has been required not to carry out any duties or to carry out duties other than her normal duties.

- 17.6 The parties further agree that in the event of breach by the Executive of any of the provisions in this **Clause 17** the Company will be entitled by written notice to extend the period during which the breached provisions apply by an equivalent period to that during which the breach or breaches have continued, such additional period to commence on the date on which the said period would have otherwise expired. The Executive hereby agrees that if the Company so extends the period of any such restriction, this will not prejudice the right of the Company to apply to the Courts for injunctive relief in order to compel her to comply with the provisions of this clause and/or damages, as the case may be.
- 17.7 The Company has entered into this Agreement as agent for and trustee of each Relevant Group Company and each Group Company respectively.
- 17.8 If the Executive applies for or is offered a new employment, appointment or engagement, before entering into any contract the Executive will bring the terms of this **Clause 17** and **Clauses 3, 4, 18, 19** and **21.2** and **21.3** to the attention of a third party proposing directly or indirectly to employ, appoint or engage her.

## 18. **CONFIDENTIALITY**

- 18.1 The Executive acknowledges that in the course of her employment she will be exposed and have access to Confidential Information. The Executive has therefore agreed to accept the restrictions set out in this **Clause 18**.
- 18.2 The Executive will not either during her employment (including without limitation any period of absence or of exclusion pursuant to **Clause 21.2** and **21.3**) or after its termination (without limit in time) disclose, make use of, or encourage or permit the use of any Confidential Information for any purposes other than those of the Company and for the benefit of the Company or any Group Company and shall take all reasonable steps to prevent the publication or disclosure of any Confidential Information.
- 18.3 All documents, manuals, hardware and software provided by the Company or any Group Company for the Executive's use and any data or documents (including copies) produced, maintained or stored on the Company's computer systems or other electronic equipment (including mobile telephones or devices) remain the property of the Company or Group Company, as applicable.
- 18.4 The restrictions contained in this clause do not apply to:
- 18.4.1 any disclosure authorised by the Board or required in the ordinary and proper course of the Executive's employment or required by the order of a court of competent jurisdiction or by an appropriate regulatory authority or as otherwise required by law;
- 18.4.2 any information which the Executive can demonstrate was known to the Executive prior to the commencement of the Executive's employment by the Company or is in the public domain otherwise than as a result of a breach by her of this clause or any other duties and obligations owed to the Company or any Group Company; or
- 18.4.3 any protected disclosure made by the Executive within the meaning of Part IV A of the ERA and/or any policy on disclosure operated by the Company from time to time.

## 19. **INTELLECTUAL PROPERTY RIGHTS**

- 19.1 The Executive acknowledges that all Employment IPRs, Employment Inventions and all materials embodying them will automatically belong to the Company to the fullest extent permitted by law. To the extent that they do not vest in the Company or any Relevant Group Company automatically the Executive holds them on trust for the Company or Relevant Group Company.
- 19.2 To the extent that legal title in any other Intellectual Property Rights or Inventions does not vest in the Company or Relevant Group Company by virtue of **Clause 19.1**, the Executive hereby agrees immediately upon creation of such rights and inventions to offer to the Company or Relevant Group Company in writing a right of first refusal to acquire them on arm's length terms to be agreed between the parties. If the parties cannot agree on such terms within 30 days of the Company or Relevant Group Company receiving the offer, the Company or Relevant Group Company will refer the dispute to an arbitrator who will be appointed by the President of Chartered Institute of Patent Attorneys. The

arbitrator's decisions will be final and binding on the parties and the costs of arbitration will be borne equally by the parties. The Executive agrees to keep such Intellectual Property Rights and Inventions offered to the Company or any Relevant Group Company under this **Clause 19.2** confidential until such time as the Company or Relevant Group Company has agreed in writing that the Executive may offer them for sale to a third party.

19.3 The Executive agrees:

19.3.1 to give the Company full written details of all Employment Inventions which relate to or are capable of being used in the business of the Company or any Group Company promptly on their creation;

19.3.2 at the Company's request or that of any Group Company and in any event on the termination of her employment to give to the Company or any Relevant Group Company all originals and copies of correspondence, documents, papers and records on all media which record or relate to any of the Employment IPRs;

19.3.3 not to attempt to register any Employment IPR nor patent any Employment Invention unless requested to do so by the Company or any Relevant Group Company; and

19.3.4 to keep confidential each Employment Invention unless the Company or any Relevant Group Company has consented in writing to its disclosure by the Executive.

19.4 The Executive waives all her present and future moral rights which arise under the Copyright Designs and Patents Act 1988 and all similar rights in other jurisdictions relating to any copyright which forms part of the Employment IPRs and agrees not to support, maintain nor permit any claim for infringement of moral rights in such copyright works.

19.5 The Executive acknowledges that, except as provided by law, no further remuneration or compensation other than that provided for in this Agreement is or may become due to the Executive in respect of her compliance with this clause. This clause is without prejudice to the Executive's rights under the Patents Act 1977.

19.6 The Executive undertakes to execute all documents and do all acts both during and after her employment by the Company or any Group Company as may in the opinion of the Company be necessary or desirable to vest the Employment IPRs in the Company or any Relevant Group Company, to register them in the name of the Company or any Relevant Group Company where appropriate throughout the world and for the full term of those rights and to protect and maintain the Employment IPRs and the Employment Inventions. Such documents may, at the Company's request, include waivers of all and any statutory moral rights relating to any copyright works which form part of the Employment IPRs. The Company agrees to reimburse or procure the reimbursement of the Executive's reasonable expenses of complying with this **Clause 19.6**.

19.7 The Executive agrees to give all necessary assistance to the Company or any Group Company at the Company's or any Relevant Group Company's reasonable expense to enable it/them to enforce its/their Intellectual Property Rights against third parties and to defend claims for infringement of third party Intellectual Property Rights.

19.8 The Executive irrevocably appoints the Company to be her attorney in her name and on her behalf to execute documents, use her name and do all things which are necessary or desirable for the Company to obtain for itself or its nominee the full benefit of this clause. A certificate in writing, signed by any director or the secretary of the Company, that any instrument or act falls within the authority conferred by this Agreement shall be conclusive evidence that such is the case so far as any third party is concerned.

## 20. **RETURN OF COMPANY PROPERTY**

20.1 On request by the Company and in any event on termination of her employment or on commencement of any period of exclusion pursuant to **Clause 21.2** and **21.3** the Executive will:

20.1.1 deliver up immediately to the Company all property (including but not limited to documents and software, credit cards, mobile telephone, computer equipment, facsimile machine, social media passwords used in accordance with **Clause 16.5**, keys and security passes and any Confidential Information) belonging to it or any Group Company in the Executive's possession or under her control, at the Company's discretion being required to provide evidence of having done so. Documents and software include (but are not limited to)

correspondence, diaries, address books, databases, files, reports, minutes, plans, records, documentation or any other medium for storing information. The Executive's obligations under this clause include the return of all copies, drafts, reproductions, notes, extracts or summaries (however stored or made) of all documents and software, and any data stored on external sites such as contacts on social media;

20.1.2 provide a signed statement confirming her compliance with this **Clause 20**;

20.1.3 transfer without payment to the Company or as it may direct any shares or other securities held by her in the Company or any Group Company as trustee and deliver to the Company the related certificates,

and the Executive hereby irrevocably authorises the Company to appoint a person or persons to execute all necessary transfer forms and other documentation on her behalf in connection with the above.

20.2 The obligations set out in **Clause 20.1** shall not be affected by the fact that any document or software covered by this clause may include information or data personal to the Executive or may be held on mobile devices belonging personally to the Executive where such devices are used by her to any extent in respect of her work. In such circumstances it shall be the responsibility of the Executive when returning such property to bring such issues to the attention of the Company which shall then make arrangements for the proper and lawful disposal of such information or data.

## 21. **TERMINATION AND GARDEN LEAVE**

21.1 Without prejudice to any other rights the Company or any Group Company may have, the Company may terminate the Executive's employment immediately by summary notice in writing or may accept any breach of this Agreement by the Executive as having brought this Agreement to an end (notwithstanding that the Company may have allowed any time to elapse or on a former occasion may have waived its rights under this clause) if she:

21.1.1 commits, repeats or continues any material breach of this Agreement or her obligations under it including any material or persistent breach of her fiduciary duties or any provision of the Companies Act 2006 or similar legislation or any regulation made thereunder;

21.1.2 in the performance of her duties under this Agreement or otherwise commits any act of gross misconduct or serious/gross incompetence or negligence including any deliberate act of discrimination, harassment or victimisation on the grounds of race, sex, disability, sexual orientation, marital status (including civil partnership), pregnancy or maternity, gender reassignment, religion/religious belief or age;

21.1.3 acts in a manner which prejudices or is likely in the reasonable opinion of the Board to prejudice the interests or reputation of the Executive, the Company or any Group Company;

21.1.4 commits any material breach of the Company's Code of Conduct in force from time to time;

21.1.5 has committed/is charged with/is convicted of any criminal offence other than an offence which does not in the reasonable opinion of the Board affect her position under this Agreement other than any offence under any road traffic legislation in the UK or elsewhere for which a fine or non-custodial sentence is imposed;

21.1.6 is declared bankrupt or enters into or makes any arrangement or composition with or for the benefit of her creditors generally;

21.1.7 is prohibited by law from being a director of a company or ceases to be a director of the Company or any Group Company without the prior consent or agreement of the Board;

21.1.8 is removed as a director of the Company or any Group Company by the Board for a reason related to her misconduct;

21.1.9 is in breach of any of the warranties set out at **Clause 2.5** of this Agreement, regardless of whether criminal or other sanctions are imposed where relevant;

- 21.1.10 breaches of the Company's Data Protection Policy or similar, **Clause 5.6** of this Agreement, the Company's policies and procedures dealing with use of Internet, e mail and/or Social Media or otherwise makes use social media in a way which is likely to prejudice the reputation of the Company, or any Group Company or its/their employees, customers or clients;
  - 21.1.11 becomes incapacitated from performing all or any of her duties under this Agreement by illness or injury (physical or mental) for a period exceeding (in total) 26 weeks (or such longer period as the Company may agree) in any rolling period of 12 months whether or not the Executive's entitlement to sick pay has been exhausted and whether or not the Executive has any actual or anticipated benefit of any permanent health insurance or
  - 21.1.12 ceases to hold, for a reason under her control, any necessary qualification, permission, approval or authorisation to carry out her duties and obligations under this Agreement and/or is in breach of the rules and regulations and/or compliance manuals and codes of practice of any relevant regulatory body.
- 21.2 Without prejudice to **Clause 4.1**, after notice of termination has been given by either party, or if the Executive seeks to or indicates an intention to resign as a director of the Company or any Group Company or terminate her employment without notice, provided that the Executive continues to be paid and enjoys her contractual benefits until her employment terminates in accordance with the terms of this Agreement, the Board may in its absolute discretion without breaching the terms of this Agreement or giving rise to any claim against the Company or any Group Company for all or part of the notice period required to be given by it:
- 21.3 exclude the Executive from the premises of the Company and/or any Group Company;
- 21.3.1 require her to carry out specified duties for the Company or any Group Company or to carry out no duties;
  - 21.3.2 announce to employees, suppliers and customers and to a regulatory information service that she has been given notice of termination or has indicated an intention to resign (as the case may be);
  - 21.3.3 instruct the Executive not to directly or indirectly communicate with suppliers, customers, distributors officers, employees, shareholders, agents or representatives of the Company or any Group Company;
  - 21.3.4 cease to give the Executive access to its computer systems or social media.
- 21.4 For the avoidance of doubt, the Executive's duties and obligations under **Clauses 5, 16, 17, 18 and 19** and those to be implied into this Agreement at common law continue to apply during any period of exclusion pursuant to this clause.
- 21.5 During any period of exclusion pursuant to **Clause 21.2** and **21.3** the Executive will not be entitled to accrue or receive any bonus/ profit share/ performance related pay/LTIPs/share and stock awards or holiday other than her entitlement under the WTR referred to in **Clause 13**. Any untaken holiday entitlement accrued or likely to accrue up to the Termination Date should be taken during the period of exclusion. The Executive agrees to notify the Company of any day or days during the exclusion period when she will be unavailable due to holiday and will endeavour to agree convenient holiday dates in advance with the Board.
- 21.6 Before and after termination of the Executive's employment, the Executive will provide the Company and/or any Group Company or its or their agents with any assistance it or they may request in connection with any proceedings or possible proceedings, including any internal investigation or administrative, regulatory or judicial investigation, inquiry or proceedings, in which the Company and/or Group Company is or may be involved. The Company will reimburse the Executive for her reasonable expenses incurred in fulfilling her obligations under this clause. However, she shall not be entitled to any other payment or remuneration in consideration of her assistance.
- 21.7 Before and after termination of the Executive's employment, the Executive will provide the Company and/or any Group Company or its or their agents with any assistance it or they may request to ensure any Social Media operated by the Executive on behalf of the Company is surrendered by her and passed to the control of a person nominated by the Company, including disclosure of password or other protections, where applicable.
- 21.8 Immediately following termination of her employment, the Executive shall delete all Connections and, having done so, amend her profiles on any social media accounts to

show that she is no longer employed by the Company, providing appropriate proof of having done so to the Company.

## 22. **DUTY TO NOTIFY OF NEW EMPLOYMENT**

- 22.1 In order to enable the Company to protect its legitimate interests and to enforce its rights under this Agreement, the Executive agrees that during her employment she will notify the Company in writing of the identity of any prospective employer or business in which she wishes to be employed, engaged, concerned or interested or to which she wishes to provide technical, commercial or professional advice prior to accepting such employment and of the date on which she proposes to start her employment, engagement, concern, interest or the provision of advice.
- 22.2 If the Executive applies for or is offered a new employment, appointment or engagement, before entering into any related contract she will bring the terms of **Clauses 3, 4, 17, 18, 19** and **21.2** and **21.3** to the attention of a third party proposing directly or indirectly to employ, appoint or engage her.
- 22.3 The Company shall be entitled to disclose the terms of this Agreement to any third party with or by whom the Executive is employed, engaged or otherwise interested or connected (as is appropriate) in order to protect the interests of the Company and/or any Group Company.

## 23. **RESIGNATION AS DIRECTOR**

- 23.1 The Executive will on termination of her employment for any reason, or on commencement of any period of exclusion pursuant to **Clause 21.2** at the request of the Board, give notice resigning immediately without claim for compensation (but without prejudice to any claim she may have for damages for breach of this Agreement):
- 23.2 as a director of the Company and of any Group Company; and
- 23.3 all trusteeships held by her of any pension scheme or other trusts established by the Company or any Group Company or any other company with which the Executive has had dealings as a consequence of her employment with the Company.
- 23.4 If notice pursuant to **Clause 23.1** is not received by the relevant company within seven days of the Termination Date or a request by the Board, the Company (or such Group Company as may be applicable) is irrevocably authorised to appoint a person to execute any documents and to do everything necessary to effect such resignation or resignations on the Executive's behalf.
- 23.5 Except with the prior written agreement of the Board, the Executive will not during her employment under this Agreement resign her office as a director of the Company or any Group Company or fail to offer herself for re-election in accordance with the Articles of Association of the Company.

## 24. **RIGHTS FOLLOWING TERMINATION**

- 24.1 The termination of the Executive's employment under this Agreement will not affect any of the provisions of this Agreement which expressly operate or lawfully have effect after termination and will not prejudice any right of action already accrued to either party in respect of any breach of any terms of this Agreement by the other party (except in the case of termination by the Company pursuant to **Clause 4.1** in which case **Clause 4.1** will prevail in favour of the Company and the Group).

## 25. **DISCIPLINARY AND GRIEVANCE PROCEDURES**

- 25.1 The Company's disciplinary and grievance procedures are available from the Company Secretary/Human Resources Department/posted on the intranet. The spirit and principles of these procedures apply to the Executive suitably adapted to reflect her seniority and status but these procedures are not incorporated by reference in this Agreement and therefore do not form any part of the Executive's contract of employment.
- 25.2 The Executive has been provided with a copy of the Company's Code of Conduct which she agrees to acknowledge that he has read and signed.

## 26. **THIRD PARTY RIGHTS**

- 26.1 Except as expressly provided in this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

27. **DATA PROTECTION**

- 27.1 During the course of her employment, the Executive understands that the Company will need to hold, access or process her personal data. The Company will do so in accordance with its privacy notice a copy of which has been provided to the Executive. The Executive is required to sign and date the privacy notice and return it to the Company.
- 27.2 The Executive will familiarise herself with and at all times adhere to the Company's Data Protection Policy or similar policy. The Executive undertakes to take all reasonable steps to ensure that any Company information or personal data of any person which he accesses, holds or processes (including information regarding any Group Company) will not be available or disclosed to third parties and will be kept securely by her, particularly if such information is accessed by or accessible to her via a mobile device, such as a laptop, pda or mobile telephone. The Executive agrees and understands that a failure by her to meet the obligations of this clause may lead to disciplinary action up to and including dismissal in accordance with **Clause 21.1**.
- 27.3 The Executive acknowledges furthermore undertakes to immediately notify the Company if she becomes aware of any unauthorised disclosures of any confidential information relating or belonging to the Company or any Group Company or of personal data or any other breaches of the Company's Data Protection Policy.
- 27.4 In order to carry out its legal obligations as an employer including ensuring compliance with its policies and procedures dealing with use of its IT systems, internet, e-mail and/or Social Media the Company may wish to monitor any use the Executive makes of its telecommunications or computer systems. Monitoring will only be carried out to the extent permitted or as required by law and as necessary and justifiable for business purposes.

28. **NOTICES**

- 28.1 Any notice or other form of communication given under or in connection with this Agreement will be in writing in the English language and be handed personally to the Executive or sent to the Company's registered office or to the Executive's place of residence in the UK (as applicable), the latter being satisfied where:
- 28.1.1 Sent to that party's address by pre-paid first class post or mail delivery service; or
- 28.1.2 Delivered to or left at that party's address.
- 28.2 Any notice or communication given in accordance with **Clause 28.1.1** will be deemed to have been served 48 hours after posting but where it is given in accordance with **Clause 28.1.2** it is given at the time the notice or communication is delivered to or left at that party's address.
- 28.3 To prove service of a notice or communication it will be sufficient to prove that the provisions of **Clause 28.1** were complied with.
- 28.4 For the avoidance of doubt, notice of directors' meetings may be given in any manner permitted by the Company's Articles of Association and if sent to the Executive by e-mail (to the Executive's usual e-mail address), provided it is properly addressed, the notice shall be deemed received by the Executive immediately after it was sent.

29. **MISCELLANEOUS**

- 29.1 This Agreement will be governed by and interpreted in accordance with the law of England and Wales.
- 29.2 The courts of England and Wales have exclusive jurisdiction to determine any dispute arising out of or in connection with this Agreement.
- 29.3 Any delay by the Company in exercising any of its rights under this Agreement will not constitute a waiver of such rights.
- 29.4 There are no collective agreements which directly affect the Executive's terms and conditions of employment.

**THIS DOCUMENT** is executed as a deed and delivered on the date stated at the beginning of this Deed.



## THE SCHEDULE

### Individual Terms

1. **Notice Period – Clause 3.3**

Notice from the Company to the Executive – not less than 9 calendar months'

Notice from the Executive to the Company – not less than 6 calendar months'

2. **Salary – Clause 8.1**

£314,184 per annum subject to required deductions. In the event that GBP loses its value by more than 10% as compared to its value at the Commencement Date the company agrees to discuss with the Executive possible strategies to overcome and mitigate the effect that such loss of value has on the Executive

In the event that the Executive's employment is transferred out of the UK at any time and her salary is therefore converted to any other currency, her salary would be based on a GBP to USD exchange rate of 1:1.33679 before conversion was applied to any relevant local currency.

3. **Private Medical Insurance – Clause 12.1.1**

The Executive, her spouse/partner and all dependent children under the age of 18.

4. **Housing Allowance – Clause 12.4**

£71,066, reported as taxable income and "grossed" up to account for required deductions

5. **Living Allowance – Clause 12.6**

£29,922, reported as taxable income and "grossed" up to account for required deductions

6. **Holiday – Clause 14.1**

Holiday year is 1 January to 31 December. Entitlement is 23 days per annum exclusive of public holidays.

**EXECUTED** as a deed by ( )  
**WOLVERINE EUROPE LIMITED** ( )  
acting by one director in the presence of: ( )

/s/ Jennifer J Miller  
Witness signature:  
Name:  
Address:  
Occupation:

Secretary

**SIGNED** as a deed by ( )  
**ISABEL SORIANO CORRAL** ( )  
in the presence of: ( )

/s/ Isabel Soriano Corral  
Witness signature:  
Name:  
Address:  
Occupation:

## CERTIFICATION

I, Brendan L. Hoffman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wolverine World Wide, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022

/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 Quarterly Report on Form 10-Q of Wolverine World Wide, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022

/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 Quarterly Report of the Company on Form 10-Q for the quarter ended April 2, 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: May 12, 2022

/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)