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 July 3, 2021

OR

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

For the transition period from __________ to __________

Commission File Number: 001-06024

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

Delaware	**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 82,214,453 shares of common stock, $1 par value, outstanding as of July 19, 2021.

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FORWARD-LOOKING STATEMENTS

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

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

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

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

(In millions, except per share data)	Quarter Ended July 3, 2021	Quarter Ended June 27, 2020	Year-To-Date Ended July 3, 2021	Year-To-Date Ended June 27, 2020
Revenue	**$ 631.9**	$ 349.1	**$ 1,142.6**	$ 788.4
Cost of goods sold	**361.5**	201.9	**649.9**	459.4
Gross profit	**270.4**	147.2	**492.7**	329.0
Selling, general and administrative expenses	**201.8**	143.6	**376.2**	299.7
Environmental and other related costs, net of recoveries	**4.8**	(3.9)	**(5.4)**	4.9
Operating profit	**63.8**	7.5	**121.9**	24.4
Other expenses:				
Interest expense, net	**9.7**	10.5	**19.3**	18.3
Debt extinguishment and other costs	**—**	0.2	**—**	0.2
Other expense (income), net	**0.1**	(1.7)	**2.9**	(2.3)
Total other expenses	**9.8**	9.0	**22.2**	16.2
Earnings (loss) before income taxes	**54.0**	(1.5)	**99.7**	8.2
Income tax expense (benefit)	**9.6**	0.4	**16.9**	(2.7)
Net earnings (loss)	**$ 44.4**	$ (1.9)	**$ 82.8**	$ 10.9
Less: net loss attributable to noncontrolling interests	**(0.3)**	(0.3)	**(0.4)**	(0.5)
Net earnings (loss) attributable to Wolverine World Wide, Inc.	**$ 44.7**	$ (1.6)	**$ 83.2**	$ 11.4
Net earnings (loss) per share (see Note 3):				
Basic	**$ 0.53**	$ (0.02)	**$ 0.99**	$ 0.14
Diluted	**$ 0.53**	$ (0.02)	**$ 0.98**	$ 0.14
Comprehensive income (loss)	**$ 49.8**	$ (1.8)	**$ 94.4**	$ 0.4
Less: comprehensive loss attributable to noncontrolling interests	**(0.1)**	(0.2)	**(0.5)**	(1.6)
Comprehensive income (loss) attributable to Wolverine World Wide, Inc.	**$ 49.9**	$ (1.6)	**$ 94.9**	$ 2.0
Cash dividends declared per share	**$ 0.10**	$ 0.10	**$ 0.20**	$ 0.20

See accompanying notes to consolidated condensed financial statements.

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

(In millions, except share data)	July 3, 2021	January 2, 2021	June 27, 2020
ASSETS			
Current assets:			
Cash and cash equivalents	**$ 345.8**	$ 347.4	$ 422.6
Accounts receivable, less allowances of $26.3, $33.5 and $38.2	**372.0**	268.3	263.8
Finished products, net	**323.6**	237.9	376.5
Raw materials and work-in-process, net	**8.1**	5.2	10.0
Total inventories	**331.7**	243.1	386.5
Prepaid expenses and other current assets	**36.9**	45.4	45.7
Total current assets	**1,086.4**	904.2	1,118.6
Property, plant and equipment, net of accumulated depreciation of $207.2, $197.2 and $192.8	**120.2**	124.6	134.9
Lease right-of-use assets, net	**134.6**	142.5	152.4
Goodwill	**443.6**	442.4	435.6
Indefinite-lived intangibles	**382.3**	382.3	604.5
Amortizable intangibles, net	**70.6**	73.0	75.1
Deferred income taxes	**2.0**	3.2	2.4
Other assets	**63.9**	65.2	65.9
Total assets	**$ 2,303.6**	$ 2,137.4	$ 2,589.4
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	**$ 279.2**	$ 185.0	$ 154.9
Accrued salaries and wages	**33.7**	27.0	11.6
Other accrued liabilities	**167.3**	150.0	163.9
Lease liabilities	**32.7**	34.0	37.5
Current maturities of long-term debt	**10.0**	10.0	183.5
Borrowings under revolving credit agreements	**—**	—	125.0
Total current liabilities	**522.9**	406.0	676.4
Long-term debt, less current maturities	**708.4**	712.5	715.9
Accrued pension liabilities	**145.9**	147.0	109.4
Deferred income taxes	**37.6**	35.5	86.0
Lease liabilities, noncurrent	**119.3**	130.3	139.2
Other liabilities	**120.4**	133.1	126.6
Stockholders' equity:			
Common stock – par value $1, authorized 320,000,000 shares; 111,382,593, 110,426,769, and 110,006,517 shares issued	**111.4**	110.4	110.0
Additional paid-in capital	**278.4**	252.6	227.1
Retained earnings	**1,159.6**	1,093.3	1,258.3
Accumulated other comprehensive loss	**(118.9)**	(130.6)	(111.5)
Cost of shares in treasury; 29,166,422, 28,285,274, and 28,146,537 shares	**(797.3)**	(764.3)	(759.9)
Total Wolverine World Wide, Inc. stockholders' equity	**633.2**	561.4	724.0
Noncontrolling interest	**15.9**	11.6	11.9
Total stockholders' equity	**649.1**	573.0	735.9
Total liabilities and stockholders' equity	**$ 2,303.6**	$ 2,137.4	$ 2,589.4

See accompanying notes to consolidated condensed financial statements.

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

(In millions)	Year-To-Date Ended July 3, 2021	Year-To-Date Ended June 27, 2020
OPERATING ACTIVITIES		
Net earnings	**$ 82.8**	$ 10.9
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	**14.4**	15.4
Deferred income taxes	**1.2**	(13.4)
Stock-based compensation expense	**21.6**	10.2
Pension and SERP expense	**7.0**	4.3
Debt extinguishment and other costs	**—**	0.2
Environmental and other related costs, net of cash payments and recoveries received	**(9.4)**	34.2
Other	**(1.6)**	4.3
Changes in operating assets and liabilities:		
Accounts receivable	**(103.9)**	64.5
Inventories	**(89.1)**	(41.0)
Other operating assets	**10.3**	6.3
Accounts payable	**94.8**	(45.9)
Income taxes payable	**1.7**	3.5
Other operating liabilities	**21.9**	(14.5)
Net cash provided by operating activities	**51.7**	39.0
INVESTING ACTIVITIES		
Business acquisition, net of cash acquired	**—**	(5.5)
Additions to property, plant and equipment	**(6.7)**	(6.6)
Investment in joint ventures	**—**	(3.5)
Proceeds from company-owned life insurance policy liquidations	**—**	25.6
Other	**(1.4)**	(0.8)
Net cash provided by (used in) investing activities	**(8.1)**	9.2
FINANCING ACTIVITIES		
Payments under revolving credit agreements	**—**	(773.0)
Borrowings under revolving credit agreements	**—**	538.0
Proceeds from company-owned life insurance policies	**—**	24.5
Borrowings of long-term debt	**—**	471.0
Payments on long-term debt	**(5.0)**	(5.0)
Payments of debt issuance and debt extinguishment costs	**—**	(6.4)
Cash dividends paid	**(16.9)**	(17.0)
Purchases of common stock for treasury	**(26.9)**	(21.0)
Employee taxes paid under stock-based compensation plans	**(13.1)**	(19.9)
Proceeds from the exercise of stock options	**12.0**	2.1
Contributions from noncontrolling interests	**4.8**	1.8
Net cash provided by (used in) financing activities	**(45.1)**	195.1
Effect of foreign exchange rate changes	**(0.1)**	(1.3)
Increase (decrease) in cash and cash equivalents	**(1.6)**	242.0
Cash and cash equivalents at beginning of the year	**347.4**	180.6
Cash and cash equivalents at end of the quarter	**$ 345.8**	$ 422.6

See accompanying notes to consolidated condensed financial statements.

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

(In millions, except share and per share data)	Wolverine World Wide, Inc. Stockholders' Equity: Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total
Balance at March 28, 2020	$ 109.2	$ 219.8	$ 1,268.1	$ (111.5)	$ (760.0)	$ 10.3	$ 735.9
Net loss			(1.6)			(0.3)	(1.9)
Other comprehensive income				—		0.1	0.1
Shares issued, net of shares forfeited under stock incentive plans (757,617 shares)	0.8	(0.9)					(0.1)
Shares issued for stock options exercised, net (40,068 shares)	—	0.7					0.7
Stock-based compensation expense		7.5					7.5
Cash dividends declared ($0.10 per share)			(8.2)				(8.2)
Issuance of treasury shares (1,701 shares)		—			0.1		0.1
Capital contribution from noncontrolling interest						1.8	1.8
Balance at June 27, 2020	$ 110.0	$ 227.1	$ 1,258.3	$ (111.5)	$ (759.9)	$ 11.9	$ 735.9
Balance at April 3, 2021	$ 111.2	$ 265.7	$ 1,123.1	$ (124.1)	$ (766.8)	$ 16.0	$ 625.1
Net earnings (loss)			**44.7**			**(0.3)**	**44.4**
Other comprehensive income				**5.2**		**0.2**	**5.4**
Shares issued, net of shares forfeited under stock incentive plans (59,839 shares)	**0.1**	**(0.4)**					**(0.3)**
Shares issued for stock options exercised, net (78,910 shares)	**0.1**	**1.5**					**1.6**
Stock-based compensation expense		**11.6**					**11.6**
Cash dividends declared ($0.10 per share)			**(8.2)**				**(8.2)**
Issuance of treasury shares (803 shares)		—			**0.1**		**0.1**
Purchase of common stock for treasury (716,027 shares)					**(26.9)**		**(26.9)**
Purchases of shares under stock-based compensation plans (91,399 shares)					**(3.7)**		**(3.7)**
Balance at July 3, 2021	**$ 111.4**	**$ 278.4**	**$ 1,159.6**	**$ (118.9)**	**$ (797.3)**	**$ 15.9**	**$ 649.1**

See accompanying notes to consolidated condensed financial statements.

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

(In millions, except share and per share data)	Wolverine World Wide, Inc. Stockholders' Equity: Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total
Balance at December 28, 2019	$ 108.3	$ 233.4	$ 1,263.3	$ (102.1)	$ (736.2)	$ 11.7	$ 778.4
Net earnings (loss)			11.4			(0.5)	10.9
Other comprehensive loss				(9.4)		(1.1)	(10.5)
Shares issues, net of shares forfeited under stock incentive plans (1,485,553 shares)	1.5	(18.5)					(17.0)
Shares issued for stock options exercised, net (191,714 shares)	0.2	2.0					2.2
Stock-based compensation expense		10.2					10.2
Cash dividends declared ($0.20 per share)			(16.4)				(16.4)
Issuance of treasury shares (2,768 shares)		—			0.1		0.1
Purchase of common stock for treasury (877,624 shares)					(21.0)		(21.0)
Purchases of shares under stock-based compensation plans (90,169 shares)					(2.8)		(2.8)
Capital contribution from noncontrolling interest						1.8	1.8
Balance at June 27, 2020	$ 110.0	$ 227.1	$ 1,258.3	$ (111.5)	$ (759.9)	$ 11.9	$ 735.9
Balance at January 2, 2021	$ 110.4	$ 252.6	$ 1,093.3	$ (130.6)	$ (764.3)	$ 11.6	$ 573.0
Net earnings (loss)			**83.2**			**(0.4)**	**82.8**
Other comprehensive income (loss)				**11.7**		**(0.1)**	**11.6**
Shares issued, net of shares forfeited under stock incentive plans (396,622 shares)	**0.4**	**(7.4)**					**(7.0)**
Shares issued for stock options exercised, net (559,202 shares)	**0.6**	**11.6**					**12.2**
Stock-based compensation expense		**21.6**					**21.6**
Cash dividends declared ($0.20 per share)			**(16.9)**				**(16.9)**
Issuance of treasury shares (1,968 shares)		**—**			**0.1**		**0.1**
Purchase of common stock for treasury (716,027 shares)					**(26.9)**		**(26.9)**
Purchases of shares under stock-based compensation plans (167,089 shares)					**(6.2)**		**(6.2)**
Capital contribution from noncontrolling interest						**4.8**	**4.8**
Balance at July 3, 2021	**$ 111.4**	**$ 278.4**	**$ 1,159.6**	**$ (118.9)**	**$ (797.3)**	**$ 15.9**	**$ 649.1**

See accompanying notes to consolidated condensed financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements
Quarters Ended July 3, 2021 and June 27, 2020
(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*®, *Keds*®, *Merrell*®, *Saucony*®, *Sperry*®, *Stride Rite*® 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*™.

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 footnotes 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 footnotes included in the Company's 2020 Form 10-K.

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

Fiscal Year

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

Seasonality

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

2. NEW ACCOUNTING STANDARDS

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

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

3. EARNINGS PER SHARE

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

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

	Quarter Ended		Year-To-Date Ended	
(In millions, except per share data)	**July 3, 2021**	June 27, 2020	**July 3, 2021**	June 27, 2020
Numerator:				
Net earnings (loss) attributable to Wolverine World Wide, Inc.	**$ 44.7**	$ (1.6)	**$ 83.2**	$ 11.4
Adjustment for earnings allocated to non-vested restricted common stock	**(0.7)**	(0.2)	**(1.4)**	(0.4)
Net earnings (loss) used in calculating basic and diluted earnings per share	**$ 44.0**	$ (1.8)	**$ 81.8**	$ 11.0
Denominator:				
Weighted average shares outstanding	**82.6**	81.7	**82.5**	81.6
Adjustment for non-vested restricted common stock	**(0.1)**	(0.8)	**(0.2)**	(0.6)
Shares used in calculating basic earnings per share	**82.5**	80.9	**82.3**	81.0
Effect of dilutive stock options	**1.1**	—	**1.1**	0.5
Shares used in calculating diluted earnings per share	**83.6**	80.9	**83.4**	81.5
Net earnings (loss) per share:				
Basic	**$ 0.53**	$ (0.02)	**$ 0.99**	$ 0.14
Diluted	**$ 0.53**	$ (0.02)	**$ 0.98**	$ 0.14

For the quarter and year-to-date ended July 3, 2021, 426,920 and 345,247 outstanding stock options, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

For the quarter and year-to-date ended June 27, 2020, 1,955,425 and 1,183,907 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:

	Year-To-Date Ended	
(In millions)	**July 3, 2021**	June 27, 2020
Goodwill balance at beginning of the year	$ 442.4	$ 438.9
Foreign currency translation effects	**1.2**	(3.3)
Goodwill balance at end of the quarter	**$ 443.6**	$ 435.6

The Company's indefinite-lived intangible assets, which comprise trade names and trademarks, totaled $382.3 million as of July 3, 2021 and January 2, 2021, and $604.5 million as of June 27, 2020. In the fourth quarter of 2020, the Company recognized a $222.2 million impairment charge for the decline in the value of the *Sperry*® trade name. The carrying value of the Company's *Sperry*® trade name was $296.0 million as of July 3, 2021. Based on the interim impairment assessment as of July 3, 2021, it was determined there were no triggering events of impairment for goodwill and indefinite-lived intangible assets. If the operating results for *Sperry*® decline in future periods compared to current projections, there are changes in the assumptions and estimates the Company uses to value the *Sperry*® trade name that adversely affect such value, such as an increase in the discount rate or in the assumed tax rate, or macroeconomic conditions deteriorate further due to the COVID-19 pandemic and adversely affect the value of the Company's *Sperry*® trade name balance, the Company may need to record a non-cash impairment charge.

5. ACCOUNTS RECEIVABLE

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

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

	Quarter Ended		Year-To-Date Ended	
(In millions)	**July 3, 2021**	June 27, 2020	**July 3, 2021**	June 27, 2020
Accounts receivable sold	**$ —**	$ —	**$ —**	$ 14.1
Fees charged	**$ —**	$ —	**$ —**	$ 0.1

The fees are recorded in the other expense (income), net line item on the consolidated statements of operations. Net proceeds of this program are classified in operating activities in the consolidated condensed statements of cash flows. There were no amounts outstanding under this program as of July 3, 2021 and June 27, 2020, respectively.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition and Performance Obligations

The Company has agreements to license symbolic intellectual property with minimum guarantees or fixed consideration. The Company is due $20.9 million of remaining fixed transaction price under its license agreements as of July 3, 2021, which it expects to recognize per the terms of its contracts over the course of time through December 2024. The Company has elected to omit the remaining variable consideration under its license agreements given the Company recognizes revenue equal to what it has the right to invoice and that amount corresponds directly with the value to the customer of the Company's performance to date.

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

	Quarter Ended July 3, 2021			Quarter Ended June 27, 2020		
(In millions)	Wholesale	Consumer-Direct	Total	Wholesale	Consumer-Direct	Total
Wolverine Michigan Group	**$ 282.0**	**$ 72.4**	**$ 354.4**	$ 149.0	$ 68.4	$ 217.4
Wolverine Boston Group	**194.5**	**63.5**	**258.0**	74.5	48.0	122.5
Other	**18.2**	**1.3**	**19.5**	8.8	0.4	9.2
Total	**$ 494.7**	**$ 137.2**	**$ 631.9**	$ 232.3	$ 116.8	$ 349.1

	Year-To-Date Ended July 3, 2021			Year-To-Date Ended June 27, 2020		
(In millions)	Wholesale	Consumer-Direct	Total	Wholesale	Consumer-Direct	Total
Wolverine Michigan Group	**$ 516.4**	**$ 135.7**	**$ 652.1**	$ 363.3	$ 101.9	$ 465.2
Wolverine Boston Group	**345.3**	**113.6**	**458.9**	223.6	81.0	304.6
Other	**29.4**	**2.2**	**31.6**	17.5	1.1	18.6
Total	**$ 891.1**	**$ 251.5**	**$ 1,142.6**	$ 604.4	$ 184.0	$ 788.4

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)	**July 3, 2021**	January 2, 2021	June 27, 2020
Product returns reserve	**$ 10.7**	$ 15.6	$ 11.8
Customer markdowns reserve	**3.3**	3.7	5.7
Other sales incentives reserve	**4.4**	6.0	3.4
Customer rebates liability	**14.2**	13.4	11.0
Customer advances liability	**7.1**	8.2	5.8

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

7. DEBT

Total debt consists of the following obligations:

(In millions)	July 3, 2021	January 2, 2021	June 27, 2020
Term Loan A, due December 6, 2023	**$ 175.0**	$ 180.0	$ 187.5
Incremental Term Loan	**—**	—	171.0
Senior Notes, 5.000% interest, due September 1, 2026	**250.0**	250.0	250.0
Senior Notes, 6.375% interest, due May 15, 2025	**300.0**	300.0	300.0
Borrowings under revolving credit agreements	**—**	—	125.0
Unamortized deferred financing costs	**(6.6)**	(7.5)	(9.1)
Total debt	**$ 718.4**	$ 722.5	$ 1,024.4

On May 5, 2020, the Company entered into a Second Amendment (the "Amendment") which amended its senior credit facility, which had previously been amended and restated as of December 6, 2018 (as so amended by the Amendment, the "Amended Senior Credit Facility"). In connection with the Amendment, the Company borrowed $171.0 million in aggregate principal amount of an incremental term loan. The incremental term loan was fully repaid by the end of fiscal 2020.

The Amended Senior Credit Facility also included a $200.0 million term loan facility ("Term Loan A") and an $800.0 million Revolving Credit Facility, both with maturity dates of December 6, 2023, that remained unchanged as a result of the Amendment. The Amended Senior Credit Facility's debt capacity is limited to an aggregate debt amount (including outstanding term loan principal and revolver commitment amounts in addition to permitted incremental debt) not to exceed $1,750.0 million, unless certain specified conditions set forth in the Amended Senior Credit Facility are met. Term Loan A requires quarterly principal payments with a balloon payment due on December 6, 2023. As of July 3, 2021, the scheduled principal payments due under Term Loan A over the next 12 months total $10.0 million and are recorded as current maturities of long-term debt on the consolidated condensed balance sheets.

The Revolving Credit Facility allows the Company to borrow up to an aggregate amount of $800.0 million, which includes a $200.0 million foreign currency subfacility under which borrowings may be made, subject to certain conditions, in Canadian dollars, British pounds, euros, Hong Kong dollars, Swedish kronor, Swiss francs and such additional currencies as are determined in accordance with the Amended Senior Credit Facility. The Revolving Credit Facility also includes a $50.0 million swingline subfacility and a $50.0 million letter of credit subfacility. The Company had outstanding letters of credit under the Revolving Credit Facility of $6.1 million, $6.1 million and $5.8 million as of July 3, 2021, January 2, 2021 and June 27, 2020, respectively. These outstanding letters of credit reduce the borrowing capacity under the Revolving Credit Facility.

The interest rates applicable to amounts outstanding under Term Loan A and to U.S. dollar denominated amounts outstanding under the Revolving Credit Facility are, at the Company's option, either (1) the Alternate Base Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 0.125% to 1.000%, or (2) the Eurocurrency Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 1.125% to 2.000% (all capitalized terms used in this sentence are as defined in the Amended Senior Credit Facility). At July 3, 2021, Term Loan A had a weighted-average interest rate of 1.88%.

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

The Amended Senior Credit Facility also contains certain affirmative and negative covenants, including covenants that limit the ability of the Company and its Restricted Subsidiaries to, among other things: incur or guarantee indebtedness; incur liens; pay dividends or repurchase stock; enter into transactions with affiliates; consummate asset sales, acquisitions or mergers; prepay certain other indebtedness; or make investments, as well as covenants restricting the activities of certain foreign subsidiaries of the Company that hold intellectual property related assets. Further, the Amended Senior Credit Facility requires compliance with the following financial covenants: a maximum Consolidated Leverage Ratio and a minimum Consolidated Interest Coverage Ratio (all capitalized terms used in this paragraph are as defined in the Amended Senior Credit Facility). As of July 3, 2021, the Company was in compliance with all covenants and performance ratios under the Amended Senior Credit Facility.

On May 11, 2020 the Company issued $300.0 million aggregate principal amount of 6.375% Senior Notes due on May 15, 2025. Related interest payments are due semi-annually beginning on November 15, 2020. These senior notes are guaranteed by substantially all of the Company's domestic subsidiaries.

The Company has $250.0 million of senior notes outstanding that are due on September 1, 2026. These senior notes bear interest at 5.00% with the related interest payments due semi-annually and are guaranteed by substantially all of the Company's domestic subsidiaries.

The Company has a foreign revolving credit facility with aggregate available borrowings of $4.0 million that are uncommitted and, therefore, each borrowing against the facility is subject to approval by the lender. There were no borrowings against this facility as of July 3, 2021, January 2, 2021 and June 27, 2020.

The Company included in interest expense the amortization of deferred financing costs of $0.6 million and $1.3 million for the quarter and year-to-date ended July 3, 2021, respectively. The Company included in interest expense the amortization of deferred financing costs of $0.7 million and $1.1 million for the quarter and year-to-date ended June 27, 2020, respectively.

8. LEASES

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

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

	Quarter Ended		Year-To-Date Ended	
(In millions)	**July 3, 2021**	June 27, 2020	**July 3, 2021**	**June 27, 2020**
Operating lease cost	**$ 8.0**	$ 8.1	**$ 16.1**	$ 16.3
Variable lease cost	**2.9**	2.7	**6.1**	6.1
Short-term lease cost	**0.2**	0.2	**0.5**	0.5
Sublease income	**(1.5)**	(1.1)	**(3.3)**	(2.3)
Total lease cost	**$ 9.6**	$ 9.9	**$ 19.4**	$ 20.6

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

	Quarter Ended		Year-To-Date Ended	
(In millions)	**July 3, 2021**	June 27, 2020	**July 3, 2021**	**June 27, 2020**
Cash paid for operating lease liabilities	**$ 9.0**	$ 4.6	**$ 18.1**	$ 12.1
Operating lease assets obtained in exchange for lease liabilities	**3.2**	0.1	**3.4**	5.2

The Company did not enter into any real estate leases with commencement dates subsequent to July 3, 2021.

9. DERIVATIVE FINANCIAL INSTRUMENTS

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

The Company utilizes foreign currency forward exchange contracts designated as cash flow hedges to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business. These foreign currency forward exchange hedge contracts extended out to a maximum of 538 days, 538 days, and 412 days as of July 3, 2021, January 2, 2021 and June 27, 2020, respectively. If, in the future, the foreign exchange contracts are determined not to be highly effective or are terminated before their contractual termination dates, the Company would remove the hedge designation from those contracts and reclassify into earnings the unrealized gains or losses that would otherwise be included in accumulated other comprehensive income (loss) within stockholders' equity. During the quarter ended June 27, 2020, the Company reclassified $1.3 million to other income for foreign currency contracts that were no longer deemed highly effective.

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

The Company has a cross currency swap to minimize the impact of exchange rate fluctuations. The hedging instrument, which, unless otherwise terminated, will mature on September 1, 2021, has been designated as a hedge of a net investment in a foreign operation. The Company will pay 2.75% on the euro-denominated notional amount and receive 5.00% on the U.S. dollar notional amount, with an exchange of principal at maturity. Changes in fair value related to movements in the foreign currency exchange spot rate are recorded in accumulated other comprehensive income (loss), offsetting the currency translation adjustment related to the underlying net investment that is also recorded in accumulated other comprehensive income (loss). All other changes in fair value are recorded in interest expense. In accordance with ASC 815, the Company has formally documented the relationship between the cross-currency swap and the Company's investment in its euro-denominated subsidiary, as well as its risk management objective and strategy for undertaking the hedge transaction. This process included linking the derivative to its net investment on the balance sheet. The Company also assessed at the hedge's inception, and continues to assess on an ongoing basis, whether the derivative used in the hedging transaction is highly effective in offsetting changes in the net investment of the foreign operations.

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

(Dollars in millions)	**July 3, 2021**	January 2, 2021	June 27, 2020
Foreign exchange hedge contracts	**$ 293.9**	$ 250.7	$ 161.1
Interest rate swap	**—**	—	314.6
Cross currency swap	**79.8**	79.8	79.8

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

(In millions)	**July 3, 2021**	January 2, 2021	June 27, 2020
Financial assets:			
Foreign exchange hedge contracts	**$ 1.6**	$ —	$ 4.1
Financial liabilities:			
Foreign exchange hedge contracts	**$ (4.1)**	$ (8.8)	$ (0.1)
Interest rate swap	**—**	—	(9.8)
Cross currency swap	**(8.6)**	(10.8)	(1.9)

10. STOCK-BASED COMPENSATION

The Company recognized compensation expense of $11.6 million and $21.6 million, and related income tax benefits of $2.2 million and $4.2 million, for grants under its stock-based compensation plans for the quarter and year-to-date ended July 3, 2021, respectively. The Company recognized compensation expense of $7.5 million and $10.2 million, and related income tax benefits of $1.5 million and $2.0 million, for grants under its stock-based compensation plans for the quarter and year-to-date ended June 27, 2020, respectively.

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

The Company granted restricted awards and performance awards as follows:

	Year-To-Date Ended July 3, 2021		Year-To-Date Ended June 27, 2020	
(In millions)	Company Shares Issued	Weighted-Average Grant Date Fair Value	Company Shares Issued	Weighted-Average Grant Date Fair Value
Restricted Awards	**588,275**	**$ 34.76**	1,325,475	$ 22.28
Performance Awards	**622,875**	**$ 35.73**	346,584	$ 35.02

11. RETIREMENT PLANS

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

	Quarter Ended		Year-To-Date Ended	
(In millions)	**July 3, 2021**	June 27, 2020	**July 3, 2021**	June 27, 2020
Service cost pertaining to benefits earned during the period	**$ 1.7**	$ 1.6	**$ 3.5**	$ 3.2
Interest cost on projected benefit obligations	**3.2**	3.6	**6.4**	7.1
Expected return on pension assets	**(4.9)**	(4.7)	**(9.8)**	(9.3)
Net amortization loss	**3.5**	1.7	**6.9**	3.3
Net pension expense	**$ 3.5**	$ 2.2	**$ 7.0**	$ 4.3

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 quarter and year-to-date ended July 3, 2021 were 17.7% and 16.9%, respectively. The Company’s effective tax rates for the quarter and year-to-date ended June 27, 2020 were (28.3)% and (33.0)%, respectively. The lower effective tax rate for the prior year reflected larger discrete benefits than the current year. In addition, because pretax income in the current year is higher than the prior year, discrete adjustments had a lesser impact on the income tax rate than they had in the prior year.

The Company is subject to periodic audits by U.S. federal, state, local and non-U.S. tax authorities. Currently, the Company is undergoing routine periodic audits in both U.S. federal, state, local and non-U.S. tax jurisdictions. It is reasonably possible that the amounts of unrecognized tax benefits could change in the next 12 months as a result of the audits; however, any payment of tax is not expected to be significant to the consolidated condensed financial statements. The Company is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 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 July 3, 2021 and June 27, 2020 is as follows:

(In millions)	Foreign currency translation	Derivatives	Pension	Total
Balance at March 28, 2020	$ (58.5)	$ (5.6)	$ (47.4)	$ (111.5)
Other comprehensive income (loss) before reclassifications [1]	2.6	(1.8)	—	0.8
Amounts reclassified from accumulated other comprehensive income (loss)	—	(2.4) [2]	1.7 [3]	(0.7)
Income tax expense (benefit)	—	0.3	(0.4)	(0.1)
Net reclassifications	—	(2.1)	1.3	(0.8)
Net current-period other comprehensive income (loss) [1]	2.6	(3.9)	1.3	—
Balance at June 27, 2020	$ (55.9)	$ (9.5)	$ (46.1)	$ (111.5)
Balance at April 3, 2021	$ (38.4)	$ (14.9)	$ (70.8)	$ (124.1)
Other comprehensive income (loss) before reclassifications [1]	**2.5**	**(1.8)**	**—**	**0.7**
Amounts reclassified from accumulated other comprehensive income (loss)	**—**	**2.4** [2]	**3.5** [3]	**5.9**
Income tax expense (benefit)	**—**	**(0.6)**	**(0.8)**	**(1.4)**
Net reclassifications	**—**	**1.8**	**2.7**	**4.5**
Net current-period other comprehensive income (loss) [1]	**2.5**	**—**	**2.7**	**5.2**
Balance at July 3, 2021	**$ (35.9)**	**$ (14.9)**	**$ (68.1)**	**$ (118.9)**

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

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

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

The change in accumulated other comprehensive income (loss) during the year-to-dates ended July 3, 2021 and June 27, 2020 is as follows:

(In millions)	Foreign currency translation	Derivatives	Pension	Total
Balance at December 28, 2019	$ (47.6)	$ (5.8)	$ (48.7)	$ (102.1)
Other comprehensive income (loss) before reclassifications [1]	(8.3)	(0.7)	—	(9.0)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(3.6) [2]	3.3 [3]	(0.3)
Income tax expense (benefit)	—	0.6	(0.7)	(0.1)
Net reclassifications	—	(3.0)	2.6	(0.4)
Net current-period other comprehensive income (loss) [1]	(8.3)	(3.7)	2.6	(9.4)
Balance at June 27, 2020	$ (55.9)	$ (9.5)	$ (46.1)	$ (111.5)
Balance at January 2, 2021	$ (36.8)	$ (20.3)	$ (73.5)	$ (130.6)
Other comprehensive income (loss) before reclassifications [1]	**0.9**	**3.2**	**—**	**4.1**
Amounts reclassified from accumulated other comprehensive income (loss)	**—**	**3.0** [2]	**6.9** [3]	**9.9**
Income tax expense (benefit)	**—**	**(0.8)**	**(1.5)**	**(2.3)**
Net reclassifications	**—**	**2.2**	**5.4**	**7.6**
Net current-period other comprehensive income (loss) [1]	**0.9**	**5.4**	**5.4**	**11.7**
Balance at July 3, 2021	**$ (35.9)**	**$ (14.9)**	**$ (68.1)**	**$ (118.9)**

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

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

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

14. FAIR VALUE MEASUREMENTS

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

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

Recurring Fair Value Measurements

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

	Fair Value Measurements		
	Quoted Prices With Other Observable Inputs (Level 2)		
(In millions)	**July 3, 2021**	January 2, 2021	June 27, 2020
Financial assets:			
Derivatives	**$ 1.6**	$ —	$ 4.1
Financial liabilities:			
Derivatives	**$ (12.7)**	$ (19.6)	$ (11.8)

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

Fair Value Disclosures

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

(In millions)	**July 3, 2021**	January 2, 2021	June 27, 2020
Carrying value	**$ 718.4**	$ 722.5	$ 1,024.4
Fair value	**757.2**	765.4	1,062.4

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

15. LITIGATION AND CONTINGENCIES

Litigation

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

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

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

Civil and Regulatory Actions of EGLE and EPA

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

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

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

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

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

Individual and Class Action Litigation

Individual lawsuits and three putative class action lawsuits have been 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”).

Assessing potential liability with respect to the Litigation Matters at this time is difficult. The Litigation Matters are in various stages of discovery and related motions. In addition, there is minimal direct and relevant precedent for these types of claims related to PFAS, and the science regarding the human health effects of PFAS exposure in the environment remains inconclusive and inconsistent, thereby creating additional uncertainties. Due to these factors, combined with the complexities and uncertainties of litigation, the Company is unable to conclude that adverse verdicts resulting from the Litigation Matters are probable, and therefore no amounts are currently reserved for these claims. The Company intends to continue to vigorously defend itself against these claims.

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

Other Litigation

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

Environmental Liabilities

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

(In millions)	Year-To-Date Ended July 3, 2021	Year-To-Date Ended June 27, 2020
Remediation liability at beginning of the year	$ 101.8	$ 124.4
Changes in estimate	—	—
Amounts paid	**(8.7)**	(17.7)
Remediation liability at the end of the quarter	**$ 93.1**	$ 106.7

The reserve balance as of July 3, 2021 includes $24.8 million that is expected to be paid within the next twelve months and is recorded as a current obligation in other accrued liabilities, with the remaining $68.3 million expected to be paid over the course of up to 25 years, recorded in other liabilities.

The Company's remediation activity at the Tannery property, House Street site and other relevant 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 July 3, 2021 are as follows:

(In millions)	2021	2022	2023	2024	2025	Thereafter
Minimum royalties	$ 0.6	$ 1.8	$ —	$ —	$ —	$ —
Minimum advertising	$ —	$ 3.4	$ 3.5	$ 3.6	$ —	$ —

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

Company incurred royalty expense of $0.7 million and $1.1 million for the quarter and year-to-date ended July 3, 2021, respectively. For the quarter and year-to-date ended June 27, 2020, the Company incurred royalty expense in accordance with these agreements of $0.4 million and $0.8 million, respectively.

The terms of certain license agreements also require the Company to make advertising expenditures based on the level of sales of the licensed products. In accordance with these agreements, the Company incurred advertising expense of $1.7 million and $2.7 million for the quarter and year-to-date ended July 3, 2021, respectively. For the quarter and year-to-date ended June 27, 2020, the Company incurred advertising expense in accordance with these agreements of $0.4 million and $1.0 million, respectively.

16. BUSINESS SEGMENTS

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

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

The reportable segments are engaged in designing, manufacturing, sourcing, marketing, licensing and distributing branded footwear, apparel and accessories. Revenue for the reportable segments includes revenue from the sale of branded footwear, apparel and accessories to third-party customers; revenue from third-party licensees and distributors; and revenue from the Company's consumer-direct businesses.

The Company 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 and multi-branded consumer-direct retail stores. The Corporate category consists of unallocated corporate expenses, such as corporate employee costs, costs related to the COVID-19 pandemic and environmental and other related costs. The Company's reportable segments are determined based on how the Company internally reports and evaluates financial information used to make operating decisions.

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

	Quarter Ended		Year-to-Date Ended	
(In millions)	**July 3, 2021**	June 27, 2020	**July 3, 2021**	June 27, 2020
Revenue:				
Wolverine Michigan Group	**$ 354.4**	$ 217.4	**$ 652.1**	$ 465.2
Wolverine Boston Group	**258.0**	122.5	**458.9**	304.6
Other	**19.5**	9.2	**31.6**	18.6
Total	**$ 631.9**	$ 349.1	**$ 1,142.6**	$ 788.4
Operating profit (loss):				
Wolverine Michigan Group	**$ 75.5**	$ 38.4	**$ 134.7**	$ 81.5
Wolverine Boston Group	**47.0**	8.6	**81.1**	27.4
Other	**1.2**	0.4	**1.5**	0.3
Corporate	**(59.9)**	(39.9)	**(95.4)**	(84.8)
Total	**$ 63.8**	$ 7.5	**$ 121.9**	$ 24.4

(In millions)		July 3, 2021		January 2, 2021		June 27, 2020
Total assets:						
Wolverine Michigan Group	**$**	**702.4**	$	626.9	$	714.4
Wolverine Boston Group		**1,157.9**		1,077.8		1,307.0
Other		**43.4**		31.4		37.0
Corporate		**399.9**		401.3		531.0
Total	**$**	**2,303.6**	$	2,137.4	$	2,589.4
Goodwill:						
Wolverine Michigan Group	**$**	**145.7**	$	145.4	$	143.2
Wolverine Boston Group		**297.9**		297.0		292.4
Total	**$**	**443.6**	$	442.4	$	435.6

17. SUBSEQUENT EVENT

On July 31, 2021, the Company entered into a definitive agreement to acquire 100% of the outstanding shares of Lady Leisure Investco Limited (the “Acquired Company”). The acquisition was completed on August 2, 2021 for $415.8 million, which is net of acquired cash of $7.1 million. The Acquired Company owns the Sweaty Betty brand and activewear business, a premium women’s activewear brand. The acquisition was funded with cash on hand and borrowings under the Company’s revolving credit facility.

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

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

BUSINESS OVERVIEW

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

The Company's brands are marketed in approximately 170 countries and territories at July 3, 2021, including through owned operations in the U.S., Canada, the United Kingdom and certain countries in continental Europe and Asia Pacific. In other regions (Latin America, portions of Europe and Asia Pacific, the Middle East and Africa), the Company relies on a network of third-party distributors, licensees and joint ventures. At July 3, 2021, the Company operated 97 retail stores in the U.S. and Canada and 61 consumer-direct eCommerce sites.

On July 31, 2021, the Company entered into a definitive agreement to acquire 100% of the outstanding shares of Lady Leisure Investco Limited (the "Acquired Company"). The acquisition was completed on August 2, 2021 for $415.8 million, which is net of acquired cash of $7.1 million. The Acquired Company owns the Sweaty Betty brand and activewear business, a premium women's activewear brand. The acquisition was funded with cash on hand and borrowings under the Company's revolving credit facility.

Known Trends Impacting Our Business

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

At the onset of the COVID-19 pandemic, the Company took proactive and precautionary measures to mitigate known areas of risk and better equip the Company to navigate the future environment. These included additional debt borrowings, workforce changes, discretionary expense reductions and a number of other liquidity preservation measures. These efforts allowed the Company to maintain adequate financial liquidity and position the Company to shift resources towards future growth. Specifically, the Company prioritized brand investments in the Company's owned eCommerce sites. The Company's brands' on-line growth accelerated due to the investments in this channel and consumer preference changes in favor of digital purchases. The Company continues to prioritize eCommerce investments including digital leadership, marketing investments in digital platforms, developing richer content and storytelling, and optimizing digital user experiences to increase conversion. The Company is offering incremental exclusive products through owned eCommerce sites and the Company has enhanced the customer shopping experience.

The COVID-19 pandemic has had a material adverse impact, and is expected to continue to have an impact, on the Company's financial results. During the first two quarters of 2021, disruption in the global supply chain due to vessel shortages, containers damaged and lost in transit, and U.S. port congestion resulted in transportation delays that interrupted the flow of the Company's inventory and caused delays of shipments to wholesale partners. The Company expects certain aspects of the disruption in the global supply chain to continue, which may impact results for the remaining portion of fiscal 2021. Expenses related to the COVID-19 pandemic incurred in the second quarter and first two quarters of 2021 included $11.0 million and $15.0 million, respectively, of incremental air freight cost to expedite the delivery of inventory resulting from production and shipping delays. Expenses in the second quarter and first two quarters of 2020 related to the COVID-19 pandemic included $14.1 million and $18.7 million, respectively, of costs related to severance expenses, credit loss expenses and other costs.

2021 FINANCIAL OVERVIEW

- Revenue was $631.9 million for the second quarter of 2021, representing an increase of 81.0% compared to the second quarter of 2020. The change in revenue reflected a 63.0% increase from the Michigan Group and a 110.6% increase from the Boston Group. Changes in foreign exchange rates increased revenue by $11.6 million during the second quarter of 2021. Owned eCommerce revenue decreased during the second quarter of 2021 by 2.7% compared to the second quarter of 2020 which benefited from closure of brick-and-mortar stores in response to the pandemic.

- Gross margin was 42.8% in the second quarter of 2021 compared to 42.2% in the second quarter of 2020.
- The effective tax rates in the second quarters of 2021 and 2020 were 17.7% and (28.3)%, respectively.
- Diluted earnings per share for the second quarter of 2021 was $0.53 per share compared to diluted loss per share of $0.02 per share for the second quarter of 2020.
- The Company declared cash dividends of $0.10 per share in both the second quarters of 2021 and 2020.
- Cash flow provided by operating activities was $51.7 million and $39.0 million for the first two quarters of 2021 and 2020, respectively, and was $25.4 million and $115.6 million for the second quarter of 2021 and 2020, respectively.
- Compared to the second quarter of 2020, inventory decreased $54.8 million, or 14.2%, and total debt decreased $306.0 million, or 29.9%.

RESULTS OF OPERATIONS

	Quarter Ended			Year-To-Date Ended		
(In millions, except per share data)	**July 3, 2021**	June 27, 2020	Percent Change	**July 3, 2021**	June 27, 2020	Percent Change
Revenue	**$ 631.9**	$ 349.1	81.0 %	**$ 1,142.6**	$ 788.4	44.9 %
Cost of goods sold	**361.5**	201.9	79.0	**649.9**	459.4	41.5
Gross profit	**270.4**	147.2	83.7	**492.7**	329.0	49.8
Selling, general and administrative expenses	**201.8**	143.6	40.5	**376.2**	299.7	25.5
Environmental and other related costs, net of recoveries	**4.8**	(3.9)	223.1	**(5.4)**	4.9	(210.2)
Operating profit	**63.8**	7.5	750.7	**121.9**	24.4	399.6
Interest expense, net	**9.7**	10.5	(7.6)	**19.3**	18.3	5.5
Debt extinguishment and other costs	**—**	0.2	(100.0)	**—**	0.2	(100.0)
Other expense (income), net	**0.1**	(1.7)	105.9	**2.9**	(2.3)	226.1
Earnings (loss) before income taxes	**54.0**	(1.5)	*	**99.7**	8.2	*
Income tax expense (benefit)	**9.6**	0.4	*	**16.9**	(2.7)	725.9
Net earnings (loss)	**44.4**	(1.9)	*	**82.8**	10.9	659.6
Less: net loss attributable to noncontrolling interests	**(0.3)**	(0.3)	—	**(0.4)**	(0.5)	20.0
Net earnings (loss) attributable to Wolverine World Wide, Inc.	**$ 44.7**	$ (1.6)	*	**$ 83.2**	$ 11.4	629.8 %
Diluted earnings (loss) per share	**$ 0.53**	$ (0.02)	*	**$ 0.98**	$ 0.14	600.0 %

* Percentage change not meaningful

REVENUE

Revenue was $631.9 million for the second quarter of 2021, representing an increase of 81.0% compared to the second quarter of 2020. The change in revenue reflected a 63.0% increase from the Michigan Group and a 110.6% increase from the Boston Group. The Michigan Group's revenue increase was driven by high-eighties increase from *Merrell*®, high-forties increase from *Cat*®, low-seventies increase from *Wolverine*®, high-fifties increase from *Bates*®, and mid-forties increase from *Harley-Davidson*®. The Boston Group's revenue increase was driven by high-one-hundred twenties increase from *Saucony*®, high-one-hundred single digit increase from *Sperry*®, mid-sixties increase from *Keds*®, and low-one-hundred single digit increase from Kids'. Changes in foreign exchange rates increased revenue by $11.6 million during the second quarter of 2021. Owned eCommerce revenue decreased during the second quarter of 2021 by 2.7% compared to the second quarter of 2020 which benefited from closure of brick-and-mortar stores in response to the pandemic.

Revenue was $1,142.6 million for the first two quarters of 2021, representing an increase of 44.9% compared to the first two quarters of 2020. The change in revenue reflected a 40.2% increase from the Michigan Group and a 50.7% increase from the Boston Group. The Michigan Group's revenue increase was driven by low-fifties increase from *Merrell*®, low-forties increase from *Cat*®, mid-forties increase from *Wolverine*®, mid-twenties increase from *Bates*®, and mid-thirties increase from *Harley-Davidson*®. The Boston Group's revenue increase was driven by low-nineties increase from *Saucony*®, mid-thirties increase from *Sperry*®, and mid-thirties increase from Kids'. Changes in foreign exchange rates increased revenue by $20.2 million during the first two quarters of 2021. Owned eCommerce revenue increased during the first two quarters of 2021 by 24.6% compared to the first two quarters of 2020.

GROSS MARGIN

Gross margin was 42.8% in the second quarter of 2021 compared to 42.2% in the second quarter of 2020. The gross margin increase in the second quarter was driven by favorable product mix and average selling price across the Company’s brands mainly attributable to *Merrell*®, *Saucony*® and *Sperry*® (260 basis points), favorable product mix and average selling price through the Company’s direct to consumer channel (150 basis points), partially offset by incremental air freight costs resulting from production and shipping delays caused by the COVID-19 pandemic (320 basis points).

Gross margin was 43.1% in the first two quarters of 2021 compared to 41.7% during the first two quarters of 2020. The gross margin increase in the first two quarters was driven by favorable product mix and average selling price across the Company’s brands mainly attributable to *Merrell*®, *Saucony*® and *Wolverine*® (200 basis points), favorable product mix and average selling price through the Company’s direct to consumer channel (150 basis points), partially offset by incremental air freight costs resulting from production and shipping delays caused by the COVID-19 pandemic (190 basis points).

OPERATING EXPENSES

Operating expenses increased $66.9 million, from $139.7 million in the second quarter of 2020 to $206.6 million in the second quarter of 2021. The increase was primarily driven by higher general and administrative costs ($18.6 million), higher selling costs ($16.9 million), higher incentive compensation costs ($15.6 million), higher advertising costs ($15.4 million), higher environmental and other related costs, net of insurance recoveries ($8.7 million), higher distribution costs ($4.2 million), and higher product development costs ($1.5 million), partially offset by lower non-operating costs incurred due to the COVID-19 pandemic ($14.0 million). Environmental and other related costs were $4.8 million and $1.9 million in the second quarter of 2021 and 2020, respectively.

Operating expenses increased $66.2 million, from $304.6 million in the first two quarters of 2020 to $370.8 million in the first two quarters of 2021. The increase was primarily driven by higher incentive compensation costs ($29.8 million), higher advertising costs ($24.0 million), higher general and administrative costs ($23.1 million), higher selling costs ($13.0 million), higher distribution costs ($4.3 million), and higher product development costs ($0.9 million), partially offset by lower non-operating costs incurred due to the COVID-19 pandemic ($18.6 million) and lower environmental and other related costs, net of insurance recoveries ($10.3 million). Environmental and other related costs were $10.3 million and $10.7 million in the first two quarters of 2021 and 2020, respectively.

INTEREST, OTHER AND INCOME TAXES

Net interest expense was $9.7 million in the second quarter of 2021 compared to $10.5 million in the second quarter of 2020. Net interest expense was $19.3 million in the first two quarters of 2021 compared to $18.3 million in the first two quarters of 2020. Changes in interest expense is due to changes in average debt balances outstanding between the periods and changes in the average interest rate on debt outstanding resulting from the 6.375% senior notes issued in May 2020.

Other expense was $0.1 million in the second quarter of 2021, compared to other income of $1.7 million in the second quarter of 2020. The decrease in other income was primarily driven by higher non-service pension costs ($1.2 million) and lower foreign exchange derivative gains reclassified from accumulated other comprehensive income (loss) ($1.3 million), partially offset by higher sublease income ($0.4 million).

Other expense was $2.9 million in the first two quarters of 2021, compared to other income of $2.3 million in the first two quarters of 2020. The decrease in other income was primarily driven by higher non-service pension costs ($2.5 million), higher losses from equity method investments ($1.7 million), higher foreign exchange remeasurement charges ($1.2 million) and lower foreign exchange derivative gains reclassified from accumulated other comprehensive income (loss) ($1.3 million), partially offset by higher sublease income ($1.0 million).

The effective tax rates in the second quarter of 2021 and 2020 were 17.7% and (28.3)%, respectively. The effective tax rates in the first two quarters of 2021 and 2020 were 16.9% and (33.0)%, respectively. The lower effective tax rate for the prior year reflected larger discrete benefits than the current year. In addition, because pretax income in the current year is higher than the prior year, discrete adjustments had a lesser impact on the income tax rate than they had in the prior year.

REPORTABLE SEGMENTS

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

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

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

The reportable segment results are as follows:

	Quarter Ended				Year-To-Date Ended			
(In millions)	**July 3, 2021**	June 27, 2020	Change	Percent Change	**July 3, 2021**	June 27, 2020	Change	Percent Change
REVENUE								
Wolverine Michigan Group	**$ 354.4**	$ 217.4	$ 137.0	63.0 %	**$ 652.1**	$ 465.2	$ 186.9	40.2 %
Wolverine Boston Group	**258.0**	122.5	135.5	110.6 %	**458.9**	304.6	154.3	50.7 %
Other	**19.5**	9.2	10.3	112.0 %	**31.6**	18.6	13.0	69.9 %
Total	**$ 631.9**	$ 349.1	$ 282.8	81.0 %	**$ 1,142.6**	$ 788.4	$ 354.2	44.9 %
OPERATING PROFIT (LOSS)								
Wolverine Michigan Group	**$ 75.5**	$ 38.4	$ 37.1	96.6 %	**$ 134.7**	$ 81.5	$ 53.2	65.3 %
Wolverine Boston Group	**47.0**	8.6	38.4	446.5 %	**81.1**	27.4	53.7	196.0 %
Other	**1.2**	0.4	0.8	200.0 %	**1.5**	0.3	1.2	400.0 %
Corporate	**(59.9)**	(39.9)	(20.0)	(50.1)%	**(95.4)**	(84.8)	(10.6)	12.5 %
Total	**$ 63.8**	$ 7.5	$ 56.3	750.7 %	**$ 121.9**	$ 24.4	$ 97.5	399.6 %

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

Wolverine Michigan Group

The Michigan Group's revenue increased $137.0 million, or 63.0%, in the second quarter of 2021 compared to the second quarter of 2020. The revenue increase was driven by high-eighties increase from *Merrell*®, high-forties increase from *Cat*®, low-seventies increase from *Wolverine*®, high-fifties increase from *Bates*®, and mid-forties increase from *Harley-Davidson*®. The Michigan Group's revenue increased $186.9 million, or 40.2% in the first two quarters of 2021 compared to the first two quarters of 2020. The revenue increase was driven by low-fifties increase from *Merrell*®, low-forties increase from *Cat*®, mid-forties increase from *Wolverine*®, mid-twenties increase from *Bates*®, and mid-thirties increase from *Harley-Davidson*®. The increase across all brands in the second quarter and the first two quarters is due to economic recovery from the effects of the COVID-19 pandemic felt in the prior period including closures of brick-and-mortar stores and due to accelerated growth from *Merrell*® and *Wolverine*® resulting from strength in the outdoors and work categories.

The Michigan Group's operating profit increased $37.1 million in the second quarter of 2021 compared to the second quarter of 2020. The operating profit increase was due to the revenue increases, partially offset by a 20 basis point decrease in gross margin and a $21.5 million increase in selling, general and administrative costs. The decrease in gross margin in the current year period was due to higher air freight costs, partially offset by improved product mix and average selling price. The increase in selling, general and administrative expenses in the current year period was primarily due to higher advertising costs and higher employee costs.

The Michigan Group's operating profit increased $53.2 million in the first two quarters of 2021 compared to the first two quarters of 2020. The operating profit increase was due to the revenue increases, partially offset by a 20 basis point decrease in gross margin and $26.8 million increase in selling, general and administrative costs. The decrease in gross margin in the current year period was due to higher air freight costs, partially offset by improved product mix and average selling price including higher margin eCommerce sales. The increase in selling, general and administrative expenses in the current year period was primarily due to higher advertising costs and higher employee costs.

Wolverine Boston Group

The Boston Group's revenue increased $135.5 million, or 110.6%, during the second quarter of 2021 compared to the second quarter of 2020. The revenue increase was driven by high-one-hundred twenties increase from *Saucony*®, high-one-hundred single digit increase from *Sperry*®, mid-sixties increase from *Keds*®, and low-one-hundred single digit increase from Kids'. The Boston Group's revenue increased by $154.3 million, or 50.7%, during the first two quarters of 2021 compared to the first two quarters of 2020. The revenue increase included low-nineties increase from *Saucony*®, mid-thirties increase from *Sperry*®, and mid-thirties increase from Kids'. The increase across all brands in the second quarter and the first two quarters is due to economic recovery from the effects of the COVID-19 pandemic felt in the prior period including closure of brick-and-mortar stores and due to accelerated growth from *Saucony*® resulting from strength in the running category and innovative product launches.

The Boston Group's operating profit increased $38.4 million in the second quarter of 2021 compared to the second quarter of 2020. The operating profit increase was due to the revenue increases and a 130 basis point increase in gross margin, partially offset by $23.0 million increase in selling, general and administrative costs. The increase in gross margin in the current year period was due to improved product mix and average selling price including higher margin eCommerce sales. The increase in selling, general and administrative expenses in the current year period was primarily due to higher advertising costs and higher employee costs.

The Boston Group's operating profit increased $53.7 million in the first two quarters of 2021 compared to the first two quarters of 2020. The operating profit increase was due to the revenue increases and a 270 basis point increase in gross margin, partially offset by a $23.4 million increase in selling, general and administrative costs. The increase in gross margin in the current year period was due to improved product mix and average selling price including higher margin eCommerce sales. The increase in selling, general and administrative expenses in the current year period was primarily due to higher advertising costs and higher employee costs.

Other

The Other category's revenue increased $10.3 million, or 112.0%, in the second quarter of 2021 compared to the second quarter of 2020. The revenue increase was driven by mid-one-hundred teens increase in the performance leathers business. The Other category's revenue increased $13.0 million, or 69.9%, during the first two quarters of 2021 compared to the first two quarters of 2020. The revenue increase was driven by low-seventies increase in the performance leathers business.

Corporate

Corporate expenses increased $20.0 million in the second quarter of 2021 compared to the second quarter of 2020 primarily due to higher environmental and other related costs, net of insurance recoveries ($8.7 million), higher incentive compensation costs ($18.7 million) and higher employee costs ($8.3 million), partially offset by lower bad debt expense ($7.0 million) and lower non-operating costs incurred due to the COVID-19 pandemic ($7.1 million).

Corporate expenses increased $10.6 million in the first two quarters of 2021 compared to the first two quarters of 2020 second quarter of 2021 primarily due to higher incentive compensation costs ($30.1 million), higher employee costs ($5.5 million) and higher indirect purchased services ($4.4 million), partially offset by lower environmental and other related costs, net of insurance recoveries ($10.3 million), lower bad debt expense ($10.4 million) and lower non-operating costs incurred due to the COVID-19 pandemic ($9.2 million).

LIQUIDITY AND CAPITAL RESOURCES

(In millions)	**July 3, 2021**	January 2, 2021	June 27, 2020
Cash and cash equivalents	$ **345.8**	$ 347.4	$ 422.6
Debt	**718.4**	722.5	1,024.4
Available revolving credit facility (1)	**793.9**	793.9	669.2

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

Liquidity

Cash and cash equivalents of $345.8 million as of July 3, 2021 were $76.8 million lower compared to June 27, 2020. The decrease is due primarily to net repayments of debt of $308.5 million, cash dividends paid of $33.5 million, share repurchases of $26.9 million, a decrease in proceeds from company owned life insurance policies of $24.5 million and cash outflows from investing activities of $11.2 million, partially offset by cash provided by operating activities during the previous four quarters of $321.8 million and net cash received from stock-based compensation transaction of $1.7 million. The Company had $793.9 million of borrowing capacity available under the Revolving Credit Facility as of July 3, 2021. Cash and cash equivalents located in foreign jurisdictions totaled $162.3 million as of July 3, 2021.

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

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

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

A detailed discussion of environmental remediation costs is found in Note 15 to the consolidated condensed financial statements. The Company has established a reserve for estimated environmental remediation costs based upon an evaluation of currently available facts with respect to each individual site. As of July 3, 2021, the Company had a reserve of $93.1 million, of which $24.8 million is expected to be paid in the next 12 months and is recorded as a current obligation in other accrued liabilities with the remaining $68.3 million recorded in other liabilities expected to be paid over the course of up to 25 years. The Company's remediation activity at its former Tannery site and sites where the Company disposed of Tannery byproducts is ongoing. It is difficult to estimate the cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods. Developments may occur that could materially change the Company's current cost estimates. The Company adjusts recorded liabilities as further information develops or circumstances change.

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

Financing Arrangements

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

The Amended Senior Credit Facility also includes a $200.0 million term loan facility and an $800.0 million Revolving Credit Facility, both with maturity dates of December 6, 2023, that remained unchanged as a result of the Amendment. The Amended Senior Credit Facility's debt capacity is limited to an aggregate debt amount (including outstanding term loan principal and revolver commitment amounts in addition to permitted incremental debt) not to exceed $1,750.0 million, unless certain specified conditions set forth in the Amended Senior Credit Facility are met. Term Loan A requires quarterly principal payments with a balloon payment due on December 6, 2023.

On May 11, 2020, the Company issued $300.0 million aggregate principal amount of 6.375% senior notes due on May 15, 2025 with related interest payments due semi-annually. The Company also has $250.0 million of 5.00% senior notes outstanding that are due on September 1, 2026 with related interest payments due semi-annually. Both senior notes are guaranteed by substantially all of the Company's domestic subsidiaries.

As of July 3, 2021, the Company was in compliance with all covenants and performance ratios under the Amended Senior Credit Facility.

The Company's debt at July 3, 2021 totaled $718.4 million compared to $722.5 million at January 2, 2021. The Company expects to use the current borrowings for working capital and general corporate purposes. The decreased debt position resulted from the required payments on Term Loan A made during the first two quarters, partially offset by lower unamortized debt issuance costs. The May 11, 2020 senior notes allow for greater financial flexibility in light of uncertainty in the global markets resulting from the COVID-19 pandemic.

Cash Flows

The following table summarizes cash flow activities:

	Year-To-Date Ended	
(In millions)	**July 3, 2021**	June 27, 2020
Net cash provided by operating activities	**$ 51.7**	$ 39.0
Net cash provided by (used in) investing activities	**(8.1)**	9.2
Net cash provided by (used in) financing activities	**(45.1)**	195.1
Additions to property, plant and equipment	**6.7**	6.6
Depreciation and amortization	**14.4**	15.4

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 two quarters of 2021, an increase in net working capital represented a use of cash of $64.3 million. Working capital balances were unfavorably impacted by an increase in accounts receivable of $103.9 million and an increase in inventories of $89.1 million, partially offset by an increase in accounts payable of $94.8 million, an increase in other operating liabilities of $21.9 million, a decrease in other operating assets of $10.3 million, and an increase in income taxes payable of $1.7 million. Operating cash flows were favorably impacted by stock-based compensation expense of $21.6 million and depreciation and amortization expense of $14.4 million.

Investing Activities

The Company made capital expenditures of $6.7 million and $6.6 million in the first two quarters of 2021 and 2020, respectively, for building improvements, new retail stores, distribution operations improvements and information system enhancements. The Company also received $25.6 million of proceeds during the second quarter of 2020 related to a company-owned life insurance policy. During the first quarter of 2020, the Company made a contingent consideration payment of $5.5 million related to the *Saucony*® Italy distributor acquisition.

Financing Activities

The Company’s decrease in financing activity between years is primarily due to debt activity that occurred in the first two quarters of 2020 that did not occur during the first two quarters of 2021. The prior year activity included long term debt borrowings under the Amended Senior Credit Facility and issuance of senior notes of $471.0 million and proceeds from company-owned life insurance policies of $24.5 million, partially offset by net revolving credit payments of $235.0 million and payments of debt issuance costs of $6.4 million. The Company paid $5.0 million in principal payments associated with its financing arrangements during each of the first two quarters of 2021 and 2020, respectively. The Company also paid $13.1 million and $19.9 million in the first two quarters of 2021 and 2020, respectively, in connection with shares or units withheld to pay employee taxes related to awards under stock incentive plans and received $12.0 million and $2.1 million in proceeds from the exercise of stock options in the first two quarters of 2021 and 2020, respectively. The Company received $4.8 million and $1.8 million in the first two quarters of 2021 and 2020 from noncontrolling owners of the Company’s China joint venture to support the growth of the joint venture.

The Company declared cash dividends of $0.20 per share in the first two quarters of 2021 and 2020. Dividends paid in the first two quarters totaled $16.9 million and $17.0 million for 2021 and 2020, respectively. A quarterly dividend of $0.10 per share was declared on August 4, 2021 to shareholders of record on October 1, 2021.

CRITICAL ACCOUNTING POLICIES

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

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

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

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

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

The Company conducts wholesale operations outside of the U.S. in Canada, continental Europe, United Kingdom, Colombia, Hong Kong, China and Mexico where the functional currencies are primarily the Canadian dollar, euro, British pound, Colombian peso, Hong Kong dollar, Chinese renminbi and Mexican peso, respectively. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business as well as to manage foreign currency translation exposure. As of July 3, 2021 and June 27, 2020, the Company had outstanding forward currency exchange contracts to purchase primarily U.S. dollars in the amounts of $293.9 million and $161.1 million, respectively, with maturities ranging up to 538 and 412 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 July 3, 2021, a weaker U.S. dollar compared to certain foreign currencies increased the value of these investments in net assets by $0.9 million from their value as of January 2, 2021. As of June 27, 2020, a stronger U.S. dollar compared to certain foreign currencies decreased the value of these investments in net assets by $8.3 million from their value at December 28, 2019. The Company has a cross currency swap, which has been designated as a hedge of a net investment in a foreign operation. As of July 3, 2021, the hedge had a notional amount of $79.8 million and will mature on September 1, 2021.

The Company is exposed to interest rate changes primarily as a result of interest expense on borrowings used to finance acquisitions and working capital requirements. As of July 3, 2021 and June 27, 2020, the Company’s total variable-rate debt was $175.0 million and $483.5 million, respectively.

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

ITEM 4. Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based on, and as of the time of such evaluation, the Company’s management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company’s disclosure controls and procedures, as defined in Securities Exchange Act Rule 13a-15(e), were effective as of the end of the period covered by this report. There have been no changes during the quarter ended July 3, 2021 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. Risk Factors

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

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

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

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Amount that May Yet Be Purchased Under the Plans or Programs
Period 4 (April 4, 2021 to May 8, 2021)				
Common Stock Repurchase Program[1]	—	$ —	—	$ 487,440,708
Employee Transactions[2]	99,405	$ 39.63	—	
Period 5 (May 9, 2021 to June 5, 2021)				
Common Stock Repurchase Program[1]	569,395	$ 37.82	569,395	$ 465,894,806
Employee Transactions[2]	2,505	$ 36.82	—	
Period 6 (June 6, 2021 to July 3, 2021)				
Common Stock Repurchase Program[1]	146,632	$ 36.20	146,632	$ 460,584,931
Employee Transactions[2]	490	$ 34.72	—	
Total for the second Quarter Ended July 3, 2021				
Common Stock Repurchase Program[1]	716,027	$ 37.49	716,027	$ 460,584,931
Employee Transactions[2]	102,400	$ 39.54	—	

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

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

ITEM 6. Exhibits

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

Exhibit Number	Document
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 May 7, 2021.
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 July 3, 2021, formatted in Inline XBRL: (i) Consolidated Condensed Statements of Operations and Comprehensive Income; (ii) Consolidated Condensed Balance Sheets; (iii) Consolidated Condensed Statements of Cash Flows; (iv) Consolidated Condensed Statements of Stockholders’ Equity; and (v) Notes to Consolidated Condensed Financial Statements.
104	The cover page of the Company’s Quarterly Report on Form 10-Q for the quarter ended July 3, 2021, formatted in Inline XBRL (included in Exhibit 101).

SIGNATURES

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

WOLVERINE WORLD WIDE, INC.

August 5, 2021	/s/ Blake W. Krueger
Date	Blake W. Krueger Chairman and Chief Executive Officer (Principal Executive Officer and Duly Authorized Signatory for Registrant)
August 5, 2021	/s/ Michael D. Stornant
Date	Michael D. Stornant Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer and Duly Authorized Signatory for Registrant)

Exhibit 31.1

CERTIFICATION

I, Blake W. Krueger, certify that:

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

Date: August 5, 2021

/s/ Blake W. Krueger
Blake W. Krueger
Chairman 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: August 5, 2021

/s/ Michael D. Stornant
Michael D. Stornant
Senior 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 year-to-date ended July 3, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition of the Company at the end of such period and the results of operations of the Company for such period.

Date: August 5, 2021

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

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