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 1, 2023

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

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

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

Title of each class	Trading symbol	Name of each exchange on which registered
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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

There were 79,432,708 shares of common stock, $1 par value, outstanding as of April 24, 2023.

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FORWARD-LOOKING STATEMENTS

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

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

These or other uncertainties could cause a material difference between an actual outcome and a forward-looking statement. The uncertainties included here are not exhaustive and are described in more detail in Part I, Item 1A: “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (the “2022 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 1, 2023	Quarter Ended April 2, 2022
Revenue	**$ 599.4**	$ 614.8
Cost of goods sold	**363.1**	353.5
Gross profit	**236.3**	261.3
Selling, general and administrative expenses	**212.0**	211.3
Gain on sale of business	**(20.1)**	—
Environmental and other related costs, net of recoveries	**(0.9)**	30.4
Operating profit	**45.3**	19.6
Other expenses:		
Interest expense, net	**15.8**	8.7
Other expense (income), net	**1.2**	(1.1)
Total other expense, net	**17.0**	7.6
Earnings before income taxes	**28.3**	12.0
Income tax expense	**10.3**	3.6
Net earnings	**$ 18.0**	$ 8.4
Less: net loss attributable to noncontrolling interests	**(1.0)**	(1.3)
Net earnings attributable to Wolverine World Wide, Inc.	**$ 19.0**	$ 9.7
Net earnings per share (see Note 3):		
Basic	**$ 0.23**	$ 0.12
Diluted	**$ 0.23**	$ 0.12
Comprehensive income	**$ 14.8**	$ 5.3
Less: comprehensive loss attributable to noncontrolling interests	**(0.5)**	(1.1)
Comprehensive income attributable to Wolverine World Wide, Inc.	**$ 15.3**	$ 6.4
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 1, 2023	December 31, 2022	April 2, 2022
ASSETS			
Current assets:			
Cash and cash equivalents	**$ 116.2**	$ 131.5	$ 149.6
Accounts receivable, less allowances of $13.3, $11.1 and $25.4	**251.2**	241.7	370.6
Finished products, net	**723.7**	743.2	470.6
Raw materials and work-in-process, net	**2.2**	2.0	12.7
Total inventories	**725.9**	745.2	483.3
Prepaid expenses and other current assets	**87.2**	79.0	74.4
Current assets held for sale	**22.1**	67.9	—
Total current assets	**1,202.6**	1,265.3	1,077.9
Property, plant and equipment, net of accumulated depreciation of $242.7, $236.1 and $222.0	**140.5**	136.2	128.4
Lease right-of-use assets, net	**172.2**	174.7	137.7
Goodwill	**466.7**	485.0	552.4
Indefinite-lived intangibles	**276.6**	274.0	707.4
Amortizable intangibles, net	**60.1**	67.4	72.6
Deferred income taxes	**28.5**	24.5	1.6
Other assets	**69.5**	65.6	68.0
Total assets	**$ 2,416.7**	$ 2,492.7	$ 2,746.0
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	**$ 226.9**	$ 272.2	$ 293.8
Accrued salaries and wages	**23.9**	32.3	18.9
Other accrued liabilities	**280.2**	322.9	254.5
Lease liabilities	**39.3**	39.1	35.2
Current maturities of long-term debt	**10.0**	10.0	10.0
Borrowings under revolving credit agreements	**450.0**	425.0	355.0
Current liabilities held for sale	**5.6**	8.8	—
Total current liabilities	**1,035.9**	1,110.3	967.4
Long-term debt, less current maturities	**720.8**	723.0	729.6
Accrued pension liabilities	**72.6**	72.9	106.2
Deferred income taxes	**34.2**	35.3	110.8
Lease liabilities, noncurrent	**150.9**	153.6	119.3
Other liabilities	**57.8**	58.6	97.4
Stockholders' equity:			
Common stock – par value $1, authorized 320,000,000 shares; 112,838,495, 112,202,078, and 112,092,848 shares issued	**112.8**	112.2	112.1
Additional paid-in capital	**323.8**	325.4	302.3
Retained earnings	**917.9**	907.2	1,129.6
Accumulated other comprehensive loss	**(136.6)**	(132.9)	(102.2)
Cost of shares in treasury; 33,411,379, 33,413,204, and 31,035,541 shares	**(891.3)**	(891.3)	(845.1)
Total Wolverine World Wide, Inc. stockholders' equity	**326.6**	320.6	596.7
Noncontrolling interest	**17.9**	18.4	18.6
Total stockholders' equity	**344.5**	339.0	615.3
Total liabilities and stockholders' equity	**$ 2,416.7**	$ 2,492.7	$ 2,746.0

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 1, 2023	Quarter Ended April 2, 2022
OPERATING ACTIVITIES		
Net earnings	**$ 18.0**	$ 8.4
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	**8.5**	8.5
Deferred income taxes	**(3.8)**	(6.8)
Stock-based compensation expense	**4.5**	10.3
Pension and SERP expense	**0.4**	2.3
Environmental and other related costs, net of cash payments and recoveries received	**(1.3)**	14.1
Gain on sale of business	**(20.1)**	—
Other	**(1.4)**	2.2
Changes in operating assets and liabilities:		
Accounts receivable	**(10.9)**	(52.2)
Inventories	**20.1**	(122.8)
Other operating assets	**(10.1)**	(8.1)
Accounts payable	**(49.4)**	74.4
Income taxes payable	**13.0**	8.2
Other operating liabilities	**(65.3)**	(31.0)
Net cash used in operating activities	**(97.8)**	(92.5)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(7.3)**	(7.5)
Proceeds from sale of business	**81.9**	—
Other	**(0.1)**	3.7
Net cash provided by (used in) investing activities	**74.5**	(3.8)
FINANCING ACTIVITIES		
Payments under revolving credit agreements	**(225.0)**	(37.0)
Borrowings under revolving credit agreements	**250.0**	167.0
Payments on long-term debt	**(2.5)**	(2.5)
Cash dividends paid	**(8.4)**	(8.4)
Purchases of common stock for treasury	**—**	(33.8)
Employee taxes paid under stock-based compensation plans	**(5.5)**	(7.1)
Proceeds from the exercise of stock options	**0.1**	0.8
Contributions from noncontrolling interests	**—**	7.0
Net cash provided by financing activities	**8.7**	86.0
Effect of foreign exchange rate changes	**(0.3)**	(1.8)
Decrease in cash and cash equivalents	**(14.9)**	(12.1)
Cash and cash equivalents at beginning of the year	**135.5**	161.7
Cash and cash equivalents at end of the quarter	**$ 120.6**	$ 149.6

Cash and cash equivalents at the end of the first quarter of 2023 in the consolidated condensed statements of cash flows includes $4.4 million of Wolverine Leathers business related cash and cash equivalents that are classified as held for sale as of April 1, 2023 that are not included in cash and cash equivalents in the consolidated condensed balance sheets. The cash and cash equivalents at beginning of the year balance includes $4.0 million of Wolverine Leathers business related cash and cash equivalents that were classified as held for sale as of December 31, 2022.

See accompanying notes to consolidated condensed financial statements.

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

	Wolverine World Wide, Inc. Stockholders' Equity						
(In millions, except share and per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total
Balance at 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	$ 112.1	$ 302.3	$ 1,129.6	$ (102.2)	$ (845.1)	$ 18.6	$ 615.3
Balance at December 31, 2022	**$ 112.2**	**$ 325.4**	**$ 907.2**	**$ (132.9)**	**$ (891.3)**	**$ 18.4**	**$ 339.0**
Net earnings (loss)			**19.0**			**(1.0)**	**18.0**
Other comprehensive income (loss)				**(3.7)**		**0.5**	**(3.2)**
Shares issued, net of shares forfeited under stock incentive plans (633,012 shares)	**0.6**	**(6.2)**					**(5.6)**
Shares issued for stock options exercised, net (3,405 shares)	**—**	**0.1**					**0.1**
Stock-based compensation expense		**4.5**					**4.5**
Cash dividends declared ($0.10 per share)			**(8.3)**				**(8.3)**
Balance at April 1, 2023	**$ 112.8**	**$ 323.8**	**$ 917.9**	**$ (136.6)**	**$ (891.3)**	**$ 17.9**	**$ 344.5**

See accompanying notes to consolidated condensed financial statements.

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

1. BASIS OF PRESENTATION

Nature of Operations

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

Effective February 4, 2023, the Company completed the sale of the *Keds*® business. See Note 18 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 2022 Form 10-K.

Fiscal Year

The Company's fiscal year is the 52 or 53-week period that ends on the Saturday nearest to December 31. Fiscal years 2023 and 2022 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 as inventory builds to support peak shipping periods. Historically, cash provided by operating activities is higher in the second half of the fiscal year due to collection of wholesale channel receivables and direct-to-consumer sales being higher during the holiday season. The Company meets its working capital requirements through internal operating cash flows and, as needed, borrowings under its revolving credit facility, as discussed in more detail under the caption "Liquidity and Capital Resources" in Item 2: "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Company's working capital could also be impacted by other events, including pandemics.

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
ASU 2020-04, Reference Rate Reform (Topic 848); Facilitation of the Effects of Reference Rate Reform on Financial Reporting (as amended by ASU 2021-01 and ASU 2022-06).	Provides practical expedients for contract modifications and certain hedging relationships associated with the transition from reference rates that are expected to be discontinued. This guidance is applicable for the Company's borrowing instruments under the amended senior credit facility, which use LIBOR as a reference rate, and is available for adoption effective immediately. In December 2022, in ASU 2022-06, the FASB deferred the expiration date and extended the relief in Topic 848 beyond the cessation date of LIBOR. The new accounting rules must be adopted by December 31, 2024.	The Company is evaluating the impact of the new standard on its Consolidated Financial Statements.

3. EARNINGS PER SHARE

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

	Quarter Ended	
(In millions, except per share data)	**April 1, 2023**	April 2, 2022
Numerator:		
Net earnings attributable to Wolverine World Wide, Inc.	**$ 19.0**	$ 9.7
Adjustment for earnings allocated to non-vested restricted common stock	**(0.4)**	(0.2)
Net earnings used in calculating basic and diluted earnings per share	**$ 18.6**	$ 9.5
Denominator:		
Weighted average shares outstanding	**79.2**	81.5
Effect of dilutive stock options	**—**	0.4
Shares used in calculating diluted earnings per share	**79.2**	81.9
Net earnings per share:		
Basic	**$ 0.23**	$ 0.12
Diluted	**$ 0.23**	$ 0.12

For the quarters ended April 1, 2023 and April 2, 2022, 2,170,599 and 984,771 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:

	Quarter Ended	
(In millions)	**April 1, 2023**	April 2, 2022
Goodwill balance at beginning of the year	**$ 485.0**	$ 556.6
Sale of business (see Note 18)	**(20.4)**	—
Foreign currency translation effects	**2.1**	(4.2)
Goodwill balance at end of the quarter	**$ 466.7**	$ 552.4

The Company's indefinite-lived intangible assets, which comprise trade names and trademarks, totaled $276.6 million, $274.0 million, and $707.4 million as of April 1, 2023, December 31, 2022, and April 2, 2022, respectively. In the fourth quarter of 2022, the Company recognized impairment charges of $191.0 million and $189.3 million to the *Sperry®* and *Sweaty Betty®* trade names, respectively, and recognized a $48.4 million goodwill impairment charge to the *Sweaty Betty®* reporting unit. The Company conducted an interim impairment assessment as of April 1, 2023 and 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®* and *Sweaty Betty®* trade names and *Sweaty Betty®* goodwill is dependent on whether actual results differ from the key assumptions used in the determination of each trade name's fair value and the *Sweaty Betty®* reporting unit's fair value, such as revenue growth, earnings before interest, taxes depreciation and amortization margin, discount rate, and assumed tax rate, or if macroeconomic conditions deteriorate and adversely affect the values of the Company's *Sperry®* and *Sweaty Betty®* trade names and *Sweaty Betty®* reporting unit. A future impairment charge of the *Sperry®* trade name or *Sweaty Betty®* trade name and *Sweaty Betty®* reporting unit goodwill could have an adverse material effect on the Company's consolidated financial results. The carrying values of the Company's *Sperry®* and *Sweaty Betty®* trade names indefinite-lived assets were $105.3 million and $96.6 million, respectively, as of April 1, 2023.

5. ACCOUNTS RECEIVABLE

The Company and certain of its subsidiaries sell, on a continuous basis without recourse, their trade receivables to Rockford ARS, LLC ("Rockford ARS"), a wholly-owned bankruptcy-remote subsidiary of the Company. On December 7, 2022, Rockford ARS entered into a receivables purchase agreement ("RPA") to sell up to $175.0 million of receivables to certain purchasers (the "Purchasers") on a recurring basis in exchange for cash (referred to as "capital" in the RPA) equal to the gross receivables transferred. The parties intend that the transfers of receivables to the Purchasers constitute purchases and sales of receivables. Rockford ARS has guaranteed to each Purchaser the prompt payment of sold receivables, and has granted a security interest in its assets for the benefit of the Purchasers. Under the RPA, which matures on December 5, 2025 each Purchaser's share of capital accrues yield at a floating rate plus an applicable margin. The Company is the master servicer under the RPA, and is responsible for administering and collecting receivables.

The proceeds of the RPA are classified as operating activities in the Company's consolidated condensed statements of cash flows. Cash received from collections of sold receivables may be used to fund additional purchases of receivables on a revolving basis or to return all or any portion of outstanding capital of the Purchasers. Subsequent collections of the pledged receivables, which have not been sold, will be classified as operating cash flows at the time of collection. Total receivables sold under the RPA were $183.2 million and total cash collections under the RPA were $176.0 million in the quarter ended April 1, 2023. The fair value of the sold receivables approximated book value due to their credit quality and short-term nature, and as a result, no gain or loss on sale of receivables was recorded.

As of the fiscal quarter ended April 1, 2023, the amount sold to the Purchasers under the RPA was $149.9 million, which was derecognized from the consolidated condensed balance sheets. As collateral against sold receivables, Rockford ARS maintains a certain level of unsold receivables, which was $76.6 million as of the fiscal quarter ended April 1, 2023.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition and Performance Obligations

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

	Quarter Ended April 1, 2023			Quarter Ended April 2, 2022		
(In millions)	Wholesale	Direct-to-Consumer	Total	Wholesale	Direct-to-Consumer	Total
Active Group	**$ 291.0**	**$ 94.9**	**$ 385.9**	$ 249.0	$ 97.1	$ 346.1
Work Group	**103.3**	**11.2**	**114.5**	125.3	13.2	138.5
Lifestyle Group	**66.1**	**19.2**	**85.3**	78.1	30.0	108.1
Other	**12.5**	**1.2**	**13.7**	21.0	1.1	22.1
Total Revenue	**$ 472.9**	**$ 126.5**	**$ 599.4**	$ 473.4	$ 141.4	$ 614.8

The Company has agreements to license symbolic intellectual property with minimum guarantees or fixed consideration. The Company was due $7.7 million of remaining fixed transaction price under its license agreements as of April 1, 2023, 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 1, 2023	December 31, 2022	April 2, 2022
Product returns reserve	**$ 11.7**	$ 15.3	$ 13.2
Customer markdowns reserve	**5.0**	2.6	2.9
Other sales incentives reserve	**3.0**	3.3	3.4
Customer rebates liability	**14.3**	19.8	16.7
Customer advances liability	**13.2**	9.1	7.9

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

7. DEBT

Total debt consists of the following obligations:

(In millions)	April 1, 2023	December 31, 2022	April 2, 2022
Term Facility, due October 21, 2026	**$ 187.5**	$ 190.0	$ 197.5
Senior Notes, 4.000% interest, due August 15, 2029	**550.0**	550.0	550.0
Borrowings under revolving credit agreements	**450.0**	425.0	355.0
Unamortized deferred financing costs	**(6.7)**	(7.0)	(7.9)
Total debt	**$ 1,180.8**	$ 1,158.0	$ 1,094.6

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

The Term Facility requires quarterly principal payments with a balloon payment due on October 21, 2026. The scheduled principal payments due under the Term Facility over the next 12 months total $10.0 million as of April 1, 2023 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 $6.5 million, $5.7 million and $6.0 million as of April 1, 2023, December 31, 2022 and April 2, 2022, respectively. These outstanding letters of credit reduce the borrowing capacity under the Revolving Facility.

The interest rates applicable to amounts outstanding under Term Facility and to U.S. dollar denominated amounts outstanding under the Revolving Facility are, at the Company's option, either (1) the Alternate Base Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 0.125% to 1.000%, or (2) the Eurocurrency Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 1.125% to 2.000% (all capitalized terms used in this sentence are as defined in the Credit Agreement). At April 1, 2023, the Term Facility and the Revolving Facility had a weighted-average interest rate of 5.28%.

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 1, 2023, the Company was in compliance with all covenants and performance ratios under the Senior Credit Facilities.

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

The Company has a foreign revolving credit facility with aggregate available borrowings of $2.0 million that are uncommitted and, therefore, each borrowing against the facility is subject to approval by the lender. There were no borrowings against this facility as of April 1, 2023, December 31, 2022 and April 2, 2022.

The Company included in interest expense the amortization of deferred financing costs of $0.5 million for the quarters ended April 1, 2023 and April 2, 2022.

8. LEASES

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

	Quarter Ended	
(In millions)	**April 1, 2023**	April 2, 2022
Operating lease cost	**$ 10.5**	$ 9.0
Variable lease cost	**3.3**	3.6
Short-term lease cost	**0.7**	1.0
Sublease income	**(1.5)**	(2.1)
Total lease cost	**$ 13.0**	$ 11.5

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

	Quarter Ended	
(In millions)	**April 1, 2023**	April 2, 2022
Cash paid for operating lease liabilities	**$ 11.4**	$ 11.2
Operating lease assets obtained in exchange for lease liabilities	**4.0**	8.4

The Company entered into real estate leases which will commence subsequent to April 1, 2023 with future undiscounted rental payments of $0.8 million.

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Company utilizes foreign currency forward exchange contracts designated as cash flow hedges to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business. These foreign currency forward exchange hedge contracts extended out to a maximum of 524 days, 524 days, and 538 days as of April 1, 2023, December 31, 2022 and April 2, 2022, respectively. If, in the future, the foreign exchange contracts are determined not to be highly effective or are terminated before their contractual termination dates, the Company would remove the hedge designation from those contracts and reclassify into earnings the unrealized gains or losses that would otherwise be included in accumulated other comprehensive income (loss) within stockholders' equity.

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

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

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

(Dollars in millions)	April 1, 2023	December 31, 2022	April 2, 2022
Foreign exchange hedge contracts	**$ 285.2**	$ 334.2	$ 331.7
Interest rate swap	**162.9**	176.2	311.3

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

(In millions)	April 1, 2023	December 31, 2022	April 2, 2022
Financial assets:			
Foreign exchange hedge contracts	**$ 4.4**	$ 7.5	$ 9.1
Interest rate swap	**4.5**	6.1	5.0
Financial liabilities:			
Foreign exchange hedge contracts	**$ (2.5)**	$ (1.3)	$ (1.0)

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

10. STOCK-BASED COMPENSATION

The Company recognized compensation expense of $4.5 million and $10.3 million, and related income tax benefits of $0.8 million and $2.0 million, for grants under its stock-based compensation plans for the quarters ended April 1, 2023 and April 2, 2022, 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:

	Quarter Ended April 1, 2023		Quarter Ended April 2, 2022	
(In millions)	Company Shares Issued	Weighted-Average Grant Date Fair Value	Company Shares Issued	Weighted-Average Grant Date Fair Value
Restricted Awards	**1,102,621**	**$ 15.08**	811,712	$ 27.02
Performance Awards	**650,723**	**$ 15.07**	382,291	$ 30.06

11. RETIREMENT PLANS

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

	Quarter Ended	
(In millions)	April 1, 2023	April 2, 2022
Service cost pertaining to benefits earned during the period	**$ 0.8**	$ 1.3
Interest cost on projected benefit obligations	**4.4**	3.3
Expected return on pension assets	**(4.6)**	(5.1)
Net amortization loss	**(0.2)**	2.8
Net pension expense	**$ 0.4**	$ 2.3

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

12. INCOME TAXES

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

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

The Company's effective tax rates for the quarters ended April 1, 2023 and April 2, 2022 were 36.3% and 30.4%, respectively. In the current year, the Company recognized larger discrete tax expenses, which increased the effective tax rate. The increase in the effective tax rate was partially offset by an increase in pretax income, which reduced the impact of the discrete adjustments.

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

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

The change in accumulated other comprehensive income (loss) during the quarters ended April 1, 2023 and April 2, 2022 is as follows:

(In millions)	Foreign currency translation	Derivatives	Pension	Total
Balance at January 1, 2022	$ (56.8)	$ (8.9)	$ (33.2)	$ (98.9)
Other comprehensive income (loss) before reclassifications [1]	(13.7)	8.5	—	(5.2)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(0.4) [2]	2.8 [3]	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) [1]	(13.7)	8.2	2.2	(3.3)
Balance at April 2, 2022	$ (70.5)	$ (0.7)	$ (31.0)	$ (102.2)
Balance at December 31, 2022	$ (133.1)	$ 1.9	$ (1.7)	$ (132.9)
Other comprehensive income (loss) before reclassifications [1]	**(1.4)**	**(0.9)**	**—**	**(2.3)**
Amounts reclassified from accumulated other comprehensive income (loss)	**4.2**	**(7.3)** [2]	**(0.2)** [3]	**(3.3)**
Income tax expense (benefit)	**—**	**1.8**	**0.1**	**1.9**
Net reclassifications	**4.2**	**(5.5)**	**(0.1)**	**(1.4)**
Net current-period other comprehensive income (loss) [1]	**2.8**	**(6.4)**	**(0.1)**	**(3.7)**
Balance at April 1, 2023	**$ (130.3)**	**$ (4.5)**	**$ (1.8)**	**$ (136.6)**

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

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

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

14. FAIR VALUE MEASUREMENTS

The Company measures certain financial assets and liabilities at fair value on a recurring basis. For additional information regarding the Company's fair value policies, refer to Note 1 in the Company's 2022 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.

	Fair Value Measurements		
	Quoted Prices With Other Observable Inputs (Level 2)		
(In millions)	**April 1, 2023**	December 31, 2022	April 2, 2022
Financial assets:			
Derivatives	**$ 8.9**	$ 13.6	$ 14.1
Financial liabilities:			
Derivatives	**$ (2.5)**	$ (1.3)	$ (1.0)

The fair value of foreign currency forward exchange contracts represents the estimated receipts or payments necessary to terminate the contracts. The interest rate swap was valued based on the current forward rates of the future cash flows.

Fair Value Disclosures

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

(In millions)	**April 1, 2023**	December 31, 2022	April 2, 2022
Carrying value	**$ 1,180.8**	$ 1,158.0	$ 1,094.6
Fair value	**1,099.4**	1,042.9	1,033.0

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).

15. LITIGATION AND CONTINGENCIES

Litigation

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

In May 2016, the Environmental Protection Agency ("EPA") announced a lifetime health advisory level of 70 parts per trillion ("ppt") combined for PFOA and PFOS, which the EPA reduced in June 2022 to 0.004 ppt and 0.02 ppt for PFOA and PFOS, respectively. In January 2018, the Michigan Department of Environmental Quality ("MDEQ", now known as the Michigan Department of Environment, Great Lakes, and Energy ("EGLE")) enacted a drinking water criterion of 70 ppt combined for PFOA and PFOS, which set an official state standard for acceptable concentrations of these contaminants in groundwater used for drinking water purposes. On August 3, 2020, Michigan changed the standards for PFOA and PFOS in drinking water to 8 and 16 ppt, respectively, and set standards for four other PFAS substances.

Civil and Regulatory Actions of EGLE and EPA

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

On February 3, 2020, the parties entered into a consent decree resolving the EGLE Action, which was approved by U.S. District Judge Janet T. Neff on February 19, 2020 (the “Consent Decree”). Under the Consent Decree, the Company agreed to pay for an extension of Plainfield Township’s municipal water system to more than 1,000 properties in Plainfield and Algoma Townships, subject to an aggregate cap of $69.5 million. The Company also agreed to continue maintaining water filters for certain homeowners, resample certain residential wells for PFAS, continue remediation at the Company’s Tannery property and House Street site, and conduct further investigations and monitoring to assess the presence of PFAS in area groundwater. The Company’s activities under the Consent Decree are not materially impacted by either the drinking water standards that became effective on August 3, 2020, or the EPA’s revised advisory levels issued in June 2022.

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

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

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

Individual and Class Action Litigation

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

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

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

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

The last remaining Litigation Matter, the lawsuit filed by the current owner of a former landfill and gravel mining operations, is currently pending in Michigan state court.

There were no developments during the first quarter of 2023 that required the Company to change the amount accrued for certain of the Litigation Matters described above and the Company did not make any payments in connection with the Litigation Matters described above during the first quarter of 2023. As of April 1, 2023, the Company had recorded liabilities of $40.5 million for certain of the Litigation Matters described above which are recorded as other accrued liabilities in the consolidated condensed balance sheets.

In December 2018, the Company filed a lawsuit against certain of its historic liability insurers, seeking to compel them to provide a defense against the Litigation Matters on the Company's behalf and coverage for remediation efforts undertaken by, and indemnity provided by, the Company. The Company recognized certain recoveries from legacy insurance policies in 2023 and 2022 and continues pursuing additional recoveries through the lawsuit.

Other Litigation

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

Environmental Liabilities

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

	Quarter Ended	
(In millions)	**April 1, 2023**	April 2, 2022
Remediation liability at beginning of the year	$ 74.1	$ 85.7
Amounts paid	**(0.8)**	(10.5)
Remediation liability at the end of the quarter	**$ 73.3**	$ 75.2

The reserve balance as of April 1, 2023 includes $49.7 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 $23.6 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 operations or disposal sites is ongoing. Although the Consent Decree has made near-term costs more clear, it is difficult to estimate the long-term cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods. Future developments may occur that could materially change the Company’s current cost estimates, including, but not limited to: (i) changes in the information available regarding the environmental impact of the Company’s operations and products; (ii) changes in environmental regulations, changes in permissible levels of specific compounds in drinking water sources, or changes in enforcement theories and policies, including efforts to recover natural resource damages; (iii) new and evolving analytical and remediation techniques; (iv) changes to the form of remediation; (v) success in allocating liability to other potentially responsible parties; and (vi) the financial viability of other potentially responsible parties and third-party indemnitors. For locations at which remediation activity is largely ongoing, the Company cannot estimate a possible loss or range of loss in excess of the associated established reserves for the reasons described above. The Company adjusts recorded liabilities as further information develops or circumstances change.

Minimum Royalties and Advertising Commitments

The Company has future minimum royalty and advertising obligations due under the terms of certain licenses held by the Company. These minimum future obligations for the fiscal periods subsequent to April 1, 2023 are as follows:

(In millions)	2023	2024	2025	2026	2027	Thereafter
Minimum royalties	$ 0.6	$ —	$ —	$ —	$ —	$ —
Minimum advertising	1.7	3.9	4.1	4.2	4.3	4.5

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 $0.3 million and $0.5 million for the quarters ended April 1, 2023 and April 2, 2022, 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 for the quarters ended April 1, 2023 and April 2, 2022.

16. BUSINESS SEGMENTS

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

- **Active Group,** consisting of *Merrell*® footwear and apparel, *Saucony*® footwear and apparel, *Sweaty Betty*® activewear, and *Chaco*® footwear;
- **Work Group,** consisting of *Wolverine*® footwear and apparel, *Cat*® footwear, *Bates*® uniform footwear, *Harley-Davidson*® footwear and *HYTEST*® safety footwear; and
- **Lifestyle Group**, consisting of *Sperry*® footwear and *Hush Puppies*® footwear and apparel as well as *Keds*® footwear prior to the divestiture of the brand, effective February 4, 2023.

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

Kids' footwear offerings from *Saucony*®, *Sperry*®, *Merrell*®, *Hush Puppies*® and *Cat*® as well as *Keds*® prior to divestiture of the brand effective February 4, 2023 are included with the applicable brand.

The Company also reports "Other" and "Corporate" categories. The Other category consists of the Company's leather marketing operations, sourcing operations that include third-party commission revenues, multi-branded direct-to-consumer retail stores and the *Stride Rite*® licensed business. The Corporate category consists of unallocated corporate expenses, such as corporate employee costs, reorganization activities, and environmental and other related costs.

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

Company management uses various financial measures to evaluate the performance of the reportable segments. The following is a summary of certain key financial measures for the respective fiscal periods indicated.

(In millions)	Quarter Ended April 1, 2023	Quarter Ended April 2, 2022
Revenue:		
Active Group	**$ 385.9**	$ 346.1
Work Group	**114.5**	138.5
Lifestyle Group	**85.3**	108.1
Other	**13.7**	22.1
Total	**$ 599.4**	$ 614.8
Segment operating profit (loss):		
Active Group	**$ 52.1**	$ 53.2
Work Group	**15.5**	25.5
Lifestyle Group	**2.8**	13.1
Other	**3.4**	2.5
Corporate	**(28.5)**	(74.7)
Operating profit	**45.3**	19.6
Interest expense, net	**15.8**	8.7
Other expense (income), net	**1.2**	(1.1)
Earnings before income taxes	**$ 28.3**	$ 12.0

(In millions)	April 1, 2023	December 31, 2022	April 2, 2022
Total assets:			
Active Group	**$ 1,345.2**	$ 1,331.5	$ 1,465.4
Work Group	**363.5**	375.7	324.8
Lifestyle Group	**441.9**	514.8	681.5
Other	**63.8**	58.6	68.3
Corporate	**202.3**	212.1	206.0
Total	**$ 2,416.7**	$ 2,492.7	$ 2,746.0
Goodwill:			
Active Group	**$ 316.0**	$ 314.4	$ 376.2
Work Group	**60.0**	59.6	60.9
Lifestyle Group	**77.2**	97.4	101.6
Other	**13.5**	13.6	13.7
Total	**$ 466.7**	$ 485.0	$ 552.4

17. VARIABLE INTEREST ENTITIES AND RELATED PARTY TRANSACTIONS

Assets and Liabilities of Consolidated VIEs

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

Specifically, the Company has the power to direct the activities that are considered most significant to the entities' performance and the Company has the obligation to absorb losses and the right to receive benefits that are significant to the entities. The other equity holder's interests are reflected in "net loss attributable to noncontrolling interests" in the consolidated condensed statement of operations and "Noncontrolling interest" in the consolidated condensed balance sheets. Assets held by these VIEs are only available to settle obligations of the respective entities. Holders of liabilities of these VIEs do not have recourse to the Company.

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

(In millions)	April 1, 2023	December 31, 2022	April 2, 2022
Cash	$ **11.6**	$ 5.8	$ 19.5
Accounts receivable	**15.5**	19.7	6.9
Inventory	**26.0**	16.0	12.6
Other current assets	**2.0**	2.4	—
Noncurrent assets	**1.1**	0.8	0.7
Total assets	$ **56.2**	$ 44.7	$ 39.7
Current liabilities	$ **10.7**	$ 9.6	$ 4.5
Noncurrent liabilities	**1.8**	1.6	2.4
Total liabilities	$ **12.5**	$ 11.2	$ 6.9

Nonconsolidated VIEs

The Company also has two joint ventures that are VIEs that are not consolidated as the Company does not have the power to direct the most significant activities that impact the VIEs' economic performance. The two VIEs distribute footwear and apparel products in the Asia Pacific region. The following is a summary of carrying amounts of assets included in the Company's consolidated condensed balance sheets as of April 1, 2023, December 31, 2022 and April 2, 2022, respectively, related to VIEs for which the Company is not the primary beneficiary. The Company's maximum exposure to loss is the same as the carrying amounts.

The following is a summary of the carrying amounts of assets included in the Company's Consolidated Condensed Balance Sheets.

(In millions)	April 1, 2023	December 31, 2022	April 2, 2022
Equity method investments [(1)]	$ **6.9**	$ 8.1	$ 5.9

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

Related Party Transactions

In the normal course of business, the Company enters into transactions with related party equity affiliates. Related party transactions consist of the sale of goods, made at arm's length, and other arrangements. The Company recognized net sales to equity affiliates totaling $10.6 million and $5.1 million for the quarters ended April 1, 2023 and April 2, 2022, respectively.

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

(In millions)	April 1, 2023	December 31, 2022	April 2, 2022
Accounts receivable due from related parties	$ **15.5**	$ 18.1	$ 6.9
Long term liabilities due to related parties	**1.6**	—	2.4
Long term assets due from related parties	—	1.6	—

18. DIVESTITURE AND ASSETS AND LIABILITIES HELD FOR SALE

Divestiture of Keds Business

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

The following table summarizes the net gain recognized in connection with the divestiture:

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

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

Assets and Liabilities Held for Sale

During the fourth quarter of 2022, the Company announced that it had initiated a formal process to divest the Wolverine Leathers business. The Company has determined that the Wolverine Leathers business meets the criteria to be classified as held for sale, and therefore have reclassified the related assets and liabilities as held for sale on the consolidated condensed balance sheets.

The following is a summary of the major categories of assets and liabilities that have been classified as held for sale on the consolidated condensed balance sheets at April 1, 2023:

(In millions)	April 1, 2023	
Cash and cash equivalents	$	4.4
Accounts receivables, net		6.5
Inventories		11.2
Total assets held for sale	$	22.1
Accounts payable		4.8
Accrued liabilities		0.8
Total liabilities held for sale	$	5.6

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

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

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

BUSINESS OVERVIEW

The Company is a leading global designer, marketer and licensor of branded footwear, apparel and accessories. The Company's strategic vision is to build and grow high-energy footwear, apparel and accessories brands that inspire and empower consumers to explore and enjoy their active lives. The Company seeks to fulfill this vision by offering innovative products and compelling brand propositions; complementing its footwear brands with strong apparel and accessories offerings; expanding its global direct-to-consumer footprint; and delivering supply chain excellence.

The Company's brands are marketed in approximately 170 countries and territories at April 1, 2023, 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 1, 2023, the Company operated 159 retail stores in the U.S., Europe and Canada and 58 direct-to-consumer eCommerce sites.

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

Known Trends Impacting Our Business

Macroeconomic conditions and supply chain disruptions continue to adversely affect the Company's business results. During the third quarter of 2022, inventory transit times improved ahead of plan, resulting in challenges managing the timing of inventory flow, which led to the Company having excess inventory. Elevated inventory levels have resulted, and continue to result, in storage and process capacity pressures at our U.S. distribution centers. The Company has incurred additional inventory carrying costs including costs for outside storage and other inventory related holding costs. The Company decreased inventory purchases and increased promotional activity during the fourth quarter of 2022 and the first quarter of 2023 to reduce excess inventory. These actions resulted in inventories declining in the first quarter of 2023 by $19.3 million, compared to the fourth quarter of 2022. As inventory transit and product purchase timelines continue to move towards pre-pandemic levels, the Company expects that the flow of seasonal product, and our inventory levels will normalize by the end of fiscal 2023.

Inflation and other macroeconomic pressures in the U.S. and the global economy such as rising interest rates, energy prices and recession fears are creating a complex and challenging retail environment for the Company and our customers as consumers generally reduce discretionary spending. Inflationary pressures are increasing logistics costs, including freight and labor costs, raw materials costs and product input costs, which continue to adversely affect the Company's results. These increased costs, combined with higher promotional activity, contributed to gross margin contraction of 310 basis points in the first quarter of 2023 compared to the first quarter of 2022. These impacts were partially offset by selective price increases taken in prior quarters by certain brands and products. The Company expects to continue to evaluate future pricing of its products. In addition to inflationary headwinds, the strengthening of the U.S. dollar relative to other major currencies also negatively impacted the Company's financial results in the first quarter of 2023.

For a more complete discussion of the risks the Company encounters in our business, please refer to Item 1A, "Risk Factors" in the Company's 2022 Form 10-K.

2023 FINANCIAL OVERVIEW

- Revenue was $599.4 million for the first quarter of 2023, representing a decrease of 2.5% compared to the first quarter of 2022.
- Gross margin was 39.4% in the first quarter of 2023 compared to 42.5% in the first quarter of 2022.
- The effective tax rates in the first quarters of 2023 and 2022 were 36.3% and 30.4%, respectively.
- Diluted earnings per share for the first quarter of 2023 was $0.23 per share compared to $0.12 per share for the first quarter of 2022.
- The Company declared cash dividends of $0.10 per share in the first quarters of both 2023 and 2022.
- Cash flow used in operating activities was $97.8 million for the first quarter of 2023 compared to cash flow used in operating activities of $92.5 million for the first quarter of 2022.
- Compared to the first quarter of 2022, inventory increased $242.6 million, or 50.2%.

RESULTS OF OPERATIONS

(In millions, except per share data)	Quarter Ended April 1, 2023	April 2, 2022	Percent Change
Revenue	**$ 599.4**	$ 614.8	(2.5)%
Cost of goods sold	**363.1**	353.5	2.7
Gross profit	**236.3**	261.3	(9.6)
Selling, general and administrative expenses	**212.0**	211.3	0.3
Gain on sale of business	**(20.1)**	—	*
Environmental and other related costs, net of recoveries	**(0.9)**	30.4	(103.0)
Operating profit	**45.3**	19.6	131.1
Interest expense, net	**15.8**	8.7	81.6
Other expense (income), net	**1.2**	(1.1)	209.1
Earnings before income taxes	**28.3**	12.0	135.8
Income tax expense	**10.3**	3.6	186.1
Net earnings	**18.0**	8.4	114.3
Less: net loss attributable to noncontrolling interests	**(1.0)**	(1.3)	23.1
Net earnings attributable to Wolverine World Wide, Inc.	**$ 19.0**	$ 9.7	95.9
Diluted earnings per share	**$ 0.23**	$ 0.12	91.7

* Percentage change not meaningful

REVENUE

Revenue was $599.4 million for the first quarter of 2023, representing a decline of 2.5% compared to the first quarter of 2022. The change in revenue reflected a $39.8 million, or 11.5%, increase from the Active Group, a $24.0 million, or 17.3%, decline from the Work Group, and a $22.8 million, or 21.1%, decline from the Lifestyle Group. The Active Group's revenue increase was driven by an increase of $27.0 million from *Merrell*® and $23.2 million from *Saucony*®, partially offset by decreases of $6.1 million from *Sweaty Betty*® and $4.3 million from *Chaco*®. The Work Group's revenue decrease was primarily driven by a decrease of $13.0 million from *Cat*®, $7.1 million from *Wolverine*® and $2.8 million from *Bates*®. The Lifestyle Group's revenue decline was driven by a decrease of $15.8 million from *Keds*®, which was sold during the first quarter of 2023, and $9.3 million from *Sperry*®, partially offset by an increase of $2.3 million from *Hush Puppies*®. Changes in foreign exchange rates decreased revenue by $12.3 million during the first quarter of 2023. Direct-to-consumer revenue decreased during the first quarter of 2023 by $14.9 million, or 10.5%, compared to the first quarter of 2022.

GROSS MARGIN

Gross margin was 39.4% in the first quarter of 2023 compared to 42.5% in the first quarter of 2022. The gross margin decrease in the first quarter was driven by unfavorable average selling price and product costs changes in the Company's direct-to-consumer channel (100 basis points), unfavorable product cost changes and promotional activity (90 basis points) and increased closeout sales (90 basis points).

OPERATING EXPENSES

Operating expenses decreased $50.7 million, from $241.7 million in the first quarter of 2022 to $191.0 million in the first quarter of 2023. The decrease was primarily driven by lower environmental and other related costs, net of insurance recoveries ($31.3 million), the gain on the divestiture of the *Keds*® business ($20.1 million), lower incentive compensation costs ($6.4 million), lower advertising costs ($4.4 million) and lower product development costs ($0.2 million), partially offset by higher general and administrative costs ($4.7 million), higher reorganization costs ($4.6 million), higher distribution costs ($2.0 million), and higher selling costs ($0.4 million). Environmental and other related costs were $1.6 million and $40.4 million in the first quarter of 2023 and 2022, respectively.

INTEREST, OTHER AND INCOME TAXES

Net interest expense was $15.8 million in the first quarter of 2023 compared to $8.7 million in the first quarter of 2022. The increase in interest expense is due to higher average revolver borrowings and higher average interest rates on the Company's outstanding debt.

Other expense was $1.2 million in the first quarter of 2023, compared to other income of $1.1 million in the first quarter of 2022.

The effective tax rates in the first quarter of 2023 and 2022 were 36.3% and 30.4%, respectively. In the current year, the Company recognized larger discrete tax expenses, which increased the effective tax rate. The increase in the effective tax rate was partially offset by an increase in pretax income, which reduced the impact of the discrete adjustments.

REPORTABLE SEGMENTS

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

- **Active Group,** consisting of *Merrell®* footwear and apparel, *Saucony®* footwear and apparel, *Sweaty Betty®* activewear, and *Chaco®* footwear;
- **Work Group,** consisting of *Wolverine®* footwear and apparel, *Cat®* footwear, *Bates®* uniform footwear, *Harley-Davidson®* footwear and *HYTEST®* safety footwear; and
- **Lifestyle Group,** consisting of *Sperry®* footwear and *Hush Puppies®* footwear and apparel as well as *Keds®* footwear prior to the divestiture of the brand, effective February 4, 2023.

Kids' footwear offerings from *Saucony®*, *Sperry®*, *Merrell®*, *Hush Puppies®* and *Cat®* as well as *Keds®* prior to the divestiture of the brand, effective February 4, 2023 are included with the applicable brand.

The Company also reports "Other" and "Corporate" categories. The Other category consists of the Company's leather marketing operations, sourcing operations that include third-party commission revenues, multi-branded direct-to-consumer retail stores and the *Stride Rite®* licensed business. The Corporate category consists of unallocated corporate expenses, such as corporate employee costs, reorganization activities, and environmental and other related costs.

The reportable segment results are as follows:

	Quarter Ended			
(In millions)	**April 1, 2023**	April 2, 2022	Change	Percent Change
REVENUE				
Active Group	**$ 385.9**	$ 346.1	$ 39.8	11.5 %
Work Group	**114.5**	138.5	(24.0)	(17.3)%
Lifestyle Group	**85.3**	108.1	(22.8)	(21.1)%
Other	**13.7**	22.1	(8.4)	(38.0)%
Total	**$ 599.4**	$ 614.8	$ (15.4)	(2.5)%
OPERATING PROFIT (LOSS)				
Active Group	**$ 52.1**	$ 53.2	$ (1.1)	(2.1)%
Work Group	**15.5**	25.5	(10.0)	(39.2)%
Lifestyle Group	**2.8**	13.1	(10.3)	(78.6)%
Other	**3.4**	2.5	0.9	36.0 %
Corporate	**(28.5)**	(74.7)	46.2	61.8 %
Total	**$ 45.3**	$ 19.6	$ 25.7	131.1 %

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

Active Group

The Active Group's revenue increased $39.8 million, or 11.5%, in the first quarter of 2023 compared to the first quarter of 2022. The revenue increase was primarily driven by increases of $27.0 million from *Merrell®* and $23.2 million from *Saucony®*, partially offset by decreases of $6.1 million from *Sweaty Betty®* and $4.3 million from *Chaco®*. The *Merrell®* increase was primarily due to the strength of the hike and trail run product categories, which includes the industry leading Moab franchise as well as strong performance across all regions, primarily in the international channel. The *Saucony®* increase was primarily driven by the strength and expanded sales of core technical road and trail product franchises which include the Guide, Triumph and Endorphin series and strength in international markets. The *Chaco®* decrease was primarily due to softer consumer demand

and high inventory levels at retail customers. The *Sweaty Betty*® decrease was primarily due to softer consumer demand in direct-to-consumer sales channels.

The Active Group's operating profit decreased $1.1 million, or 2.1%, in the first quarter of 2023 compared to the first quarter of 2022. The operating profit decrease was due to a 430 basis point decrease in gross margin and a $3.1 million increase in selling, general and administrative expenses, partially offset by revenue increases. The decrease in gross margin in the current year period was due to increased closeout sales and higher promotional activity in the Company's direct-to-consumer channel. The increase in selling, general and administrative expenses in the current year periods was primarily due to higher advertising costs and labor and distribution costs.

Work Group

The Work Group's revenue decreased $24.0 million, or 17.3%, during the first quarter of 2023 compared to the first quarter of 2022. The revenue decline was primarily driven by a decrease of $13.0 million from *Cat*®, $7.1 million from *Wolverine*® and $2.8 million from *Bates*®. The *Cat*® decrease was primarily due to a more normal phasing of international shipments in the current period compared to the prior period which was effected by supply chain and softer consumer demand across all regions. The *Wolverine*® decrease was primarily due to softer consumer demand in US wholesale and timing of shipments. The *Bates*® decrease was primarily due to softer consumer demand in US wholesale and direct-to-consumer channels.

The Work Group's operating profit decreased $10.0 million, or 39.2%, in the first quarter of 2023 compared to the first quarter of 2022. The operating profit decrease was due to revenue decreases, a 70 basis point decrease in gross margin and a $0.5 million increase in selling, general and administrative expenses. The decrease in gross margin in the current year period was due to increased closeout sales, product mix and average selling price and higher promotional activity in the Company's direct-to-consumer channel. The increase in selling, general and administrative expenses in the current year periods was primarily due to higher advertising costs.

Lifestyle Group

The Lifestyle Group's revenue decreased $22.8 million, or 21.1%, during the first quarter of 2023 compared to the first quarter of 2022. The revenue decline was driven by a decrease of $15.8 million from *Keds*® and $9.3 million from *Sperry*®, partially offset by an increase of $2.3 million from *Hush Puppies*®. The *Keds*® decrease is due to the divestiture of the business effective February 4, 2023. The *Sperry*® decline was primarily driven by softer consumer demand in the Saltwater boot franchise and direct-to-consumer sales channels due to lower traffic. The *Hush Puppies*® increase was primarily due to the launch of a strategic distribution partnership with DSW in North America during the spring of fiscal 2022 and the strength of the brand's lifestyle head-to-toe product offering internationally, with a focus on casual, comfort and color.

The Lifestyle Group's operating profit decreased $10.3 million, or 78.6%, in the first quarter of 2023 compared to the first quarter of 2022. The operating profit decrease was due to revenue decreases and a 670 basis point decrease in gross margin, partially offset by a $5.3 million decrease in selling, general and administrative expenses. The decrease in gross margin in the current year period was due to increased closeout sales, unfavorable outbound freight costs and higher promotional activity in the Company's direct-to-consumer channel. The decrease in selling, general and administrative expenses in the current year period was primarily due to lower advertising costs and the divestiture of the *Keds*® business.

Other

The Other category's revenue decreased $8.4 million, or 38.0%, in the first quarter of 2023 compared to the first quarter of 2022. The revenue decline was primarily driven by a $6.3 million decrease from the performance leathers business.

Corporate

Corporate expenses decreased $46.2 million in the first quarter of 2023 compared to the first quarter of 2022, primarily due to lower environmental and other related costs, net of insurance recoveries ($31.3 million), the gain recorded on the sale of the Keds business ($20.1 million) and lower incentive compensation costs ($4.2 million), partially offset by higher reorganization costs ($4.6 million) and higher employee costs ($1.0 million).

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	**April 1, 2023**	December 31, 2022	April 2, 2022
Cash and cash equivalents [(1)]	**$ 120.6**	$ 135.5	$ 149.6
Debt	**1,180.8**	1,158.0	1,094.6
Available revolving credit facility [(2)]	**543.5**	569.3	639.0

(1) Cash and cash equivalents at April 1, 2023 in the consolidated condensed statements of cash flows includes $4.4 million of Wolverine Leathers business related cash and cash equivalents that are classified as held for sale and are not included in cash and cash equivalents in the consolidated condensed balance sheets. Cash and cash equivalents at December 31, 2022 includes $4.0 million of Wolverine Leathers business related cash and cash equivalents that were classified as held for sale.

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

Liquidity

Cash and cash equivalents of $120.6 million as of April 1, 2023 were $29.0 million lower compared to April 2, 2022. The decrease is due primarily to the cash paid for share repurchases of $47.5 million, cash dividends paid of $32.8 million, cash used by operating activities of $184.2 million and additions to property, plant and equipment of $36.3 million, partially offset by borrowings less repayments of debt of $85.0 million and cash received from the sale of the *Keds*® business of $81.9 million. The Company had $543.5 million of borrowing capacity available under the revolving facility as of April 1, 2023. Cash and cash equivalents located in foreign jurisdictions totaled $96.0 million as of April 1, 2023.

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

The Company may purchase up to an additional $366.5 million of shares under its existing common stock repurchase program which expires in September of 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 did not repurchase shares during the first quarter of 2023 and repurchased $33.8 million of shares in the first quarter of 2022.

A detailed discussion of environmental remediation costs is found in Note 15 to the consolidated condensed financial statements. The Company has established a reserve for estimated environmental remediation costs based upon an evaluation of currently available facts with respect to each individual site. As of April 1, 2023, the Company had a reserve of $73.3 million, of which $49.7 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 $23.6 million is recorded in other liabilities and is expected to be paid over the course of up to 25 years. The Company's remediation activity at its former Tannery site and sites where the Company disposed of Tannery byproducts is ongoing. It is difficult to estimate the cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods.

Note 15 to the consolidated condensed financial statements also includes a detailed discussion of environmental litigation matters. As of April 1, 2023, the Company had recorded liabilities of $40.5 million for certain of the Litigation Matters described above which are recorded as other accrued liabilities in the consolidated condensed balance sheets.

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

Financing Arrangements

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

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

As of April 1, 2023, the Company was in compliance with all covenants and performance ratios under the Senior Credit Facilities.

The Company's debt at April 1, 2023 totaled $1,180.8 million compared to $1,158.0 million at December 31, 2022. The Company expects to use the current borrowings to fund organic growth initiatives, reduce debt, pay dividends, and for general corporate purposes. The increased debt position resulted from borrowings under the Revolving Facility for operating activities, capital expenditures and pay dividends, partially offset by proceeds from the sale of the *Keds*® business.

Cash Flows

The following table summarizes cash flow activities:

(In millions)	Quarter Ended April 1, 2023	Quarter Ended April 2, 2022
Net cash used in operating activities	**$ (97.8)**	$ (92.5)
Net cash provided by (used in) investing activities	**74.5**	(3.8)
Net cash provided by financing activities	**8.7**	86.0
Additions to property, plant and equipment	**(7.3)**	(7.5)
Depreciation and amortization	**8.5**	8.5

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 2023, an increase in net working capital represented a use of cash of $102.6 million. Working capital balances were unfavorably impacted by a decrease in other operating liabilities of $65.3 million, a decrease in accounts payable of $49.4 million, an increase in accounts receivable of $10.9 million and an increase in other operating assets of $10.1 million, partially offset by a decrease in inventories of $20.1 million and an increase in income taxes payable of $13.0 million. Operating cash flows included depreciation and amortization expense adjustment of $8.5 million, stock-based compensation expense adjustment of $4.5 million, pension expense adjustment of $0.4 million, gain on sale of the *Keds*® business of $20.1 million, and environmental and other related costs, net of cash payments and recoveries cash outflow of $1.3 million.

Investing Activities

The Company made capital expenditures of $7.3 million and $7.5 million in the first quarter of 2023 and 2022, respectively, for building improvements, eCommerce site enhancements, new retail stores, distribution operations improvements and information system enhancements. The current year investing activity includes proceeds from the sale of the *Keds*® business of $81.9 million.

Financing Activities

The current year activity includes net borrowings under the Revolving Facility of $25.0 million. The Company paid $2.5 million in principal payments associated with its financing arrangements during the first quarter of 2023 and 2022, respectively. The Company paid $5.5 million and $7.1 million during the first quarter of 2023 and 2022, respectively, in connection with shares or units withheld to pay employee taxes related to awards under stock incentive plans and received $0.1 million and $0.8 million in proceeds from the exercise of stock options during the first quarter of 2023 and 2022, respectively. The Company did not repurchase shares in the first quarter of 2023 and repurchased $33.8 million of shares in the first quarter of 2022.

The Company declared cash dividends of $0.10 per share during the first quarter of 2023 and 2022. Dividends paid in the first quarter of 2023 and 2022 totaled $8.4 million, respectively. A quarterly dividend of $0.10 per share was declared on May 2, 2023 to shareholders of record on July 3, 2023.

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 2022 Form 10-K. Management believes there have been no material changes in those critical accounting policies.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

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

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

The Company conducts wholesale operations outside of the U.S. in Canada, continental Europe, United Kingdom, Hong Kong, China and Mexico where the functional currencies are primarily the Canadian dollar, euro, British pound, Hong Kong dollar, Chinese renminbi and Mexican peso, respectively. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business as well as to manage foreign currency translation exposure. As of April 1, 2023 and April 2, 2022, the Company had outstanding forward currency exchange contracts to purchase primarily U.S. dollars in the amounts of $285.2 million and $331.7 million, respectively, with maturities ranging up to 524 and 538 days, respectively.

The Company also has sourcing locations in Asia, where financial statements reflect the U.S. dollar as the functional currency. However, operating costs are paid in the local currency. Revenue generated by the Company from third-party foreign licensees is calculated in the local currencies but paid in U.S. dollars. Accordingly, the Company's reported results are subject to foreign currency exposure for this stream of revenue and expenses. Any associated foreign currency gains or losses on the settlement of local currency amounts are reflected within the Company's consolidated 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 1, 2023, a stronger U.S. dollar compared to certain foreign currencies increased the value of these investments in net assets by $1.4 million from their value as of December 31, 2022. 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.

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 $637.5 million at April 1, 2023 and the Company held a forward dated interest rate swap agreement, denominated in U.S. dollars, that effectively converts $162.9 million of this amount to fixed-rate debt.

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

ITEM 4. Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on, and as of the time of such evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures, as defined in Securities Exchange Act Rule 13a-15(e), were effective as of the end of the period covered by this report. There have been no changes during the quarter ended April 1, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

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

ITEM 1A. Risk Factors

There have been no material changes in the assessment of the Company's risk factors from those set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 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 2023.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Amount that May Yet Be Purchased Under the Plans or Programs
Period 1 (January 1, 2023 to February 4, 2023)				
Common Stock Repurchase Program[1]	—	$ —	—	$ 366,524,492
Employee Transactions[2]	40,676	$ 13.60	—	
Period 2 (February 5, 2023 to March 4, 2023)				
Common Stock Repurchase Program[1]	—	$ —	—	$ 366,524,492
Employee Transactions[2]	336,700	$ 14.78	—	
Period 3 (March 5, 2023 to April 1, 2023)				
Common Stock Repurchase Program[1]	—	$ —	—	$ 366,524,492
Employee Transactions[2]	292	$ 16.07	—	
Total for the first Quarter Ended April 1, 2023				
Common Stock Repurchase Program[1]	—	$ —	—	$ 366,524,492
Employee Transactions[2]	377,668	$ 14.66	—	

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

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

ITEM 6. Exhibits

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

Exhibit Number	Document
3.1	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.
3.2	Amended and Restated By-laws. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on November 7, 2022.
10.1	2023 Form of Restricted Stock Unit Agreement.*
10.2	Form of Performance Stock Unit Agreement (2023 - 2025 performance period).*
31.1	Certification of Chairman, Chief Executive Officer and President under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Senior Vice President, Chief Financial Officer and Treasurer under Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. §1350.
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2023, 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 1, 2023, 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 11, 2023	/s/ Brendan L. Hoffman
Date	Brendan L. Hoffman President and Chief Executive Officer (Principal Executive Officer and Duly Authorized Signatory for Registrant)
May 11, 2023	/s/ Michael D. Stornant
Date	Michael D. Stornant Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer and Duly Authorized Signatory for Registrant)

Exhibit 10.1

Restricted Stock Unit

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 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: one-third on the first, second and third year anniversary of the Grant Date.***

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

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

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; 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 rTSR Measurement 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:

(Target Value/Market Price) x Overall Award Percentage

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 OP Average Award Percentage multiplied by the OP Factor, and (ii) the rTSR Award Percentage multiplied by the rTSR Factor.

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

rTSR Award Percentage will be based upon the Company’s Total Shareholder Return ranking as of the end of the rTSR Measurement Period relative to the Total Shareholder Return of the S&P Composite 1500 Companies.

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

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

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

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

If the OP for the applicable Fiscal Year is ≥ Target OP and < Stretch OP, OP Award Percentage =

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

If the OP for the applicable Fiscal Year is ≥ Stretch OP, OP Award Percentage = Award Cap

(b) The rTSR Award Percentage for the rTSR Measurement Period shall be the Company’s Total Shareholder Return ranking as of the end of the rTSR Measurement Period relative to the Total Shareholder Return rankings as of the end of the rTSR Measurement Period of the S&P Composite 1500 Companies as forth in the following table:

Performance Level	**rTSR Rank(1)**	**Payout(2) (3)**
Below Threshold	<25th Percentile	0%
Threshold	25th Percentile	50%
Target	50th Percentile	100%
Stretch	75th Percentile	200%

(1) rTSR Rank is calculated based on the Company's ranking within the S&P Composite 1500 Companies based on its Total Shareholder Return as compared to the Total Shareholder Return of each S&P Composite 1500 Company.

(2) For performance between threshold and target and between target and stretch, the rTSR Award Percentage will be determined on straight line interpolation.

(3) If the Company's Total Shareholder Return for the rTSR Measurement Period is negative, the rTSR Award Percentage shall be capped at 100%.

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.
Operating Profit	Total earnings from the Company's core business function for the Fiscal Year after deducting selling, general and administrative costs. Operating Profit shall not include interest, taxes and other items reported in the Consolidated Statement of Operations below Operating Profit.
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.
OP Measurement Period	The three-year period beginning on the first day of the Company's 2023 Fiscal Year and ending on the last day of the Company's 2025 Fiscal Year.
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 OP Measurement Period plus the rTSR Measurement Period.
rTSR Measurement Period	The three-year period beginning on February 8, 2023.
rTSR Measurement Period End Date	The last day of the rTSR Measurement Period.
S&P 1500 Companies	The companies making up the S&P Composite 1500 Consumer Durables & Apparel 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 dollar target amount granted at the beginning of the OP Measurement Period (or, if later, at the time an Employee is determined by the Committee to be eligible to participate in the Plan), multiplied by a fraction, the numerator of which is months employed and participating for the OP Measurement Period and the denominator of which is 36. 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	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 rTSR Measurement 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 S&P 1500 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 rTSR Measurement Period and ending on the first day of the rTSR Measurement Period and the average closing prices over the period of trading days occurring in the final thirty (30) calendar days ending on the rTSR Measurement Period End Date) will be used to value shares of Common Stock and the stock of the S&P 1500 Companies. Dividend reinvestment will be calculated using the closing price of a share of Common Stock or the stock of the applicable S&P 1500 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 S&P Composite 1500 Consumer Durables & Apparel Index as of the first day of the rTSR Measurement Period ceases to be publicly traded (other than through bankruptcy) during the rTSR Measurement Period, or if it publicly announced that any such company will be acquired, whether or not such acquisition occurs during the rTSR Measurement Period, such company shall not be treated as a S&P 1500 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 S&P Composite 1500 Consumer Durables & Apparel Index on the first day of the rTSR Measurement Period but that exit due to bankruptcy before the end of the rTSR Measurement Period remain S&P 1500 Companies and are assigned a Total Shareholder Return value of -100%. Companies that exit the S&P Composite 1500 Consumer Durables & Apparel Index before the end of the rTSR Measurement Period but remain publicly-traded throughout the rTSR Measurement Period remain S&P 1500 Companies.
TSR Percentile Rank	The percentage of Total Shareholder Return values among the S&P 1500 Companies at the rTSR Measurement Period End Date that are equal to or lower than the Company's Total Shareholder Return at the rTSR Measurement Period End Date, provided that if the Company's Total Shareholder Return falls between the Total Shareholder Return of two of the S&P 1500 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 S&P 1500 that are closest to the Company's. For purposes of the TSR Percentile Rank calculation, the Company will be excluded from the group of S&P 1500 Companies.
OP Factor	As set by the Compensation Committee within the first 90 days of the Performance Period.

Threshold OP	As set by the Compensation Committee for each Fiscal Year during the OP Measurement Period within the first 90 days of the Performance Period.
Target OP	As set by the Compensation Committee for each Fiscal Year during the OP Measurement Period within the first 90 days of the Performance Period.
Stretch OP	As set by the Compensation Committee for each Fiscal Year during the OP Measurement Period within the first 90 days of the Performance Period.
rTSR Factor	As set by the Compensation Committee within the first 90 days of the rTSR Measurement Period.

Exhibit 31.1

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 11, 2023

/s/ Brendan L. Hoffman
Brendan L. Hoffman
President and Chief Executive Officer
Wolverine World Wide, Inc.

Exhibit 31.2

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 11, 2023

/s/ Michael D. Stornant

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

Exhibit 32

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 1, 2023 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 11, 2023

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

/s/ Michael D. Stornant
Michael D. Stornant
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)