2023 ANNUAL REPORT

WOLVERINE
worldwide


Chaco


MERRELL


CAT


SWEATY BETTY


HYTEST
SAFETY FOOTWEAR


BATES


Hush Puppies


MOTOR HARLEY-DAVIDSON CYCLES
FOOTWEAR


WOLVERINE


PWRRUN+
saucony

LETTER FROM THE CHAIRMAN

2023 was an important year of change and transition for Wolverine Worldwide. After a difficult first half of the year, the Board of Directors recognized the need to improve the Company's product pipeline and marketing strategy, strengthen the balance sheet, and enhance revenue and operating income. A substantial transformation of the business was necessary, and I am pleased to share that management has been successfully executing on the transformation and building a strong foundation for sustainable long-term growth.

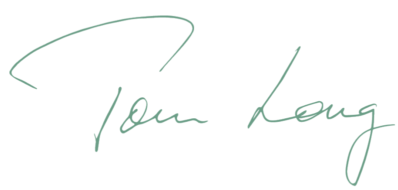
The Company made significant progress in the back half of the year, stabilizing the business and reorienting as a consumer-focused global brand builder. To drive execution of this strategy, the Board appointed company veteran Chris Hufnagel as President and Chief Executive Officer in August. Chris has extensive brand-building experience and deep knowledge of our business and industry. Under his leadership the Company is moving swiftly in the right direction, building the talent, marketing skills and product development capabilities necessary to restore luster and power to our storied brands.

The Board has continued to actively engage with Chris and the management team in developing and overseeing execution of the Company's strategy. To ensure the Board is equipped with the right mix of skills and expertise, in 2023 we appointed three new Directors who bring a diverse range of backgrounds and industry experiences that have helped guide and support the Company's ongoing turnaround efforts. We are pleased with the progress achieved last year and confident the team will continue to make meaningful progress in the year ahead.

Tom Long, Chairman of the Board

The Board is committed to delivering superior returns for our loyal shareholders, and believes the future is bright for Wolverine Worldwide.

On behalf of the entire Board of Directors, thank you for your continued support.



Tom Long
Chairman of the Board

We took fast and bold action in 2023 to set the Company on a better path to deliver greater returns for you, our shareholders.

I was named as Wolverine Worldwide's new President and Chief Executive Officer in August, and immediately galvanized our team with an actionable path forward and new Vision to become consumer-obsessed, global brand builders.

We took immediate steps to address challenges head-on, particularly in product development and marketing. We quickly developed a comprehensive turnaround plan to stabilize the Company, transform the organization, and ultimately inflect to growth. As a result of our team's urgent and effective execution, I am proud and encouraged to say that Wolverine Worldwide is a much different and stronger company today than it was just a few months ago.

- **A Focused Portfolio** – We rationalized our portfolio through a host of significant actions, including the divestiture of the Sperry brand, the Keds brand, and several other non-core assets. As a result, our portfolio is tightly aligned around brands that design innovative, trend-right apparel and footwear that allow their consumers to live healthier and more productive lives.
- **A Consumer-Obsessed, Brand-Building Organization** – In November we completed the largest restructure and redesign in the Company's history, resulting in a more efficient and more capable organization aligned with our Vision. We added consumer-focused talent in many of our key brand roles and established The Collective, a center-of-excellence created to elevate consumer insights, market intelligence, trend monitoring, and innovation.

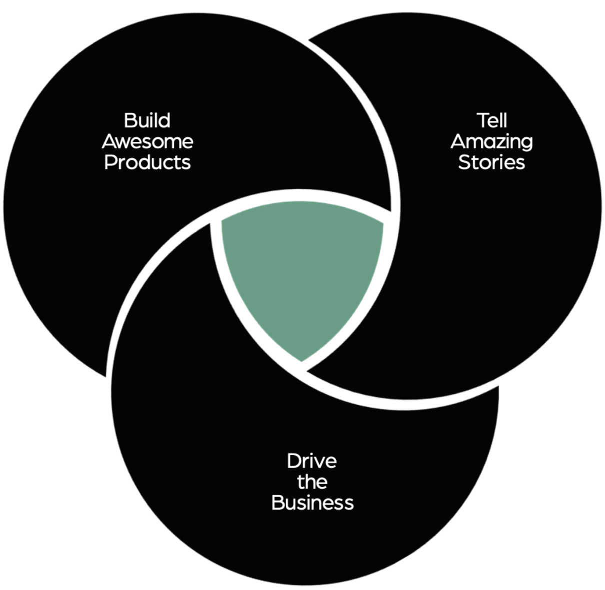
Christopher Hufnagel, President and Chief Executive Officer

- **A More Profitable Business** – We developed a plan to meaningfully expand operating margin in 2024 and again generate strong cash flow – as our model has done so effectively in the past – driven by significant gross margin expansion and aggressive profit improvement initiatives executed over the past few months.
- **The Capacity to Invest** – Through our profit improvement work, we created the capacity to invest in elevated brand marketing and key strategic capabilities. We believe these investments are essential to better position our brands for growth, while still taking an important step in our transformation to meaningfully improve profitability – a balanced approach committed to long-term, sustainable performance and returns.
- **A Healthier Balance Sheet** – We aggressively reduced our inventory throughout the year, and our portfolio management actions generated approximately $380 million of proceeds in 2023 through the first month of 2024. As a result, the

Company's debt level is the lowest in over two and half years, and its balance sheet is much healthier, with line-of-sight to drive further improvement in 2024.

We are executing on our Vision to become a consumer-obsessed builder of great global brands and are aligning the organization, top to bottom, around doing three things exceptionally well:

1. **Designing Awesome Products** – innovative, trend-right, priced-right, covetable products – informed by deep insights that solve for consumers' wants and needs.
2. **Telling Amazing Stories** – differentiated, meaningful stories that engage and excite consumers.
3. **Driving the Business** – a constant and relentless pursuit to build our brands and to be better tomorrow than today.



Our brands sit at the epicenter of these activities, and we are directly investing in our brand talent, equipping them with best-in-class technology and processes, and facilitating enhanced collaboration between them. Our improved corporate structure enables our brands to focus on their consumers, product, and marketing and provides additional expertise on key capabilities deemed to be strategically important – including consumer insights, trend, innovation, and brand protection.

Our brands possess incredible, authentic heritages combined with a long legacy of tremendous product innovation in consumer categories that we believe align well with long-term consumer trends. Our platforms are now more efficient and better aligned to enable our brands to grow.

Our Vision is clear, and our teams are energized – their work has been nothing short of remarkable, and we have achieved tremendous progress in a very short period of time. I believe our opportunity is significant and the future of Wolverine Worldwide is bright – I couldn't be more excited about the work ahead.

Thank you for your continued support of the Company.

Christopher Hufnagel
President and Chief Executive Officer

EXECUTIVE MANAGEMENT

Christopher Hufnagel
President & Chief Executive Officer

Amy Klimek
Executive Vice President & Chief Human Resources Officer

Michael D. Stornant
Executive Vice President & Chief Financial Officer

Bishu Jayaram
Chief Supply Chain Officer

Tom Kennedy
President, Work Group

Dave Latchana
Vice President, Interim General Counsel & Corporate Secretary

Brett Parent
Vice President, Strategy

Dee Slater
Chief Information Officer & Senior Vice President, Central Services

Isabel Soriano
President, International Group

BOARD OF DIRECTORS

Tom Long
Chairman of the Board, Wolverine Worldwide; Retired Chief Executive Officer, MillerCoors LLC

Stacia Andersen
Former Executive Vice President, Chief Customer Officer, PetSmart LLC

Jodi Bricker
Former Chief Executive Officer, Quay Australia

Jeffrey M. Boromisa
Retired Executive Vice President, Kellogg International; President, Latin America and Senior Vice President, Kellogg Company

William K. Gerber
Managing Director, Cabrillo Point Capital LLC

Christopher Hufnagel
President & Chief Executive Officer, Wolverine Worldwide

David T. Kollat
President and Chairman, 22, Inc.

Brenda J. Lauderback
Retired President, Wholesale and Retail Group, Nine West Group, Inc.

DeMonty Price
Retired President, Chief Operating, Service and Values Officer, RH formerly known as Restoration Hardware

Kathleen Wilson-Thompson
Retired Executive Vice President & Global Chief Human Resources Officer, Walgreens Boots Alliance Inc.

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about our future operating results. All statements other than statements of historical or current facts made in this Annual Report are forward-looking. We use words such as such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "is likely," "plans," "predicts," "projects," "should," "will," variations of such words and similar expressions to identify forward-looking statements. Forward-looking statements reflect management's current expectations and are inherently uncertain. Actual results or outcomes could differ materially for a variety of reasons. Risks and uncertainties that could cause our actual results to differ significantly from management's expectations are described in our 2023 Annual Report on Form 10-K, included herein. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The forward-looking statements in this report speak only as of the date of the report. We do not undertake an obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

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

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

For the fiscal year ended **December 30, 2023**

or

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

For the transition period from _____ to _____

Commission file number 001-06024

WOLVERINE WORLD WIDE, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant based on the closing price on the New York Stock Exchange on June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter: $1,145,305,700. Number of shares outstanding of the registrant's Common Stock, $1 par value as of February 9, 2024: 79,745,927.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the registrant's annual stockholders' meeting expected to be held May 2, 2024 are incorporated by reference into Part III of this report.

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FORWARD-LOOKING STATEMENTS

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

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

These or other uncertainties could cause a material difference between an actual outcome and a forward-looking statement. The uncertainties included here are not exhaustive and are described in more detail in Part I, Item 1A: "Risk Factors" of this Annual Report on Form 10-K. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company does not undertake an obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise. Any standards of measurement and performance made in reference to our environmental, social, governance and other sustainability plans and goals are developing and based on assumptions, and no assurance can be given that any such plan, initiative, projection, goal, commitment, expectation or prospect can or will be achieved.

PART I

Item 1. Business

General

Wolverine World Wide, Inc. (the “Company”) is a leading designer, marketer and licensor of a broad range of quality casual footwear and apparel, performance outdoor and athletic footwear and apparel, kids' footwear, industrial work boots and apparel, and uniform shoes and boots. The Company’s products are marketed worldwide in approximately 170 countries and territories through owned operations in the United States ("U.S."), Canada, the United Kingdom ("U.K.") and certain countries in continental Europe and Asia Pacific. In other regions (Latin America, portions of Europe and Asia Pacific, the Middle East and Africa), the Company relies on a network of third-party distributors, licensees and joint ventures.

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

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

The Company’s portfolio of brands are organized into the following reportable segments.

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

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

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

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

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

1. **<u>Active Group</u>**

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

Saucony®: *Saucony®* is a leading purpose-driven performance running lifestyle brand with roots dating back to 1898. *Saucony®* targets both elite and casual runners through award-winning design, innovation and performance technology. The brand is focused on meeting the functional biomechanical needs of runners while delivering on their emotional style needs as well. Widely recognized for award-winning technologies, *Saucony®* innovations include PWRRUN™ PB, a beaded superfoam that delivers high-performance energy return; PWRRUN+™ a cushioning foam for a plush ride; SPEEDROLL™ Technology, a blend of premium foam and forward geometry to promote a faster transition; and PWRTRAC™, a trail-specific outsole rubber. *Saucony®* offers five categories of performance footwear products; Competition, Road, Trail, Train and Walking; as well as the Originals lifestyle footwear inspired by *Saucony®* products of the 1970's to 2000's. *Saucony®* also offers a complete line of performance running apparel and select lifestyle apparel pieces. Through *Saucony®* Run For Good brand platform and charitable foundation, *Saucony®* is strengthening connections with consumers and elevating the positioning of the brand. The brand's products are distributed primarily through leading run specialty and sporting goods retailers, as well as in Company-owned *Saucony®* retail stores and an eCommerce site.

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

Chaco®: For more than 30 years *Chaco®* has been creating premium footwear for outdoor adventure in and out of water. Originating as an innovation in the whitewater rafting world, *Chaco®* is the vibrant outdoor brand designing footwear for all walks of life and for a lifetime of adventure. *Chaco®* products are distributed primarily through specialty footwear retailers, the *Chaco®* eCommerce site, and other leading online and brick and mortar retailers.

2. **Work Group**

Wolverine®: For more than 135 years, *Wolverine®* has existed to support people who forge their own path: men and women who stop at nothing to build the future they want. *Wolverine®* designs and creates footwear, apparel and accessories made to outfit those working in the core trades across the world. The brand is known for its heritage, durability, and best-in-class performance comfort technology, as well as the *Wolverine®* 1000 Mile collection of premium lifestyle boots handcrafted in the USA from archival patterns. *Wolverine®* products can be found online at Wolverine.com and across a variety of retail channels including online retail, farm & fleet, work specialty, outdoor specialty, department stores and national family stores.

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

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

Harley-Davidson® Footwear: Pursuant to a license arrangement with the Harley-Davidson Motor Company, Inc., the Company has footwear marketing and distribution rights for *Harley-Davidson®* branded footwear. *Harley-Davidson®* branded footwear products include motorcycle, casual, fashion, work and western footwear for men, women and kids. *Harley-Davidson®* footwear is sold globally through a network of independent *Harley-Davidson®* dealerships and other retail outlets. *Harley-Davidson®* is a registered trademark of H-D U.S.A., LLC.

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

Other Businesses

In addition to its reportable segments, the Company operates sourcing operations, a multi-brand direct-to-consumer business, the licensing of its *Stride Rite*® brand and *Hush Puppies*® brand. The Company's results included in Other also included *Sperry*®, which was sold in 2024, and *Keds*®, which was sold in 2023. The Company also operated a performance leathers business, which was sold in 2023.

Sperry*®*: *Sperry*® was founded in 1935 by avid sailor, inventor and intrepid explorer Paul Sperry. The brand is fully rooted in the history of American style and continues to craft the tools for life's memorable experiences on, off and by the water. From the invention of the world's first boat shoe, *Sperry*® is a market leader in both boat shoes and wet weather boots, and has expanded its business into casuals and sneakers. The brand is primarily distributed through Sperry.com and in Company owned *Sperry*® retail stores, as well as leading premium and better lifestyle retailers. Effective January 10, 2024 the Company sold the global *Sperry*® business to Authentic Brands Group LLC.

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

Hush Puppies*®*: Launched in 1958, *Hush Puppies*® has a history of bringing color and optimism to a boring, brown shoe category. Today, *Hush Puppies*® exists to inspire consumers to live life on the bright side. The Company believes that optimism is contagious and that by encouraging positivity it can help shape a better world. *Hush Puppies*® footwear is distributed through wholesale and licensed channels, and through eCommerce sites. In addition, the *Hush Puppies*® brand is licensed to third parties engaged in the manufacturing, marketing and distribution of apparel, handbags, eyewear, socks, watches and plush toys sold around the world. *Hush Puppies*®, with its basset hound icon, is one of the most well-known and loved brands worldwide. The Company signed a multi-year license agreement in 2023 to license the *Hush Puppies*® brand in the United States and Canada. The Company sold the rights to the *Hush Puppies*® trademarks, patents, copyrights and domains in China, Hong Kong and Macau to its current sublicensee, Beijing Jiaman Dress Co., Ltd. The transaction closed on September 14, 2023.

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

Wolverine Leathers Division: The Wolverine Leathers Division markets pigskin leather for use primarily in the footwear industry. The Company believes pigskin leather offers superior performance and other advantages over cowhide leather. The Company's waterproof and stain resistant leathers are featured in some of the Company's footwear lines and also sold to external footwear brands. The Wolverine Leathers Division was sold in two seperate transactions in 2023.

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

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

Marketing

The Company's marketing strategy is to develop brand-specific plans and related promotional materials that drive consumer demand creation, fuel consumer obsession and foster a consistent message for each of the Company's brands across the globe. Marketing campaigns and strategies vary by brand and are generally designed to target consumers in order to increase awareness of, and affinity for, the Company's brands. The Company's marketing typically emphasizes compelling brand stories and brand recognition associated with new and existing products, the performance, comfort and quality features and styles of our products within each of the Company's brands, as well as raising global brand relevance and awareness. The Company's brand marketing has an omni-channel, always-on approach and includes various means of delivery across digital, print and radio, including advertising through event sponsorship, social networking sites, event sponsorships, in-store activation and sales and technical assistance.

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

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

Domestic Sales and Distribution

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

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

International Operations and Global Licensing

The Company's foreign-sourced revenue is generated from a combination of (i) sales of branded footwear and apparel through the Company's owned operations in Canada, the United Kingdom and certain countries in continental Europe and Asia-Pacific; (ii) revenue from third-party distributors for certain markets and businesses; (iii) revenue from a network of third-party licensees; and (iv) revenue and income from joint ventures that market the Company's branded products in Mexico and China. The Company's international owned operations are located in markets where the Company believes it can gain a strategic advantage by directly controlling the sale of its products into retail accounts. License and distribution arrangements enable the Company to generate sales in other markets without the capital commitment required to maintain related foreign operations, employees, inventories or localized marketing programs. The Company divested its ownership interests in the China joint venture entities effective January 1, 2024.

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

Manufacturing and Sourcing

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

Trademarks, Licenses and Patents

The Company holds a significant portfolio of registered and common law trademarks that identify its branded products and technologies. The Company's owned trademarks include *Hush Puppies®, Wolverine®, Bates®, Bounce®, Chaco®, HYTEST®, Merrell®, Saucony®, Stride Rite®, Sweaty Betty®*, and related logos and design marks. The Company has footwear marketing and distribution rights under the *Cat®* and *Harley-Davidson®* trademarks pursuant to license arrangements with the respective trademark owners. The *Cat®* license was recently renewed and the license term runs through December 31, 2028 and the *Harley-Davidson®* license term runs through December 31, 2024. Both licenses are subject to early termination for breach.

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

Seasonality

The Company experiences moderate fluctuations in sales volume during the year, as reflected in quarterly revenue. The Company expects current seasonal sales patterns to continue in future years. The Company also experiences some fluctuation in its levels of working capital, typically reflecting an increase in net working capital requirements near the end of the first and third fiscal quarters as the Company builds inventory to support peak shipping periods. Historically, cash provided by operating activities is higher in the second half of the fiscal year due to collection of wholesale channel receivables and higher direct-to-consumer sales during the holiday season. The Company meets its working capital requirements through internal operating cash flows and, as needed, borrowings under its revolving credit facility, as discussed in more detail under the caption "Liquidity and Capital Resources" in Item 7: "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Company's working capital could also be impacted by other events, including pandemics.

Competition

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

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

Environmental Matters

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

Human Capital Resources

*Employee Profile***:** As of December 30, 2023, the Company had approximately 4,100 domestic and foreign production, office and sales employees. One of the Company's Core Values is "Our People Are the Difference," and the Company works to maximize the engagement and contribution of its current workforce and to attract the best talent available from outside the organization when needed.

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

The Company seeks to maximize engagement and contribution of team members and the Company stays connected with team members across many experience touchpoints throughout the employee lifecycle, including regular pulse and check in surveys. Insights from these surveys are valuable to understanding employees' needs, which helps us develop strategies to maintain positive employee well-being. The Company's annual talent planning process provides invaluable data to help retain top talent through career planning and leadership continuity by using that data to identify and mitigate succession gaps through hiring and development.

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

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

Diversity, Equity, and Inclusion: Wolverine Worldwide is committed to creating a diverse and inclusive culture where everyone feels a sense of belonging and being valued, and to building a team that is representative of everywhere the Company's employees work, live, and do business. The Company started this journey in 2020, focusing on creating a framework, establishing relationships, and working with expert outside partners to lay a foundation on which to build.

The Company's newly established internal DE&I office plans to continue and amplify the progress made to date to advance the Company's diversity, equity and inclusion goals. The Company encourages individuals to support these goals, including through internal Employee Resource Groups that connect, celebrate, and support communities across the organization. The Company offers employees a comprehensive diversity, equity, and inclusion learning program which includes learning about inclusive teams, inclusive leadership, and inclusive selection.

Health and Safety: The health and safety of the Company's employees is one of its highest priorities. The Company has developed safety protocols to enhance the health and safety of all employees. The Environmental, Health, & Safety Council is composed of representatives from across the Company and coordinates health and safety matters on a real time basis.

Available Information

Information about the Company, including the Company's Code of Business Conduct, Corporate Governance Guidelines, Director Independence Standards, Accounting and Finance Code of Ethics, Audit Committee Charter, Compensation Committee Charter and Governance Committee Charter, is available at its website at *www.wolverineworldwide.com/investor-relations/corporate-governance*. Printed copies of the documents listed above are available upon request, without charge, by writing to the Company at 9341 Courtland Drive, N.E., Rockford, Michigan 49351, Attention: General Counsel.

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

Item 1A. Risk Factors

Business and Operational Risks

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

Consumer preferences and, as a result, the popularity of particular designs and categories of footwear and apparel, generally change over time. The Company's success depends in part on its ability to maintain its brands' positive images, and the ability to anticipate, understand and respond to changing footwear and apparel trends and consumer preferences in a timely manner.

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

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

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

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

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

Pandemics, including COVID-19 and other infectious disease outbreaks have had and could continue to have a material adverse effect on the company's business.

The Company's business could be adversely affected by infectious disease outbreaks. As we saw with the initial phase of the COVID-19 pandemic, outbreaks of disease can negatively affected the global economy, disrupt consumer spending and global supply chains, and significantly increased the volatility and disruption of financial markets both globally and in the U.S. These conditions following the onset of the COVID-19 pandemic led to a decline in discretionary spending by consumers that had a negative effect on the Company's financial condition and results of operations in 2020. Outbreaks of disease, and actions taken in response to an outbreak, have in the past materially negatively impacted, and could in the future materially negatively impact, the Company's workforce as well as its business, operations, and financial results in many ways, both directly and indirectly. Potential impacts to the Company's business can be materially adversely affected by several factors related to a health crisis, including, but not limited to:

- The inability of employees, suppliers and other business providers to carry out tasks at ordinary levels of performance as a result of safety measures taken to limit the spread of infectious disease outbreaks.
- Required closures of retail stores operated by the Company or the Company's wholesale customers as well as decreased retail traffic due to social distancing measures, store closures, reduced operating hours, and/or changes in consumer behavior.
- Negative effects on consumer demand for our products as a result of decreased consumer spending due to general macroeconomic conditions, decreased disposable income and increased unemployment.
- Wholesale and distributor customer order cancellations due to lower consumer demand.
- Decline in the performance or financial condition of the Company's major wholesale customers as a result of retail store closures, bankruptcy or liquidation.
- Consumer demand for our products may be adversely impacted by economic conditions.

- Disruption to the operations of the Company’s distribution centers and its third-party manufacturers because of facility closures, reductions in operating hours, labor or material shortages, travel limitations or mass transit disruptions.
- Additional expenses related to mitigating the impact of a health crisis on regular operations.
- Supply chain disruption effecting the Company's ability to receive and distribute goods as well as increases in supply chain costs.
- Increased cyber security risk due to the increase in the number of employees working remotely.
- Volatility in the availability and prices for commodities for raw materials used in the Company's products and related inflationary pressures.

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

Labor disruptions could adversely affect the Company’s business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From time to time, the Company may seek to sell one or more businesses, or sell or license one or more brands. For example, as part of the Company's strategy to invest in brands that offer the greatest opportunities for growth, on January 10, 2024 the Company closed the sale of the global *Sperry®* business. These transactions may involve challenges and risks. There can be no assurance that future divestitures will occur, or if a transaction does occur, there can be no assurance as to the potential value created by the transaction. The process of exploring strategic alternatives or selling a business could cause uncertainty and negatively impact our ability to attract, retain and motivate key employees. In addition, the Company expends costs and management resources to complete divestitures and manage post-closing arrangements. Any failures or delays in completing divestitures could have an adverse effect on the Company's financial results and ability to execute its strategy.

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

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

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

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

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

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

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

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

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

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

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

- In the wholesale business, sales of footwear depend on orders from major customers, who may change delivery schedules, change the mix of products they order or cancel orders without penalty.
- Changes to the Company's estimated annual tax rate which is based on projections of its domestic and international operating results for the year, which the Company reviews and revises as necessary each quarter.
- The Company's earnings are also sensitive to a number of factors that are beyond the Company's control, including certain manufacturing and transportation costs, changes in product sales mix, geographic sales trends, weather conditions, customer demand, consumer sentiment and currency exchange rate fluctuations.

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

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

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

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

The Company is subject to inflationary pressures, including increased costs in many aspects of our business, such as the cost of raw materials, transportation, and labor, which the Company may not be able to offset with cost savings or price increases on its products. If inflationary pressures continue, and the Company is unable to pass along price increases or further reduce costs, the Company's results of operations will be negatively impacted.

The Company operates in competitive industries and markets.

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

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

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

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

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

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

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

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

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

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

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

Financial Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company's current level of indebtedness could adversely affect the Company by decreasing its business flexibility and increasing its borrowing costs. The Company has debt outstanding under a senior secured credit agreement ("Credit Agreement") and senior notes. The Credit Agreement and the indenture governing the senior notes contain customary restrictive covenants imposing operating and financial restrictions on the Company, including restrictions that may limit the Company's ability to engage in acts that may be in its long-term best interests. These covenants restrict the ability of the Company and certain of its subsidiaries to, among other things: incur or guarantee indebtedness; incur liens; pay dividends or repurchase stock; enter into transactions with affiliates; consummate asset sales, acquisitions or mergers; prepay certain other indebtedness; or make investments. In addition, the restrictive covenants in the Credit Agreement require the Company to maintain specified financial ratios and satisfy other financial condition tests.

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

Legal and Regulatory Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

The Company maintains a cybersecurity program guided by the ISO 27001 information security standard for information security management systems that is reasonably designed to protect its information, and that of its customers, against cybersecurity threats that may result in material adverse effects on the confidentiality, integrity, and availability of its information systems.

Internal Cybersecurity Team and Governance

Board of Directors

The Company's Board, in coordination with the Audit Committee, oversees the Company's enterprise risk management process, including the management of risks arising from cybersecurity threats. The Board has delegated the primary responsibility to oversee cybersecurity matters to the Audit Committee. The Audit Committee regularly reviews the measures implemented by the Company to identify and mitigate data protection and cybersecurity risks. As part of such reviews, the Audit Committee receives quarterly reports and presentations from members of the Company's team responsible for overseeing the Company's cybersecurity risk management, including the Chief Information Security Officer (CISO), Chief Information Officer (CIO), and members of the legal team, which address a wide range of topics including recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends and information security considerations arising with respect to the Company's peers and third parties. The other members of the Board attend these quarterly reports and presentations to the Audit Committee by members of management. The Company has protocols by which certain cybersecurity incidents that meet established reporting thresholds are escalated within the Company and, where appropriate, reported promptly to the Board and Audit Committee, as well as ongoing updates regarding any such incident until it has been addressed.

Management

At the management level, the CISO, who has extensive cybersecurity knowledge and skills gained from over 16 years of work experience at the Company and elsewhere, heads the cross-functional team responsible for implementing, monitoring, and maintaining cybersecurity and data protection practices across the business and reports directly to the CIO, who reports directly to the Chief Executive Officer. The CISO receives reports on cybersecurity threats from a number of experienced information security team members, each of whom is responsible for various parts of the business on an ongoing basis and, in conjunction with management, regularly reviews risk management measures implemented by the Company to identify and mitigate data protection and cybersecurity risks. The CISO works closely with the legal team to oversee compliance with legal, regulatory and contractual security requirements.

Internal Cybersecurity Team

The Internal Cybersecurity Team, led by the CISO, is responsible for the implementation, monitoring, and maintenance of the cybersecurity and data protection practices across the Company. The CISO is supported by experienced information security team members, each of whom is supported by a team of trained cybersecurity professionals. The individuals who report directly to the CISO include the Director of Cyber Security, who oversees the cybersecurity engineers, security operations center, and identity & access management team, and the Privacy and Compliance Manager, who oversees the global privacy and compliance analysts.

In addition to internal cybersecurity capabilities, the Company also at times engages consultants or specialists to assist with assessing, identifying, and managing cybersecurity risks.

Risk Management and Strategy

The Company employs systems and processes designed to oversee, identify, and reduce the potential impact of a security incident at a third-party vendor, service provider or customer or otherwise implicating the third-party technology and systems the Company uses.

The Company maintains a Privacy Policy that describes the personal information that it collects about its customers, including how the Company may use such information and when it shares such information with third parties.

The Company conducts annual cyber-risk mitigation exercises including awareness outreach, annual IT Security Awareness training, monthly phishing tests, and a variety of ongoing vulnerability scans. Over the past two years, the Company has implemented multiple new security tools designed to provide visibility and controls allowing the cybersecurity team to safeguard data against theft or loss.

The Company maintains various role-based access controls to safeguard data and systems. Data center assets are protected and monitored by badged key systems and video surveillance. Access is periodically reviewed and updated.

In addition, an external consultant in conjunction with the Company conducted a cybersecurity gap assessment in November 2023 to review and confirm that the Company has appropriate measures in place to assess, identify and manage cybersecurity risks, and the Company is implementing the recommendations made as a result of the gap assessment.

The cybersecurity, legal, and Executive Leadership teams also participated in a data security incident tabletop exercise in December 2023 to simulate responses to a ransomware attack and use the findings to improve the Company’s processes and technologies.

The Company maintains cybersecurity insurance coverage to help defray any financial losses suffered by the Company in the event of an information security breach. The Company's insurance coverage may not cover all cybersecurity incidents the Company experiences or all losses the Company incurs as a result.

Incident Response

The Company has adopted an Incident Response Plan (the “IRP”) that provides a standardized framework for responding to security incidents. The IRP sets out a coordinated approach to investigating, containing, documenting and mitigating incidents, including reporting findings and keeping senior management and other key stakeholders informed and involved as appropriate. The IRP applies to all Company personnel (including third-party contractors, vendors and partners) that perform functions or services that require access to secure Company information, and to all devices and network services that are owned or managed by the Company.

Material Cybersecurity Risks, Threats & Incidents

The Company relies on information technology and third party vendors to support its operations, including its secure processing of personal, confidential, sensitive, proprietary and other types of information. The Company and its vendors may not be able to protect all of their respective information systems, and such incidents may lead to reputational harm, revenue and client loss, legal actions, statutory penalties, among other consequences. Risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected the Company, including its business strategy, results of operations or financial condition. While the Company has not experienced any material cybersecurity incidents, there can be no guarantee that it will not be the subject of future successful attacks, threats or incidents.

Item 2. Properties

The Company operates its domestic administration, sales and marketing operations primarily from an owned facility of approximately 307,000 square feet in Rockford, Michigan, as well as leased facilities of approximately 84,700 square feet in Waltham, Massachusetts and 80,000 square feet in the United Kingdom. The Company operates its distribution operations primarily through a leased distribution facility of approximately 720,000 square feet in Beaumont, California; a leased distribution facility of approximately 520,000 square feet in Louisville, Kentucky; a leased distribution center of approximately 468,000 square feet in Howard City, Michigan; a leased distribution center of approximately 242,000 square feet in Ontario, Canada and a leased distribution center of approximately 125,000 square feet in Heerhugowaard, Netherlands.

The Company also leases or owns offices, showrooms and other facilities throughout the U.S., Canada, the United Kingdom, continental Europe, Hong Kong and China to meet its operational requirements. In addition, the Company operates 166 retail stores primarily through leases with various third-party landlords in the U.S., United Kingdom, and Canada that collectively occupy approximately 388,000 square feet. The Company believes that its current facilities are suitable and adequate to meet its current needs.

Item 3. Legal Proceedings

The Company is involved in litigation and various legal matters arising in the normal course of business, including certain environmental compliance activities. For a discussion of legal matters, see Note 17 to the Company's Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

Supplemental Item. Information about our Executive Officers

The following table lists the names and ages of the Executive Officers of the Company and their positions held with the Company as of January 31, 2024. The information provided below the table lists the business experience of each such Executive Officer for at least the past five years. All Executive Officers serve at the pleasure of the Board of Directors of the Company, or, if not appointed by the Board of Directors, at the pleasure of management.

Name	Age	Positions held with the Company
Christopher E. Hufnagel	51	President and Chief Executive Officer
Amy M. Klimek	50	Executive Vice President, Global Human Resources
Reginald M. Rasch	53	Senior Vice President, General Counsel and Secretary
Isabel Soriano	53	President, International
Michael D. Stornant	57	Executive Vice President, Chief Financial Officer and Treasurer
James D. Zwiers	56	Executive Vice President and President, Global Operations Group

Christopher E. Hufnagel has served the Company as Chief Executive Officer since August 2023, and as President since May 2023. From November 2022 through May 2023, he was the President, Active Group. From September 2019 through November 2022 he served as President of the *Merrell*® brand. From July 2018 through September 2019, he served as President, *Cat*® Footwear. From January 2013 through July 2018, he served as Senior Vice President and Head of Corporate Strategy.

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

Reginald M. Rasch has served the Company as Senior Vice President, General Counsel and Secretary since January 2023. From May 2021 through November 2022, he was the Chief Legal Officer and Corporate Secretary of Party City Holdco Inc., a publicly traded party goods company. Mr. Rasch was employed by Rakuten, a global technology conglomerate, from 2005 to May 2021, where he was the Rakuten Americas Head of Legal and Secretary from 2016 to May 2021.

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

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

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

PART II

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

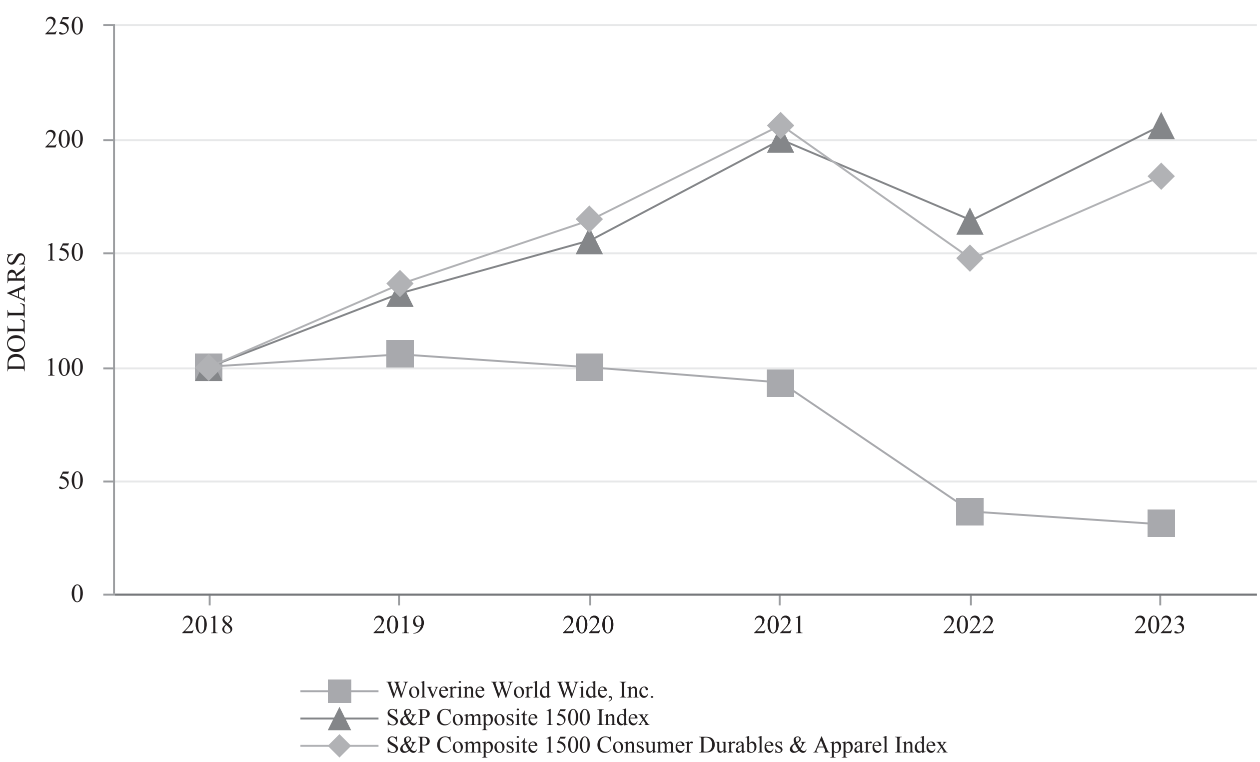
The Company's common stock is traded on the New York Stock Exchange under the symbol "WWW." The number of stockholders of record on February 9, 2024, was 654.

A quarterly dividend of $0.10 per share was declared on February 7, 2024. The Company currently expects that comparable cash dividends will be paid in future quarters in fiscal 2024.

Stock Performance Graph

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

Five-Year Cumulative Total Return Summary



The following table provides information regarding the Company's purchases of its own common stock during the fourth quarter of fiscal 2023.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Amount that May Yet Be Purchased Under the Plans or Programs
Period 10 (October 1, 2023 to November 4, 2023)				
Common Stock Repurchase Program (1)	—	$ —	—	$ —
Employee Transactions (2)	2,269	$ 7.93		
Period 11 (November 5, 2023 to December 2, 2023)				
Common Stock Repurchase Program (1)	—	$ —	—	$ —
Employee Transactions (2)	3,897	$ 8.40		
Period 12 (December 3, 2023 to December 30, 2023)				
Common Stock Repurchase Program (1)	—	$ —	—	$ —
Employee Transactions (2)	—	$ —		
Total for the Fourth Quarter Ended December 30, 2023				
Common Stock Repurchase Program (1)	—	$ —	—	$ —
Employee Transactions (2)	6,166	$ 8.22		

(1) On September 11, 2019, the Company's Board of Directors approved a common stock repurchase program that authorized the repurchase of $400.0 million of common stock over a four-year period, incremental to the $113.4 million available as of that date for repurchases under the previous program. Since that date, the Company repurchased $146.9 million of common stock. The annual amount of any stock repurchases is restricted under the terms of the Company's amended senior credit facility and senior notes indenture. The common stock repurchase program expired on September 11, 2023.

(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. Reserved

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

OVERVIEW

BUSINESS OVERVIEW

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

The Company's brands are marketed in approximately 170 countries and territories at December 30, 2023, including through owned operations in the U.S., Canada, the United Kingdom and certain countries in continental Europe and Asia Pacific. In other regions (Latin America, portions of Europe and Asia Pacific, the Middle East and Africa), the Company relies on a network of third-party distributors, licensees and joint ventures. At December 30, 2023, the Company operated 166 retail stores in the U.S., United Kingdom, and Canada and 56 direct-to-consumer eCommerce sites.

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

In the third quarter of fiscal 2023, the Company entered into a multi-year licensing agreement of the *Hush Puppies®* brand in the United States and Canada. In addition, the Company completed the sale of *Hush Puppies®* trademarks, patents, copyrights, and domains in China, Hong Kong, and Macau.

Effective August 23, 2023, the Company completed the sale of the U.S. Leathers business and effective December 28, 2023, the Company completed the sale of the Asia-based Leathers business. See Note 20 to the Company's Consolidated Financial Statements for further discussion.

The following discussion includes a comparison of the Company's results of operations and liquidity and capital resources for fiscal 2023 and 2022. A discussion of a comparison of the Company's results of operations and liquidity and capital resources for fiscal 2022 and 2021 has been omitted from this Form 10-K but may be found in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 23, 2023.

Known Trends Impacting Our Business

Macroeconomic conditions and supply chain disruptions continue to adversely affect the Company's business results. During the third quarter of 2022, inventory transit times improved ahead of plan, resulting in challenges managing the timing of inventory flow, which caused the Company to have excess inventory. Elevated inventory levels have resulted, and continue to result, in storage and processing capacity pressures at the Company's U.S. distribution centers. The Company has incurred additional inventory carrying costs including costs for outside storage and other inventory related holding costs. The Company decreased inventory purchases and increased promotional activity during the fourth quarter of 2022 and fiscal year 2023 to reduce excess inventory. These actions caused inventories to decline in fiscal year 2023 by $371.6 million, compared to the fourth quarter of 2022. As of the end of fiscal year 2023, the Company had $30.9 million of inventory in-transit, which represents a decrease in inventory of $115.9 million as compared to the end of the fourth quarter of 2022. As inventory transit and product purchase timelines continue to move towards pre-pandemic levels, the Company expects that the flow of seasonal product and our inventory levels will normalize by the end of fiscal 2024.

Inflation and other macroeconomic pressures in the U.S. and the global economy such as rising interest rates, energy prices and recession fears are creating a complex and challenging retail environment for the Company and its customers as consumers generally seek discounted merchandise and reduce discretionary spending, which in turn impacts wholesale customer orders. Inflationary pressures are increasing logistics costs, including labor costs, raw materials costs and product input costs, which continue to adversely affect the Company's results. These increased costs, combined with higher promotional activity, contributed to gross margin contraction of 100 basis points for fiscal year 2023 compared to fiscal year 2022. These impacts were partially offset by selective price increases taken in prior quarters by certain brands and products. The Company expects to continue to evaluate future pricing of its products. In addition, the strengthening of the U.S. dollar relative to other major currencies negatively impacted the Company's financial results in fiscal year 2023.

Please refer to Item 1A, "Risk Factors" for a more complete discussion of the risks the Company encounters in our business.

2023 FINANCIAL OVERVIEW

- Revenue was $2,242.9 million for 2023, representing a decrease of 16.5% compared to the prior year's revenue of $2,684.8 million.
- Gross margin for 2023 was 38.9%, compared to 39.9% in 2022.
- The effective tax rate in 2023 was 70.7%, compared to 25.2% in 2022.
- Diluted loss per share in 2023 was $0.51, compared to diluted loss per share of $2.37 in 2022.
- The Company declared cash dividends of $0.40 per share in 2023 and 2022.
- Cash flow provided by operating activities was $121.8 million in 2023 and cash flow used in operating activities was $178.9 million in 2022.
- Compared to the prior year, inventory decreased $371.6 million, or 49.9%, as of year-end.

RESULTS OF OPERATIONS

The following is a discussion of the Company's results of operations and liquidity and capital resources. This section should be read in conjunction with the Company's consolidated financial statements and related notes, which are included in Item 8 of this Annual Report on Form 10-K.

	Fiscal Year		
(In millions, except per share data)	2023	2022	Percent Change
Revenue	$ 2,242.9	$ 2,684.8	(16.5)%
Cost of goods sold	1,370.4	1,614.4	(15.1)%
Gross profit	872.5	1,070.4	(18.5)%
Selling, general and administrative expenses	856.2	906.4	(5.5)%
Gain on sale of businesses, trademarks and long-lived assets	(90.4)	(90.0)	(0.4)%
Impairment of long-lived assets	185.3	428.7	(56.8)%
Environmental and other related costs (income), net of recoveries	(10.4)	33.7	(130.9)%
Operating profit (loss)	(68.2)	(208.4)	67.3 %
Interest expense, net	63.5	47.3	34.2 %
Other expense (income), net	2.5	(2.8)	189.3 %
Earnings (loss) before income taxes	(134.2)	(252.9)	46.9 %
Income tax expense (benefit)	(95.0)	(63.8)	(48.9)%
Net earnings (loss)	(39.2)	(189.1)	79.3 %
Less: net earnings (loss) attributable to noncontrolling interests	0.4	(0.8)	150.0 %
Net earnings (loss) attributable to Wolverine World Wide, Inc.	$ (39.6)	$ (188.3)	79.0 %
Diluted earnings (loss) per share	$ (0.51)	$ (2.37)	78.5 %

REVENUE

Revenue was $2,242.9 million for 2023, representing a decline of 16.5% compared to the prior year's revenue of $2,684.8 million. The change in revenue reflected a 8.3% decline from the Active Group, an 18.6% decline from the Work Group and a 38.3% decline from Other. The Active Group's revenue decline was driven by a decrease of $88.4 million from *Merrell*®, $25.3 million from *Chaco*®, $9.6 million from *Saucony*® and $7.8 million from *Sweaty Betty*®. The Work Group's revenue decline was driven primarily by a decrease of $46.3 million from *Wolverine*®, $40.2 million from *Cat*®, $15.9 million from *Harley-Davidson*® and $6.5 million from *Bates*®. The decline in Other revenue was primarily driven by a decrease of $87.0 million from *Sperry*®, $84.7 million from *Keds*® and $21.6 million from the performance leathers business. International revenue represented 45.7%, and 41.8% of total reported revenues in 2023 and 2022, respectively. Changes in foreign exchange rates increased revenue by $3.4 million during 2023. Direct-to-consumer revenue decreased by $109.4 million, or 15.8% during 2023 compared to 2022.

GROSS MARGIN

For 2023, the Company's gross margin was 38.9%, compared to 39.9% in 2022. The gross margin decrease was primarily driven by unfavorable supply chain costs in the Company's wholesale channel and unfavorable average selling price and product costs changes in the Company's direct-to-consumer channel.

OPERATING EXPENSES

Operating expenses decreased $338.1 million in 2023, to $940.7 million. The decrease was driven by lower impairment of long-lived assets ($243.4 million), the gain on the sale of businesses, trademarks, and long-lived assets ($90.4 million), lower advertising costs ($51.4 million), lower environmental and other related costs, net of recoveries ($44.1 million), lower incentive compensation costs ($22.1 million), lower selling costs ($9.6 million), lower product development costs ($4.8 million), lower distribution costs ($4.7 million), and lower *Sweaty Betty*® integration costs ($2.0 million), partially offest by the prior year gain recorded on the sale of the *Champion* trademarks for footwear in the United States and Canada ($90.0 million), higher reorganization costs ($36.8 million), higher divestiture costs ($5.1 million), and higher general and administrative costs ($2.1 million). Environmental and other related costs were $8.4 million and $56.3 million in 2023 and 2022, respectively. See Note 17 to the Company's Consolidated Financial Statements for further discussion of environmental remediation costs.

INTEREST, OTHER AND TAXES

Net interest expense was $63.5 million in 2023 compared to $47.3 million in 2022. Interest expense increased in the current year due to higher average principal balances of variable rate debt and higher average interest rates on the Company's variable rate debt.

Other expense was $2.5 million in 2023 compared to other income of $2.8 million in 2022.

The effective tax rate in 2023 was 70.7%, compared to 25.2% in 2022. In 2023 the Company recognized more tax benefits compared to 2022 primarily related to the generation and utilization of a capital loss. The tax benefits increased the tax benefit recognized from the pretax loss, resulting in a higher effective tax rate in 2023.

REPORTABLE SEGMENTS

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

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

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

The Company also reports "Other" and "Corporate" categories. The Other category consists of *Sperry®* footwear, *Keds®* footwear, *Hush Puppies®* footwear and apparel, the Company's leather marketing operations, sourcing operations that include third-party commission revenues, multi-branded direct-to-consumer retail stores and the *Stride Rite®* licensed business. Prior to the fourth quarter of 2023, *Sperry®*, *Keds®*, and *Hush Puppies®* financial results were reported in the Lifestyle Group. The Lifestyle Group is no longer a reportable segment based upon how the Chief Operating Decision Maker, the Company's Chief Executive Officer, allocates resources to and assesses performance of the Company's operating segments. The Corporate category consists of gains on the sale of businesses and trademarks, unallocated corporate expenses, such as corporate employee costs, corporate facility costs, reorganization activities, impairment of long-lived assets and environmental and other related costs.

The reportable segment results for years 2023 and 2022 are as follows:

	Fiscal Year			
(In millions)	2023	2022	Change	Percent Change
REVENUE				
Active Group	$ 1,439.1	$ 1,570.2	$ (131.1)	(8.3)%
Work Group	480.6	590.5	(109.9)	(18.6)%
Other	323.2	524.1	(200.9)	(38.3)%
Total	$ 2,242.9	$ 2,684.8	$ (441.9)	(16.5)%
OPERATING PROFIT (LOSS)				
Active Group	$ 140.3	$ 198.4	$ (58.1)	(29.3)%
Work Group	58.1	102.5	(44.4)	(43.3)%
Other	32.8	59.9	(27.1)	(45.2)%
Corporate	(299.4)	(569.2)	269.8	47.4 %
Total	$ (68.2)	$ (208.4)	$ 140.2	67.3 %

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

Active Group

The Active Group's revenue decreased $131.1 million, or 8.3%, in 2023 compared to 2022. The revenue decline was driven by a decrease of $88.4 million from *Merrell®*, $25.3 million from *Chaco®*, $9.6 million from *Saucony®* and $7.8 million from *Sweaty Betty®*. The *Merrell®* decrease was primarily due to softer consumer demand in wholesale and eCommerce channels. The *Chaco®* decrease was primarily the result of softer consumer demand and high inventory levels at retail customers. The *Saucony®* decrease was primarily due to high inventory levels at retail customers, which adversely impacted order patterns. The

Sweaty Betty® decrease was primarily due to softer consumer demand in direct-to-consumer sales channels across the U.K., Ireland, and U.S. markets reflecting the challenging economic environment.

The Active Group's operating profit decreased $58.1 million, or 29.3%, in 2023 compared to 2022. The operating profit decrease was due to revenue decreases and a 200 basis point decrease in gross margin partially offset by a $26.9 million decrease in selling, general and administrative costs. The decrease in gross margin in the current year period was primarily due to increased closeout sales and higher promotional activity in the Company's wholesale and direct-to-consumer channels. The decrease in selling, general and administrative expenses in 2023 is primarily due to lower advertising costs, selling expenses and employee costs.

Work Group

The Work Group's revenue decreased $109.9 million, or 18.6%, in 2023 compared to 2022. The revenue decline was primarily driven by a decrease of $46.3 million from *Wolverine*®, $40.2 million from *Cat*®, $15.9 million from *Harley-Davidson*® and $6.5 million from *Bates*®. The *Wolverine*® decrease was primarily due to softer consumer demand in U.S. wholesale and high inventory levels at retail customers resulting in a continually heightened promotional environment. The *Cat*® decrease was primarily due to softer consumer demand across all regions. The *Harley-Davidson*® decrease was primarily due to lower at-once shipments and declines in top dealer accounts. The *Bates*® decrease was primarily due to softer consumer demand in U.S. wholesale and direct-to-consumer channels.

The Work Group's operating profit decreased $44.4 million, or 43.3%, in 2023 compared to 2022. The operating profit decrease was due to revenue decreases and a 180 basis point decrease in gross margin, partially offset by a $2.6 million decrease in selling, general and administrative costs. The decrease in gross margin in the current year was due to increased closeout sales, product mix and unfavorable average selling price and higher promotional activity in the Company's direct-to-consumer channel. The decrease in selling, general and administrative expenses in 2023 was primarily due to lower advertising costs and selling expenses.

Other

Other revenue decreased $200.9 million, or 38.3%, in 2023 compared to 2022. The revenue decline was driven by a decrease of $87.0 million from *Sperry*®, $84.7 million from *Keds*® and $21.6 million from the performance leathers business. The *Sperry*® decrease was primarily driven by softer consumer demand in U.S. wholesale and softer boot sales in the direct-to-consumer channels. The *Keds*® decrease is due to the divestiture of the business effective February 4, 2023. The performance leathers business decrease is due to the divestiture of the U.S. leathers business effective August 23, 2023.

Other operating profit decreased $27.1 million, or 45.2%, in 2023 compared to 2022. The operating profit decrease was due to revenue decreases partially offset by a 30 basis point increase in gross margin and a $50.9 million decrease in selling, general and administrative costs. The increase in gross margin in the current year period was primarily due to the divestiture of the lower margin *Keds*® and performance leathers businesses. The decrease in selling, general and administrative expenses in the current year period was primarily due to lower advertising costs, selling expenses and the divestiture of the *Keds*® and performance leathers businesses.

Corporate

Corporate expenses decreased $269.8 million in 2023 compared to 2022 primarily due to lower impairment of long-lived and intangible assets ($243.4 million), the gain on sale of businesses, trademarks, and long-lived assets ($90.4 million), lower environmental and other related costs ($44.1 million), lower incentive compensation costs ($14.5 million), and lower employee costs ($11.4 million), partially offset by the 2022 gain recorded on the sale of the *Champion* trademarks for footwear in the United States and Canada ($90.0 million), and higher reorganization activities ($36.8 million).

LIQUIDITY AND CAPITAL RESOURCES

	Fiscal Year	
(In millions)	2023	2022
Cash and cash equivalents [(1)]	$ 184.6	$ 135.5
Debt	920.8	1,158.0
Available Revolving Facility [(2)]	688.4	569.3

(1) Cash and cash equivalents at the end of the year in the Consolidated Statements of Cash Flows includes $5.6 million and $4.0 million of cash and cash equivalents that are classified as held for sale as of December 30, 2023 and December 31, 2022, respectively, that are not included in cash and cash equivalents in the Consolidated Balance Sheets.

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

Liquidity

Cash and cash equivalents of $184.6 million as of December 30, 2023 were $49.1 million higher compared to December 31, 2022. The increase is due primarily to proceeds from the sale of businesses, trademarks, long-lived assets and other assets of $188.9 million, cash provided by operating activities of $121.8 million and contributions from noncontrolling interests of $31.2 million, partially offset by net revolver payments of $120.0 million, long-term debt payments of $118.3 million, cash dividends paid of $32.6 million, additions to property, plant, and equipment of $14.6 million and shares acquired related to employee stock plans of $5.8 million. The Company had $688.4 million of borrowing capacity available under the Revolving Facility as of December 30, 2023. Cash and cash equivalents located in foreign jurisdictions totaled $161.8 million as of December 30, 2023.

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

The Company did not repurchase shares during 2023 and repurchased $81.3 million of shares in 2022. The common stock repurchase program expired in September 2023.

A detailed discussion of environmental remediation costs is found in Note 17 to the Company's Consolidated Financial Statements. The Company has established a reserve for estimated environmental remediation costs based upon an evaluation of currently available facts with respect to each individual affected site. As of December 30, 2023, the Company has a reserve of $57.9 million, of which $31.3 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 $26.6 million recorded in other liabilities and expected to be paid over the course of up to 25 years. The Company's remediation activity at its former Tannery site and sites where the Company disposed of Tannery byproducts is ongoing. It is difficult to estimate the cost of environmental compliance and remediation given the uncertainties regarding the interpretation and enforcement of applicable environmental laws and regulations, the extent of environmental contamination and the existence of alternative cleanup methods.

Note 17 to the Company's Consolidated Financial Statements also includes a detailed discussion of environmental litigation matters. As of December 30, 2023, the Company had recorded liabilities of $2.7 million for certain of these environmental litigation matters which are recorded as other accrued liabilities in the consolidated condensed balance sheets.

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

The Company expects to meet its contractual obligations through its customary sources of liquidity in the normal course of business, such as cash from operating activities, and believes it has the financial resources to satisfy these contractual obligations. The Company had the following contractual obligations due by period at December 30, 2023:

(In millions)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations (1)	$ 1,088.7	$ 352.7	$ 127.2	$ 44.0	$ 564.8
Operating lease obligations	210.7	35.2	58.8	44.4	72.3
Purchase obligations (2)	241.8	241.8	—	—	—
Supplemental Executive Retirement Plan	45.7	4.1	9.0	9.4	23.2
Municipal water improvements (3)	25.5	12.2	10.4	2.9	—
TCJA transition obligation	21.0	9.3	11.7	—	—
Total (4)	$ 1,633.4	$ 655.3	$ 217.1	$ 100.7	$ 660.3

(1) Includes principal and interest payments on the Company’s long-term debt. Estimated future interest payments on outstanding debt obligations are based on interest rates as of December 30, 2023. Actual cash outflows may differ significantly due to changes in underlying interest rates.

(2) Purchase obligations related primarily to inventory and capital expenditure commitments.

(3) Under the terms of a Consent Decree resolving certain civil and regulatory actions, the Company is obligated to contribute towards the costs of extending municipal water lines, developing a replacement wellfield and making certain improvements to Plainfield Township’s existing water treatment plant, all subject to an aggregate cap of $69.5 million. During 2023 and 2022, the Company made payments of $6.4 million and $15.0 million towards the total cap, respectively. Due to the

uncertainty of the timing and amounts related to the Company's other environmental remediation costs, they have been excluded from this table. See Note 17 to the Company's Consolidated Financial Statements for additional information.

(4) The total amount of unrecognized tax benefits on the consolidated balance sheet at December 30, 2023 is $2.6 million. At this time, the Company is unable to make a reasonably reliable estimate of the timing of payments in individual years beyond 12 months due to uncertainties in the timing of tax audit outcomes. As a result, this amount is not included in the table above.

Financing Arrangements

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

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

As of December 30, 2023, the Company was in compliance with all covenants and performance ratios under the Credit Agreement.

The Company’s debt at December 30, 2023 totaled $920.8 million, compared to $1,158.0 million at December 31, 2022. The Company expects to use the current borrowings to fund organic growth initiatives, pay dividends and for general corporate purposes. The decreased debt position is due to lower borrowings under the Revolving Facility resulting from operating cash inflows and proceeds from divestitures.

Cash Flows

The following table summarizes cash flow activities:

	Fiscal Year Ended	
(In millions)	December 30, 2023	December 31, 2022
Net cash provided by (used in) operating activities	121.8	(178.9)
Net cash provided by investing activities	171.6	54.6
Net cash provided by (used in) financing activities	(246.3)	107.1
Additions to property, plant and equipment	(14.6)	(36.5)
Depreciation and amortization	35.1	34.6

Operating Activities

The principal source of the Company’s operating cash flow is net earnings, including cash receipts from the sale of the Company’s products, net of costs of goods sold.

Cash from operations during 2023 was higher compared to 2022, due primarily to a decrease in net working capital representing a source of cash of $168.0 million. Working capital balances were favorably impacted by a decrease in inventories of $286.5 million and a decrease in accounts receivable of $2.8 million, partially offset by an increase in other operating assets of $16.8 million, a decrease in accounts payable of $65.6 million and a decrease in other operating liabilities of $36.6 million. Operating cash flows included non-cash add back for the impairment of long-lived assets of $185.3 million, depreciation and amortization expense adjustment of $35.1 million, stock-based compensation expense adjustment of $15.2 million, deferred income tax adjustment of $95.8 million, gain on sale of business, trademarks and long-lived assets of $90.4 million, environmental and other related costs, net of cash payments and recoveries received cash outflow of $55.1 million, and pension expense adjustment of $0.7 million.

Investing Activities

The Company made capital expenditures of $14.6 million and $36.5 million in years 2023 and 2022, respectively, for building improvements, eCommerce site enhancements, new retail stores, distribution operations improvements and information system enhancements. The current year activity includes proceeds from the sale of businesses and trademarks of $188.9 million.

Financing Activities

The current year debt activity includes net payments under the Revolving Facility of $120.0 million and payments on long-term debt of $118.3 million. The Company paid $5.8 million and $7.7 million in 2023 and 2022, respectively, in connection with shares or units withheld to pay employee taxes related to awards under stock incentive plans. The Company received $31.2 million and $7.0 million from noncontrolling interests in 2023 and 2022, respectively.

The Company declared cash dividends of $0.40 per share in each of 2023 and 2022. Dividends paid totaled $32.6 million and $32.8 million for 2023 and 2022, respectively. A quarterly dividend of $0.10 per share was declared on February 7, 2024 to shareholders of record on April 1, 2024.

NEW ACCOUNTING STANDARDS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

The Company has identified the following critical accounting policies used in determining estimates and assumptions in the amounts reported. Management believes that an understanding of these policies is important to an overall understanding of the Company’s Consolidated Financial Statements. Significant accounting policies are summarized in Note 1 to the Company's Consolidated Financial Statements.

Revenue Recognition and Performance Obligations

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

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

Revenue is recorded at the net sales price (“transaction price”), which includes estimates of variable consideration for which reserves are established. Components of variable consideration include trade discounts and allowances, product returns, customer markdowns, customer rebates and other sales incentives relating to the sale of the Company’s products. These reserves are based on the amounts earned, or to be claimed on the related sales. These estimates take into consideration a range of possible outcomes, which are probability-weighted in accordance with the expected value method for relevant factors such as current contractual and statutory requirements, specific known market events and trends, industry data and forecasted customer buying and payment patterns. Overall, these reserves reflect the Company’s best estimates of the amount of consideration to which it is entitled based on the terms of the respective underlying contracts. Revenue recognized during the year ended December 30, 2023 related to the Company's contract liabilities was nominal.

Inventory

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

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

Business Combinations

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

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

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

Goodwill and Indefinite-Lived Intangibles

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

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

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

The Company performs its annual testing for goodwill and indefinite-lived intangible asset impairment at the beginning of the fourth quarter of the fiscal year for all reporting units. In the fourth quarter of 2022, after completion of the annual impairment testing, the Company recorded a $48.4 million impairment charge for *Sweaty Betty®* goodwill. The Company did not recognize any impairment charges for goodwill during 2023 and 2021. In the third quarter of 2023, after completion of impairment testing, the Company recorded a $38.3 million impairment charge for the *Sperry®* trade name. In the fourth quarter of 2022, the Company recognized impairment charges of $191.0 million for the *Sperry®* trade name and $189.3 million for the *Sweaty Betty®* trade name. No impairment charges were recognized for the Company's intangible assets during 2021. Refer to Note 4, "Goodwill and Other Intangibles" for additional discussion of the *Sweaty Betty®* goodwill impairment and the *Sweaty Betty®* and *Sperry®* trade name impairments.

Environmental

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

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

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

Retirement Benefits

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

The Company utilizes a bond matching calculation to determine the discount rate used to calculate its year-end pension liability and subsequent year pension expense. A hypothetical bond portfolio is created based on a presumed purchase of individual bonds to settle the plans' expected future benefit payments. The discount rate is the resulting yield of the hypothetical bond portfolio. The bonds selected are listed as high grade by at least two recognized ratings agency and are non-callable, currently purchasable and non-prepayable. The calculated discount rate was 5.30% at December 30, 2023, compared to 5.56% at December 31, 2022. Pension expense is also impacted by the expected long-term rate of return on plan assets, which the Company has determined to be 6.88% and 6.87% for fiscal 2023 and 2022, respectively. This rate is based on both actual historical rates of return experienced by the pension assets and the long-term rate of return of a composite portfolio of equity and fixed income securities that reflects the approximate diversification of the pension assets.

Income Taxes

The Company maintains certain strategic management and operational activities in overseas subsidiaries, and its foreign earnings are taxed at rates that have generally been lower than the U.S. federal statutory income tax rate. A significant amount of the Company's earnings are generated by its Canadian, European and Asian subsidiaries and, to a lesser extent, in jurisdictions that are not subject to income tax. Income tax audits associated with the allocation of this income and other complex issues may require an extended period of time to resolve and may result in income tax adjustments if changes to the income allocation are required between jurisdictions with different income tax rates. The Company evaluates the probability a tax position will be effectively sustained and the appropriateness of the amount recognized for uncertain tax positions based on factors including changes in facts or circumstances, changes in tax law, settled audit issues and new audit activity. Changes in the Company's assessment may result in the recognition of a tax benefit or an additional charge to the tax provision in the period our assessment changes. The carrying value of the Company's deferred tax assets assumes that the Company will be able to generate sufficient taxable income in future years to utilize these deferred tax assets. If these assumptions change, the Company may be required to record valuation allowances against its gross deferred tax assets in future years, which would cause the Company to record additional income tax expense in its consolidated statements of operations. Management evaluates the potential that the Company will be able to realize its gross deferred tax assets and assesses the need for valuation allowances on a quarterly basis.

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

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

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Foreign Exchange Risk

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

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

The Company conducts wholesale operations outside of the U.S. in Canada, continental Europe, the United Kingdom, Hong Kong, China and Mexico where the functional currencies are primarily the Canadian dollar, euro, British pound, Hong Kong dollar, Chinese renminbi and Mexican peso, respectively. The Company utilizes foreign currency forward exchange contracts to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business as well as to manage foreign currency translation exposure. At December 30, 2023 and December 31, 2022, the Company had outstanding forward currency exchange contracts to purchase primarily U.S. dollars in the amounts of $269.0 million and $334.2 million, respectively, with maturities ranging up to 531 and 524 days, respectively.

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

Assets and liabilities outside the U.S. are primarily located in the United Kingdom, Canada and the Netherlands. The Company's investments in foreign subsidiaries with a functional currency other than the U.S. dollar are generally considered long-term. At December 30, 2023, a weaker U.S. dollar compared to certain foreign currencies increased the value of these investments in net assets by $16.8 million from their value at December 31, 2022. At December 31, 2022, a stronger U.S. dollar compared to foreign currencies decreased the value of these investments in net assets by $76.3 million from their value at January 1, 2022.

Interest Rate Risk

The Company is exposed to interest rate changes primarily as a result of interest expense on the Incremental Term Loan borrowings and any borrowings under the Revolving Facility. The Company's total variable-rate debt was $376.7 million at December 30, 2023 and the Company held a forward-dated interest rate swap agreement, denominated in U.S. dollars that will effectively convert $75.3 million of this amount to fixed-rate debt. The interest rate swap derivative instrument is held and used by the Company as a tool for managing interest rate risk. The counterparty to the swap instrument is a large financial institution that the Company believes is of high-quality creditworthiness. While the Company may be exposed to potential losses due to the credit risk of non-performance by this counterparty, such losses are not anticipated. The fair value of the interest rate swap was determined to be a net asset of $1.8 million as of December 30, 2023. As of December 30, 2023, the weighted-average interest rate on the Company's variable-rate debt, net of the impact of the interest rate swap, was 6.18%. Based on the level of variable-rate debt outstanding as of that date, a 100 basis point increase in the weighted-average interest rate would have increased the Company's annual pre-tax interest expense by approximately $3.0 million. The Company does not enter into contracts for speculative or trading purposes, nor is it a party to any leveraged derivative instruments.

Item 8. Financial Statements and Supplementary Data

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Consolidated Financial Statements

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

	Fiscal Year		
(In millions, except per share data)	2023	2022	2021
Revenue	$ 2,242.9	$ 2,684.8	$ 2,414.9
Cost of goods sold	1,370.4	1,614.4	1,385.0
Gross profit	872.5	1,070.4	1,029.9
Selling, general and administrative expenses	856.2	906.4	817.8
Gain on sale of businesses, trademarks and long-lived assets	(90.4)	(90.0)	—
Impairment of long-lived assets	185.3	428.7	—
Environmental and other related costs (income), net of recoveries	(10.4)	33.7	56.4
Operating profit (loss)	(68.2)	(208.4)	155.7
Other expenses:			
Interest expense, net	63.5	47.3	37.4
Debt extinguishment and other costs	—	—	34.3
Other expense (income), net	2.5	(2.8)	3.7
Total other expenses	66.0	44.5	75.4
Earnings (loss) before income taxes	(134.2)	(252.9)	80.3
Income tax expense (benefit)	(95.0)	(63.8)	13.3
Net earnings (loss)	(39.2)	(189.1)	67.0
Less: net earnings (loss) attributable to noncontrolling interests	0.4	(0.8)	(1.6)
Net earnings (loss) attributable to Wolverine World Wide, Inc.	$ (39.6)	$ (188.3)	$ 68.6
Net earnings (loss) per share (see Note 3):			
Basic	$ (0.51)	$ (2.37)	$ 0.82
Diluted	$ (0.51)	$ (2.37)	$ 0.81

See accompanying notes to consolidated financial statements.

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

	Fiscal Year		
(In millions)	2023	2022	2021
Net earnings (loss)	$ (39.2)	$ (189.1)	$ 67.0
Other comprehensive income (loss) net of tax:			
Foreign currency translation adjustments	17.3	(76.8)	(20.0)
Unrealized gain (loss) on derivative instruments:			
Unrealized gain (loss) arising during the period, net of taxes of $(1.4), $7.9 and $3.0	(4.8)	25.4	7.7
Reclassification adjustments included in net earnings (loss), net of taxes of $(4.6), $(4.7) and $1.4	(14.2)	(14.6)	3.7
Pension adjustments:			
Net actuarial gain (loss) arising during the period, net of taxes of $(2.0), $6.3 and $7.8	(7.5)	22.6	29.5
Amortization of prior actuarial losses, net of taxes of $(0.2), $2.4 and $3.0	(0.5)	8.9	10.8
Curtailment gain, net of taxes of $0.3 in 2023	0.9	—	—
Other comprehensive income (loss)	(8.8)	(34.5)	31.7
Less: other comprehensive income (loss) attributable to noncontrolling interests	0.5	(0.5)	—
Other comprehensive income (loss) attributable to Wolverine World Wide, Inc.	(9.3)	(34.0)	31.7
Comprehensive income (loss)	(48.0)	(223.6)	98.7
Less: comprehensive income (loss) attributable to noncontrolling interests	0.9	(1.3)	(1.6)
Comprehensive income (loss) attributable to Wolverine World Wide, Inc.	$ (48.9)	$ (222.3)	$ 100.3

See accompanying notes to consolidated financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(In millions, except share data)	December 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 179.0	$ 131.5
Accounts receivable, less allowances of $18.3 and $11.1	230.8	241.7
Finished products, net	371.6	743.2
Raw materials and work-in-process, net	2.0	2.0
Total inventories	373.6	745.2
Prepaid expenses and other current assets	81.1	79.0
Current assets held for sale	160.6	67.9
Total current assets	1,025.1	1,265.3
Property, plant and equipment, net of accumulated depreciation of $255.2 and $236.1	96.3	136.2
Lease right-of-use assets	118.2	174.7
Goodwill	427.1	485.0
Indefinite-lived intangibles	174.1	274.0
Amortizable intangibles, net	34.9	67.4
Deferred income taxes	116.4	24.5
Other assets	70.7	65.6
Total assets	$ 2,062.8	$ 2,492.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 206.0	$ 272.2
Accrued salaries and wages	37.1	32.3
Other accrued liabilities	252.4	322.9
Lease liabilities	34.7	39.1
Current maturities of long-term debt	10.0	10.0
Borrowings under revolving credit agreements	305.0	425.0
Current liabilities held for sale	24.2	8.8
Total current liabilities	869.4	1,110.3
Long-term debt, less current maturities	605.8	723.0
Accrued pension liabilities	78.4	72.9
Deferred income taxes	26.9	35.3
Lease liabilities, noncurrent	132.4	153.6
Other liabilities	49.9	58.6
Stockholders' equity		
Common stock – par value $1, authorized 320,000,000 shares; 112,953,782, and 112,202,078 shares issued	113.0	112.2
Additional paid-in capital	364.0	325.4
Retained earnings	834.8	907.2
Accumulated other comprehensive loss	(142.2)	(132.9)
Cost of shares in treasury; 33,403,280, and 33,413,204 shares	(891.0)	(891.3)
Total Wolverine World Wide, Inc. stockholders' equity	278.6	320.6
Noncontrolling interest	21.4	18.4
Total stockholders' equity	300.0	339.0
Total liabilities and stockholders' equity	$ 2,062.8	$ 2,492.7

See accompanying notes to consolidated financial statements.

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

	Fiscal Year		
(In millions)	2023	2022	2021
OPERATING ACTIVITIES			
Net earnings (loss)	$ (39.2)	$ (189.1)	$ 67.0
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	35.1	34.6	33.2
Deferred income taxes	(95.8)	(105.7)	(14.7)
Stock-based compensation expense	15.2	33.4	38.1
Pension and SERP expense	0.7	9.3	14.0
Debt extinguishment	—	—	5.8
Impairment of long-lived assets	185.3	428.7	—
Environmental and other related costs	(55.1)	(23.0)	33.7
Gain on sale of businesses, trademarks and long-lived assets	(90.4)	(90.0)	—
Other	(2.0)	(2.7)	(1.9)
Changes in operating assets and liabilities:			
Accounts receivable	2.8	84.5	(49.2)
Inventories	286.5	(428.9)	(77.2)
Other operating assets	(16.8)	(21.1)	(2.3)
Accounts payable	(65.6)	62.6	23.0
Income taxes	(2.3)	2.4	1.6
Other operating liabilities	(36.6)	26.1	15.7
Net cash provided by (used in) operating activities	121.8	(178.9)	86.8
INVESTING ACTIVITIES			
Business acquisition, net of cash acquired	—	—	(417.4)
Additions to property, plant and equipment	(14.6)	(36.5)	(17.6)
Investment in joint ventures	—	(2.8)	—
Proceeds from sale of businesses, trademarks and long-lived assets	188.9	90.0	—
Other	(2.7)	3.9	(2.3)
Net cash provided by (used in) investing activities	171.6	54.6	(437.3)
FINANCING ACTIVITIES			
Payments under revolving credit agreements	(743.0)	(740.0)	(435.0)
Borrowings under revolving credit agreements	623.0	940.0	660.0
Proceeds from company-owned life insurance policies	—	30.5	—
Borrowings of long-term debt	—	—	750.0
Payments on long-term debt	(118.3)	(10.0)	(730.0)
Payments of debt issuance and debt extinguishment costs	(0.9)	—	(10.4)
Cash dividends paid	(32.6)	(32.8)	(33.5)
Purchase of common stock for treasury	—	(81.3)	(39.6)
Employee taxes paid under stock-based compensation plans	(5.8)	(7.7)	(14.1)
Proceeds from the exercise of stock options	0.1	1.4	17.1
Contributions from noncontrolling interests	31.2	7.0	4.8
Net cash provided by (used in) financing activities	(246.3)	107.1	169.3
Effect of foreign exchange rate changes	2.0	(9.0)	(4.5)
Increase (decrease) in cash and cash equivalents	49.1	(26.2)	(185.7)
Cash and cash equivalents at beginning of the year	135.5	161.7	347.4
Cash and cash equivalents at end of the year	$ 184.6	$ 135.5	$ 161.7

See accompanying notes to consolidated financial statements.

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

	Fiscal Year		
(In millions)	2023	2022	2021
OTHER CASH FLOW INFORMATION			
Interest paid	$ 63.5	$ 43.0	$ 34.6
Net income taxes paid	27.0	44.3	27.8
NON-CASH INVESTING AND FINANCING ACTIVITY			
Additions to property, plant and equipment not yet paid	0.3	3.3	3.2

See accompanying notes to consolidated financial statements.

Cash and cash equivalents at the end of the year in the Consolidated Statements of Cash Flows includes $5.6 million and $4.0 million of cash and cash equivalents that are classified as held for sale as of December 30, 2023 and December 31, 2022, respectively, that are not included in cash and cash equivalents in the Consolidated Balance Sheets.

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

	Wolverine World Wide, Inc. Stockholders' Equity						
(In millions, except share and per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total
Balance at January 2, 2021	$ 110.4	$ 252.6	$ 1,093.3	$ (130.6)	$ (764.3)	$ 11.6	$ 573.0
Net earnings (loss)			68.6			(1.6)	67.0
Other comprehensive income				31.7		—	31.7
Shares forfeited, net of shares issued under stock incentive plans (431,180 shares)	0.4	(8.2)					(7.8)
Shares issued for stock options exercised, net (774,145 shares)	0.8	16.4					17.2
Stock-based compensation expense		38.1					38.1
Cash dividends declared ($0.40 per share)			(33.7)				(33.7)
Issuance of treasury shares (4,005 shares)		—			0.1		0.1
Purchase of common stock for treasury (1,150,721 shares)					(39.6)		(39.6)
Purchases of shares under stock-based compensation plans (172,023 shares)					(6.4)		(6.4)
Capital contribution from noncontrolling interests						4.8	4.8
Balance at January 1, 2022	$ 111.6	$ 298.9	$ 1,128.2	$ (98.9)	$ (810.2)	$ 14.8	$ 644.4
Net loss			(188.3)			(0.8)	(189.1)
Other comprehensive loss				(34.0)		(0.5)	(34.5)
Shares issues, net of shares forfeited under stock incentive plans (495,502 shares)	0.5	(8.2)					(7.7)
Shares issued for stock options exercised, net (74,482 shares)	0.1	1.3					1.4
Stock-based compensation expense		33.4					33.4
Cash dividends declared ($0.40 per share)			(32.7)				(32.7)
Issuance of treasury shares (5,973 shares)		—			0.2		0.2
Purchase of common stock for treasury (3,815,164 shares)					(81.3)		(81.3)
Capital contribution from noncontrolling interests						7.0	7.0
Other						(2.1)	(2.1)
Balance at December 31, 2022	$ 112.2	$ 325.4	$ 907.2	$ (132.9)	$ (891.3)	$ 18.4	$ 339.0

See accompanying notes to consolidated financial statements.

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

	Wolverine World Wide, Inc. Stockholders' Equity						
(In millions, except share and per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total
Balance at December 31, 2022	$ 112.2	$ 325.4	$ 907.2	$ (132.9)	$ (891.3)	$ 18.4	$ 339.0
Net earnings (loss)			(39.6)			0.4	(39.2)
Other comprehensive income (loss)				(9.3)		0.5	(8.8)
Shares issued, net of shares forfeited under stock incentive plans (745,662 shares)	0.8	(6.7)					(5.9)
Shares issued for stock options exercised, net (6,042 shares)	—	0.1					0.1
Stock-based compensation expense		15.2					15.2
Cash dividends declared ($0.40 per share)			(32.8)				(32.8)
Issuance of treasury shares (9,924 shares)		(0.1)			0.3		0.2
Capital contribution from noncontrolling interests		30.1				2.1	32.2
Balance at December 30, 2023	$ 113.0	$ 364.0	$ 834.8	$ (142.2)	$ (891.0)	$ 21.4	$ 300.0

See accompanying notes to consolidated financial statements.

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
Fiscal Years 2023, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

Effective February 4, 2023, the Company completed the sale of the *Keds*® business. See Note 20 for further discussion.

In the third quarter of fiscal 2023, the Company entered into a multi-year licensing agreement of the *Hush Puppies*® brand in the United States and Canada. As part of this agreement, the Company agreed to sell inventory and provide certain transition services to the licensee. In addition, the Company completed the sale of *Hush Puppies*® trademarks, patents, copyrights, and domains in China, Hong Kong, and Macau in the third quarter of fiscal 2023. The Company will continue to own the *Hush Puppies*® brand throughout the rest of the world. See Note 20 for further discussion.

Effective August 23, 2023, the Company completed the sale of the U.S. performance leathers business and effective December 28, 2023, the Company completed the sale of the Asia-based performance leathers business. See Note 20 for further discussion.

Principles of Consolidation and Basis of Presentation

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

Fiscal Year

The Company's fiscal year is the 52- or 53-week period that ends on the Saturday nearest to December 31. Fiscal years 2023, 2022 and 2021 each had 52 weeks.

Use of Estimates

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

Revenue Recognition

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

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

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

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

Cost of Goods Sold

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

Advertising Costs

Advertising costs are expensed as incurred, except for certain materials that are expensed the first time that the advertising takes place. Advertising expenses were $169.3 million, $220.7 million and $195.4 million for fiscal years 2023, 2022 and 2021, respectively. Prepaid advertising totaled $2.6 million and $2.7 million as of December 30, 2023 and December 31, 2022, respectively.

Earnings Per Share

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

Cash Equivalents

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

Allowance for Credit Losses

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

Inventories

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

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

Property, Plant and Equipment

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

Leases

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

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

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

The Company recognizes a lease liability in current and noncurrent liabilities equal to the present value of the fixed future lease payments using an incremental borrowing rate as of the commencement date of each lease. The incremental borrowing rate is based on an interest rate that the Company would normally pay to borrow on a collateralized basis over a similar term and an amount equal to the lease payments. The Company also recognizes a right-of-use asset, which is equal to the lease liability as of December 30, 2023 adjusted for the remaining balance of accrued rent and unamortized lease incentives.

Deferred Financing Costs

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

Derivatives

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

Equity Method Investments

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

Goodwill and Other Intangibles

Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets of acquired businesses. Indefinite-lived intangibles include trademarks and trade names. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually. The Company reviews the carrying amounts of goodwill and indefinite-lived intangible assets by reporting unit at least annually, or when indicators of impairment are present, to determine if such assets may be impaired. The Company includes assumptions such as a discount rate and expected future operating performance, which includes forecasted revenue growth, earnings before interest, taxes, depreciation and amortization ("EBITDA") margin and cost of capital, which are derived from internal projections and operating plans, as part of a discounted cash flow analysis to estimate fair value. If the carrying value of these assets is not recoverable, based on the discounted cash flow analysis, management compares the fair value of the assets to the carrying value. Goodwill and indefinite-lived intangibles are considered impaired if the recorded value exceeds the fair value.

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

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

Impairment of Long-Lived Assets

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

The Company recorded $37.3 million in non-cash impairment charges on certain Corporate U.S. and U.K. office long-lived property, plant and equipment and right-of-use assets, primarily resulting from divestitures and consolidation of U.S. and U.K. offices, to adjust the carrying amount of the assets to estimated fair value. Fair value was estimated based on the discounted cash flows of estimated rental income from subleases net of estimated expenses. The Company incurred $1.9 million in non-cash impairment charges on certain *Sperry®* retail store assets where the estimated future cash flows did not support the net book value of the assets. The following table provides details related to asset impairment charges recorded during 2023:

(In millions)		December 30, 2023
Lease right-of-use assets impairment	$	28.6
Property, plant and equipment impairment		10.6
Indefinite-lived trade name impairment (1)		38.3
Held for sale impairment of carrying value (2)		96.8
Impairment of *Sperry®* assets not sold (2)		11.0
Total impairment of long-lived assets	$	185.3

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

(2) See Note 20 for information related to the held for sale carrying value impairment and impairment of *Sperry®* assets not sold recorded in fiscal 2023.

Fair Value of Financial Instruments

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

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Fair value is measured using either direct or indirect inputs, other than quoted prices included within Level 1, which are observable for similar assets or liabilities.

Level 3: Fair value is measured using valuation techniques in which one or more significant inputs are unobservable.

Environmental

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

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

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

Retirement Benefits

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

Stock Based Compensation

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

Income Taxes

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

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

Foreign Currency

For most of the Company’s international subsidiaries, the local currency is the functional currency. Assets and liabilities of these subsidiaries are translated into U.S. dollars at the year-end exchange rate. Operating statement amounts are translated at average exchange rates for each period. The cumulative translation adjustments resulting from changes in exchange rates are included in the consolidated balance sheets as a component of accumulated other comprehensive income (loss) in stockholders’ equity. Transaction gains and losses are included in the consolidated statements of operations and were not material for fiscal years 2023, 2022 and 2021.

Business Combination

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

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

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

2. NEW ACCOUNTING STANDARDS

The FASB has issued the following Accounting Standards Update (“ASU”) that the Company has adopted. The following is a summary of the new standard.

Standard	Description	Effect on the Financial Statements
ASU 2020-04, Reference Rate Reform (Topic 848); Facilitation of the Effects of Reference Rate Reform on Financial Reporting (as amended by ASU 2021-01 and ASU 2022-06).	Provides practical expedients for contract modifications and certain hedging relationships associated with the transition from reference rates that are expected to be discontinued.	The Company adopted ASU 2020-04 during the second quarter of 2023 on a prospective basis. The Company amended its amended senior credit facility to use SOFR as an alternative to LIBOR. The adoption of the ASU did not have a material effect on the consolidated financial statements.

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

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

3. EARNINGS PER SHARE

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

(In millions, except per share data)	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
Numerator:			
Net earnings (loss) attributable to Wolverine World Wide, Inc.	$ (39.6)	$ (188.3)	$ 68.6
Less: net earnings attributed to participating share-based awards	(0.7)	(0.6)	(1.1)
Net earnings (loss) used to calculate earnings per share	$ (40.3)	$ (188.9)	$ 67.5
Denominator:			
Weighted average shares outstanding	79.4	79.7	82.4
Adjustment for unvested restricted common stock	—	—	(0.1)
Shares used to calculate basic earnings per share	79.4	79.7	82.3
Effect of dilutive share-based awards	—	—	1.0
Shares used to calculate diluted earnings per share	79.4	79.7	83.3
Net earnings (loss) per share:			
Basic	$ (0.51)	$ (2.37)	$ 0.82
Diluted	$ (0.51)	$ (2.37)	$ 0.81

For fiscal years 2023, 2022 and 2021, 2,022,676, 1,434,081 and 605,774 outstanding stock options, respectively, have not been included in the denominator for the computation of diluted earnings per share because they were anti-dilutive.

The Company has 2,000,000 authorized shares of $1 par value preferred stock, none of which was issued or outstanding as of December 30, 2023 or December 31, 2022. The Company has designated 150,000 shares of preferred stock as Series A junior participating preferred stock and 500,000 shares of preferred stock as Series B junior participating preferred stock for possible future issuance.

The Company did not repurchase Company common stock in fiscal year 2023, The Company repurchased $81.3 million and $39.6 million of Company common stock in fiscal years 2022 and 2021, respectively, under stock repurchase plans. In addition to the stock repurchase program activity, the Company acquired $5.8 million, $7.7 million and $14.1 million of Company common stock in fiscal years 2023, 2022 and 2021, respectively, in connection with employee transactions related to stock incentive plans.

On February 11, 2019, the Company's Board of Directors approved a common stock repurchase program that authorizes the repurchase of an additional $400.0 million of common stock over a four year period incremental to amounts remaining under the previous repurchase program. The annual amount of stock repurchases is restricted under the terms of the Company's Senior Credit Facilities and senior notes indenture. The common stock repurchase program expired on September 11, 2023.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

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

(In millions)	Fiscal Year 2023	Fiscal Year 2022
Goodwill balance at beginning of the year	$ 485.0	$ 556.6
Sale of a business (see Note 20)	(20.4)	—
Impairment	—	(48.4)
Reclassified to assets held for sale [1]	(43.0)	—
Foreign currency translation effects	5.5	(23.2)
Goodwill balance at end of the year	$ 427.1	$ 485.0

(1) Represents goodwill associated with the *Sperry*® business classified as held for sale as of fiscal 2023, refer to Note 20.

The Company performs its annual testing for goodwill and indefinite-lived intangible asset impairment at the beginning of the fourth quarter of the fiscal year for all reporting units. In the fourth quarter of 2022, after completion of the annual impairment testing, the Company recorded a $48.4 million impairment charge for *Sweaty Betty*® goodwill. The Company did not recognize any impairment charges for goodwill during 2023 and 2021. For the *Sweaty Betty®* reporting unit included in the fiscal 2023 annual impairment test, the estimated fair value of the reporting unit exceeded the carrying value of by 5%.

The Company's indefinite-lived intangible assets, which comprise trade names and trademarks, totaled \$174.1 million and \$274.0 million as of December 30, 2023 and December 31, 2022, respectively. In the third quarter of 2023, due to the continued lower current year performance of the *Sperry®* brand, the Company determined that a triggering event had occurred requiring impairment testing of the *Sperry®* trade name. Based on the results of the impairment testing, the Company recognized impairment charges of \$38.3 million to the *Sperry®* trade name. The impairment charge was due to reductions in future cash flow assumptions mainly due to decreases in anticipated future performance and an increase in the discount rate used in the valuation. In the fourth quarter of fiscal 2022, after the completion of the annual impairment testing, the Company recognized impairment charges of \$191.0 million and \$189.3 million to the *Sperry®* and *Sweaty Betty®* trade names, respectively.

The *Sperry®* and *Sweaty Betty®* trade names were valued using the income approach, specifically the multi-period excess earnings method. The key assumptions used in the valuation being revenue growth, EBITDA margin, and the discount rate. Although the Company believes the estimates and assumptions used in the valuation were appropriate, it is possible assumptions could change in future periods. The risk of future impairment to the *Sweaty Betty®* trade name and *Sweaty Betty®* goodwill depend on key assumptions used in the determination of the trade name's and reporting unit's fair value, such as revenue growth, earnings before interest, taxes, depreciation and amortization margin, discount rate, and assumed tax rate, or if macroeconomic conditions deteriorate and adversely affect the values of the Company's *Sweaty Betty®* trade name and the *Sweaty Betty®* reporting unit. A future impairment charge of the *Sweaty Betty®* trade name and the *Sweaty Betty®* reporting unit goodwill could have an adverse material effect on the Company's consolidated financial results The carrying value of the Company's *Sweaty Betty®* trade name indefinite-lived intangible asset and the *Sweaty Betty®* reporting unit goodwill were \$99.5 million and \$53.0 million, respectively, as of December 30, 2023.

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

	December 30, 2023			
(In millions)	Gross carrying value	Accumulated amortization	Net	Average remaining life (years)
Customer relationships	\$ 59.6	\$ 28.1	\$ 31.5	9
Other	21.3	17.9	3.4	3
Total	\$ 80.9	\$ 46.0	\$ 34.9	

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

Amortization expense for these amortizable intangible assets was \$7.2 million, \$7.9 million and \$8.4 million for fiscal years 2023, 2022 and 2021, respectively. Estimated aggregate amortization expense for such intangibles for the fiscal years subsequent to December 30, 2023 is as follows:

(In millions)	2024	2025	2026	2027	2028
Amortization expense	\$ 4.6	\$ 4.3	\$ 4.0	\$ 3.7	\$ 3.4

5. ACCOUNTS RECEIVABLE

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

The proceeds of the RPA are classified as operating activities in the Company's Consolidated Statement of Cash Flows. Cash received from collections of sold receivables may be used to fund additional purchases of receivables on a revolving basis or to return all or any portion of outstanding capital of the Purchasers. Subsequent collections on the pledged receivables, which have not been sold, will be classified as operating cash flows at the time of collection. Total receivables sold under the RPA were $613.9 million and $218.2 million in fiscal years 2023 and 2022, and total cash collections under the RPA were $662.7 million and $75.5 million in fiscal years 2023 and 2022. The fair value of the sold receivables approximated book value due to their credit quality and short-term nature, and as a result, no gain or loss on sale of receivables was recorded.

As of the fiscal years ended December 30, 2023 and December 31, 2022, the amount sold to the Purchasers was $93.9 million and $142.7 million respectively, which was derecognized from the Consolidated Balance Sheets. As collateral against sold receivables, Rockford ARS maintains a certain level of unsold receivables, which was $62.3 million and $70.0 million as of the fiscal years ended December 30, 2023 and December 31, 2022 respectively.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition and Performance Obligations

The Company reports disaggregated revenue for the wholesale and direct-to-consumer sales channels, which are reconciled to the Company’s reportable segments. The wholesale channel includes royalty revenues, which operates in a similar manner as other wholesale revenues due to similar oversight and management, customer base, the performance obligation (footwear and apparel goods) and point in time completion of the performance obligation.

	Fiscal Year		
(in millions)	2023	2022	2021
Active Group:			
Wholesale	$ 999.1	$ 1,086.6	$ 930.7
Direct-to-consumer	440.0	483.6	388.9
Total	1,439.1	1,570.2	1,319.6
Work Group:			
Wholesale	428.6	532.0	487.3
Direct-to-consumer	52.0	58.5	61.5
Total	480.6	590.5	548.8
Other:			
Wholesale	232.8	374.4	369.2
Direct-to-consumer	90.4	149.7	177.3
Total	323.2	524.1	546.5
Total revenue	$ 2,242.9	$ 2,684.8	$ 2,414.9

The Company has agreements to license symbolic intellectual property with minimum guarantees or fixed consideration. The Company is due $14.0 million of remaining fixed transaction price under its license agreements as of December 30, 2023, which it expects to recognize per the terms of its contracts over the course of time through December 2028. The Company has elected to omit the remaining variable consideration under its license agreements given the Company recognizes revenue equal to what it has the right to invoice and that amount corresponds directly with the value to the customer of the Company’s performance to date.

Reserves for Variable Consideration

Revenue is recorded at the net sales price (“transaction price”), which includes estimates of variable consideration for which reserves are established. Components of variable consideration include trade discounts and allowances, product returns, customer markdowns, customer rebates and other sales incentives relating to the sale of the Company’s products. These reserves, as detailed below, are based on the amounts earned, or to be claimed on the related sales. These estimates take into consideration a range of possible outcomes, which are probability-weighted in accordance with the expected value method for relevant factors such as current contractual and statutory requirements, specific known market events and trends, industry data and forecasted customer buying and payment patterns. Overall these reserves reflect the Company’s best estimates of the amount of consideration to which it is entitled based on the terms of the respective underlying contracts. Revenue recognized during fiscal years 2023 and 2022 related to the Company’s contract liabilities was nominal.

The Company's contract balances are as follows:

(In millions)	December 30, 2023	December 31, 2022
Product returns reserve	$ 13.1	$ 15.3
Customer markdowns reserve	5.1	2.6
Other sales incentives reserve	4.2	3.3
Customer rebates liability	14.7	19.8
Customer advances liability	6.8	9.1

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

Product Returns

Consistent with industry practice, the Company offers limited product return rights for various return scenarios. The Company estimates the amount of product sales that may be returned by customers and records this estimate as a reduction of revenue in the period the related product revenue is recognized, and an offsetting increase to other accrued liabilities on the consolidated balance sheets. The Company believes there is sufficient current and historical information to record an estimate of the expected value of product returns although actual returns could differ from recorded amounts. The estimated cost of inventory for product returns is recorded in prepaid expenses and other current assets on the consolidated balance sheets. The estimated cost of inventory for product returns was $6.1 million and $6.7 million at December 30, 2023 and December 31, 2022, respectively.

Customer Markdowns

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

Other Sales Incentives

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

Customer Rebates

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

Customer Advances

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

7. INVENTORIES

The Company used the LIFO method to value inventories of $88.8 million and $109.8 million at December 30, 2023 and December 31, 2022, respectively. During fiscal years 2023 and 2022, changes in the LIFO reserve increased cost of goods sold by $1.3 million and $3.0 million, respectively. If the FIFO method had been used, inventories would have been $12.3 million and $11.0 million higher than reported at December 30, 2023 and December 31, 2022, respectively.

8. DEBT

Total debt consists of the following obligations:

(In millions)	December 30, 2023	December 31, 2022
Term Facility, due October 21, 2026	$ 71.7	$ 190.0
Senior Notes, 4.000% interest, due August 15, 2029	550.0	550.0
Borrowings under revolving credit agreements	305.0	425.0
Unamortized deferred financing costs	(5.9)	(7.0)
Total debt	$ 920.8	$ 1,158.0

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

The Term Facility requires quarterly principal payments with a balloon payment due on October 21, 2026. The scheduled principal payments due under the Term Facility over the next 12 months total $10.0 million as of December 30, 2023 and are recorded as current maturities of long-term debt on the consolidated balance sheets. In addition, the Company made payments towards the Term Facility in accordance with disposition proceeds language contained in the Credit Agreement.

The Revolving Facility allows the Company to borrow up to an aggregate amount of $1.0 billion. The Revolving Facility also includes a $100.0 million swingline subfacility and a $50.0 million letter of credit subfacility. The Company had outstanding letters of credit under the Revolving Facility of $6.6 million and $5.7 million as of December 30, 2023 and December 31, 2022, respectively. These outstanding letters of credit reduce the borrowing capacity under the Revolving Facility.

The interest rates applicable to amounts outstanding under Term Facility and to U.S. dollar denominated amounts outstanding under the Revolving Facility are, at the Company's option, either (1) the Alternate Base Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 0.125% to 1.000%, or (2) the Eurocurrency Rate plus an Applicable Margin as determined by the Company's Consolidated Leverage Ratio, within a range of 1.125% to 2.000% (all capitalized terms used in this sentence are as defined in the Credit Agreement). At December 30, 2023, the Term Facility and the Revolving Facility had a weighted-average interest rate of 6.18%.

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

The Senior Credit Facilities also contain certain affirmative and negative covenants, including covenants that limit the ability of the Company and its Restricted Subsidiaries to, among other things: incur or guarantee indebtedness; incur liens; pay dividends or repurchase stock; enter into transactions with affiliates; consummate asset sales, acquisitions or mergers; prepay certain other indebtedness; or make investments, as well as covenants restricting the activities of certain foreign subsidiaries of the Company that hold intellectual property related assets. Further, the Senior Credit Facilities require compliance with the following financial covenants: a maximum Consolidated Leverage Ratio and a minimum Consolidated Interest Coverage Ratio (all capitalized terms used in this paragraph are as defined in the Senior Credit Facilities). As of December 30, 2023, the Company was in compliance with all covenants and performance ratios under the Senior Credit Facilities.

On June 30, 2023, the Company entered into the Fourth Amendment (the "Fourth Amendment") to its Credit Agreement, dated as of July 31, 2012. The Fourth Amendment provided the Company with near-term financial flexibility by adjusting the maximum Consolidated Leverage Ratio allowed under the Credit Agreement through the end of fiscal 2023. Financial covenant thresholds will revert to pre-existing levels in the first quarter of fiscal 2024.

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

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

The Company has a foreign revolving credit facility with aggregate available borrowings of $2.0 million that are uncommitted and, therefore, each borrowing against the facility is subject to approval by the lender. There were no borrowings against this facility as of December 30, 2023 and December 31, 2022.

The Company included in interest expense the amortization of deferred financing costs of $2.2 million, $2.0 million, and $2.3 million in fiscal years 2023, 2022 and 2021, respectively.

Annual maturities of debt for the fiscal years subsequent to December 30, 2023 are as follows:

(In millions)	2024	2025	2026	2027	2028	Thereafter
Annual maturities of debt	$ 315.0	$ 10.0	$ 51.7	$ —	$ —	$ 550.0

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

(In millions)	December 30, 2023	December 31, 2022
Land	$ 0.6	$ 3.9
Buildings and leasehold improvements	110.0	121.8
Furniture, fixtures and equipment	169.6	170.2
Software	71.3	76.4
Gross cost	351.5	372.3
Less: accumulated depreciation	255.2	236.1
Property, plant and equipment, net	$ 96.3	$ 136.2

Depreciation expense was $27.7 million, $26.7 million and $24.8 million for fiscal years 2023, 2022 and 2021, respectively.

10. LEASES

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

	Fiscal Year	
(In millions)	2023	2022
Operating lease cost	$ 40.4	$ 36.0
Variable lease cost	13.8	14.5
Short-term lease cost	4.6	3.1
Sublease income	(6.0)	(8.3)
Total lease cost	$ 52.8	$ 45.3

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

	Fiscal Year	
(In millions)	2023	2022
Cash paid for operating lease liabilities	$ 44.3	$ 39.5
Operating lease assets obtained in exchange for lease liabilities	14.2	72.5

The weighted-average discount rate for operating leases as of December 30, 2023 is 5.3%. The weighted-average remaining lease term for operating leases as of December 30, 2023 is 7.6 years. Future undiscounted cash flows for operating leases for the fiscal periods subsequent to December 30, 2023 are as follows:

(In millions)	Operating Leases
2023	$ 35.2
2024	31.7
2025	27.1
2026	23.5
2027	20.9
Thereafter	72.3
Total future payments	210.7
Less: imputed interest	43.6
Recognized lease liability	$ 167.1

The Company did not enter into any real estate leases with commencement dates subsequent to December 30, 2023.

11. DERIVATIVE FINANCIAL INSTRUMENTS

The Company utilizes foreign currency forward exchange contracts designated as cash flow hedges to manage the volatility associated primarily with U.S. dollar inventory purchases made by non-U.S. wholesale operations in the normal course of business. These foreign currency forward exchange hedge contracts extended out to a maximum of 531 days and 524 days as of December 30, 2023 and December 31, 2022, respectively. If, in the future, the foreign exchange contracts are determined not to be highly effective or are terminated before their contractual termination dates, the Company would remove the hedge designation from those contracts and reclassify into earnings the unrealized gains or losses that would otherwise be included in accumulated other comprehensive income (loss) within stockholders' equity.

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

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

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

(Dollars in millions)	December 30, 2023	December 31, 2022
Foreign exchange hedge contracts	$ 269.0	$ 334.2
Interest rate swap	75.3	176.2

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

(In millions)	December 30, 2023	December 31, 2022
Financial assets:		
Foreign exchange hedge contracts	$ —	$ 7.5
Interest rate swap	1.8	6.1
Financial liabilities:		
Foreign exchange hedge contracts	$ (5.1)	$ (1.3)

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

12. STOCK-BASED COMPENSATION

The Company recognized stock-based compensation expense of $15.2 million, $33.4 million and $38.1 million and related income tax benefits of $2.9 million, $6.5 million and $7.5 million for grants under its stock-based compensation plans in the statements of operations for fiscal years 2023, 2022 and 2021, respectively.

As of December 30, 2023, the Company had 7,991,683 stock incentive units (stock options, stock appreciation rights, restricted stock, restricted stock units and common stock) available for issuance under the Stock Incentive Plan of 2016, as amended and restated ("Stock Plan"). Each stock option or stock appreciation right granted counts as 1.0 stock incentive unit. Stock options granted under the Stock Plan have an exercise price equal to the fair market value of the underlying stock on the grant date, expire no later than ten years from the grant date and generally vest over three years. All other awards granted, including Restricted Awards and Performance Awards, count as 2.6 stock incentive units for each share, restricted share or restricted stock unit granted. Restricted Awards issued under the Stock Plan are subject to certain restrictions, including a prohibition against any sale, transfer or other disposition by the officer or employee during the vesting period (except for certain transfers for estate planning purposes for certain officers), and a requirement to forfeit all or a certain portion of the award upon certain terminations of employment. These restrictions typically lapse over a three-year period from the date of the award. The Company has elected to recognize expense for these stock-based incentive plans ratably over the vesting term on a straight-line basis. Certain option and restricted awards provide for accelerated vesting under various scenarios, including retirement, death and disability, and upon a change in control of the Company. Awards issued to employees that meet the specified retirement age and service requirements are vested upon the employee's retirement in accordance with plan provisions and the applicable award agreements issued under the Stock Plan. The Company issues shares to plan participants upon exercise or vesting of stock-based incentive awards from either authorized, but unissued shares or treasury shares.

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

Restricted Awards and Performance Awards

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

	Restricted Awards	Weighted-Average Grant Date Fair Value	Performance Awards	Weighted-Average Grant Date Fair Value
Unvested at January 2, 2021	1,644,017	$ 26.39	1,005,322	$ 35.25
Granted	654,898	34.64	630,996	38.02
Vested	(981,681)	22.78	(181,657)	35.03
Forfeited	(109,234)	32.75	(690,246)	35.71
Unvested at January 1, 2022	1,208,000	$ 33.62	764,415	$ 35.69
Granted	980,456	25.86	437,253	27.40
Vested	(452,448)	33.37	(343,290)	37.06
Forfeited	(219,530)	30.05	(83,724)	27.31
Unvested at December 31, 2022	1,516,478	$ 28.95	774,654	$ 34.14
Granted	1,678,585	13.66	686,294	14.82
Vested	(760,333)	28.49	(186,407)	33.88
Forfeited	(494,426)	21.71	(134,237)	26.92
Unvested at December 30, 2023	1,940,304	$ 17.23	1,140,304	$ 23.78

As of December 30, 2023, there was $19.0 million of unrecognized compensation expense related to unvested Restricted Awards, which is expected to be recognized over a weighted-average period of 1.5 years. The total fair value of Restricted Awards vested during the year ended December 30, 2023 was $11.1 million. As of December 31, 2022, there was $19.4 million of unrecognized compensation expense related to unvested Restricted Awards, which was expected to be recognized over a weighted-average period of 1.6 years. The total fair value of Restricted Awards vested during the year ended December 31, 2022 was $10.9 million. As of January 1, 2022, there was $19.8 million of unrecognized compensation expense related to unvested Restricted Awards, which was expected to be recognized over a weighted-average period of 1.6 years. The total fair value of Restricted Awards vested during the year ended January 1, 2022 was $34.8 million.

As of December 30, 2023, there was $5.0 million of unrecognized compensation expense related to unvested Performance Awards, which is expected to be recognized over a weighted-average period of 1.7 years. The total fair value of Performance Awards vested during the year ended December 30, 2023 was $5.7 million. As of December 31, 2022, there was $10.8 million of unrecognized compensation expense related to unvested Performance Awards, which was expected to be recognized over a weighted-average period of 1.6 years. The total fair value of Performance Awards vested during the year ended December 31, 2022 was $9.3 million. As of January 1, 2022, there was $16.1 million of unrecognized compensation expense related to unvested Performance Awards, which was expected to be recognized over a weighted-average period of 1.4 years. The total fair value of Performance Awards vested during the year ended January 1, 2022 was $6.2 million.

Stock Options

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

A summary of the stock option transactions is as follows:

	Shares Under Option	Weighted-Average Exercise Price		Average Remaining Contractual Term *(Years)*	Aggregate Intrinsic Value (In millions)	
Outstanding at January 2, 2021	3,259,405	$	22.22	3.9	$	29.7
Granted	23,610		34.22			
Exercised	(776,850)		22.11			
Canceled	(17,353)		33.79			
Outstanding at January 1, 2022	2,488,812	$	22.29	3.2	$	16.7
Granted	20,171		25.19			
Exercised	(74,482)		18.26			
Canceled	(101,091)		22.57			
Outstanding at December 31, 2022	2,333,410	$	22.43	2.4	$	—
Granted	—		—			
Exercised	(6,042)		16.51			
Canceled	(366,352)		21.81			
Outstanding at December 30, 2023	1,961,016	$	22.56	1.7	$	—
Unvested at December 30, 2023	(10,959)					
Exercisable at December 30, 2023	1,950,057	$	22.53	1.7	$	—

The total pretax intrinsic value of stock options exercised during fiscal years 2023, 2022 and 2021 was $0.0 million, $0.4 million and $11.4 million, respectively. There was no unrecognized compensation expense related to stock option grants as of December 30, 2023. As of December 31, 2022 and January 1, 2022, there was $0.1 million and $0.2 million, respectively, of unrecognized compensation expense related to stock option awards expected to be recognized over a weighted-average period of 0.9 years and 1.3 years, respectively.

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on the Company's closing stock price as of each fiscal year end, which would have been received by the option holders had all option holders exercised options, where the market price of the Company's stock was above the strike price ("in-the-money"), as of that date. There were no in-the-money options exercisable as of December 30, 2023 and December 31, 2022. The Company's closing stock price was $8.89 per share as of December 30, 2023 and $10.93 per share as of December 31, 2022.

13. RETIREMENT PLANS

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

The Company has a Supplemental Executive Retirement Plan (the "SERP") for certain current and former employees that entitles a participating employee to receive payments from the Company following retirement based on the employee's years of service and final average earnings (as defined in the SERP). Under the SERP, the employees can elect early retirement with a corresponding reduction in benefits. The Company also has individual deferred compensation agreements with certain former employees that entitle those employees to receive payments from the Company following retirement, generally for the duration of their lives. The Company maintains life insurance policies with a cash surrender value of $48.3 million at December 30, 2023 and $46.6 million at December 31, 2022 recognized as other assets on the consolidated balance sheets that are intended to partially fund deferred compensation benefits under the SERP and deferred compensation agreements.

The Company has two defined contribution 401(k) plans covering substantially all domestic employees that provide for discretionary Company contributions based on the amount of participant deferrals. The Company recognized expense for its contributions to the defined contribution plans of $4.9 million, $5.6 million and $5.2 million in fiscal years 2023, 2022 and 2021, respectively.

The Company also has certain defined contribution plans at foreign subsidiaries. Contributions to these plans were $1.6 million, $1.5 million and $1.4 million in fiscal years 2023, 2022 and 2021, respectively. The Company also has a benefit plan at a foreign location that provides for retirement benefits based on years of service. The obligation recorded under this plan was $0.6 million at December 30, 2023 and $0.8 million at December 31, 2022 and was recognized as a deferred compensation liability on the consolidated balance sheets.

The following summarizes the status of and changes in the Company's assets and related obligations for its pension plans (which include the Company's defined benefit pension plans and the SERP) for the fiscal years 2023 and 2022:

	Fiscal Year	
(In millions)	2023	2022
Change in projected benefit obligations:		
Projected benefit obligations at beginning of the year	$ 328.2	$ 434.3
Service cost pertaining to benefits earned during the year	3.1	5.3
Interest cost on projected benefit obligations	17.8	13.2
Actuarial loss (gain)	15.7	(107.8)
Benefits paid to plan participants	(17.5)	(16.8)
Curtailment	(2.1)	—
Projected benefit obligations at end of the year	$ 345.2	$ 328.2
Change in fair value of pension assets:		
Fair value of pension assets at beginning of the year	$ 251.4	$ 323.0
Actual return (loss) on plan assets	24.7	(58.7)
Company contributions - SERP	3.9	3.8
Benefits paid to plan participants	(17.3)	(16.7)
Fair value of pension assets at end of the year	$ 262.7	$ 251.4
Funded status	$ (82.5)	$ (76.8)
Amounts recognized in the consolidated balance sheets:		
Current liabilities	$ (4.1)	$ (3.9)
Accrued pension liabilities	(78.4)	(72.9)
Funded status of qualified defined benefit plans and SERP	$ (82.5)	$ (76.8)

Unrecognized net actuarial loss recognized in accumulated other comprehensive income was $10.7 million and $1.8 million, and amounts net of tax were $8.7 million and $1.7 million, as of December 30, 2023 and December 31, 2022, respectively. The accumulated benefit obligations for all defined benefit pension plans and the SERP were $334.7 million at December 30, 2023 and $315.9 million at December 31, 2022. The increase in benefit obligation for fiscal 2023 was the result of actuarial losses caused by changes to the discount rate. The actuarial loss included in accumulated other comprehensive loss and expected to be recognized in net periodic pension income during fiscal 2024 is $1.7 million.

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

(In millions)	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
Service cost pertaining to benefits earned during the year	$ 3.1	$ 5.3	$ 6.9
Interest cost on projected benefit obligations	17.8	13.2	12.8
Expected return on pension assets	(18.5)	(20.5)	(19.5)
Net amortization loss (gain)	(0.7)	11.3	13.8
Curtailment	(1.0)	—	—
Net pension expense	$ 0.7	$ 9.3	$ 14.0
Less: SERP expense	3.9	3.8	5.7
Qualified defined benefit pension plans expense (income)	$ (3.2)	$ 5.5	$ 8.3

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

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

	Fiscal Year 2023	Fiscal Year 2022
Weighted-average assumptions used to determine benefit obligations at fiscal year-end:		
Discount rate	5.30%	5.56%
Rate of compensation increase - pension	4.09%	4.13%
Rate of compensation increase - SERP	7.00%	7.00%
Weighted average assumptions used to determine net periodic benefit cost for the years ended:		
Discount rate	5.56%	3.09%
Expected long-term rate of return on plan assets	6.88%	6.87%
Rate of compensation increase - pension	4.13%	4.18%
Rate of compensation increase - SERP	7.00%	7.00%

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

The long-term rate of return is based on overall market expectations for a balanced portfolio with an asset mix similar to the Company's, utilizing historic returns for broad market and fixed income indices. The Company's investment policy for plan assets uses a blended approach of U.S. and foreign equities combined with U.S. fixed income investments. The target investment allocations as of December 30, 2023 were 44% in equity securities and 56% in fixed income securities. Within the equity and fixed income classifications, the investments are diversified. The Company's asset allocations by asset category and fair value measurement are as follows:

(In millions)	December 30, 2023 Total	December 30, 2023 % of Total	December 31, 2022 Total	December 31, 2022 % of Total
Equity securities	$ 122.7 [1]	46.7 %	$ 112.2 [1]	44.7 %
Fixed income securities	85.8 [1]	32.7 %	90.0 [1]	35.8 %
Cash	52.4	19.9 %	46.6	18.5 %
Other	1.8 [2]	0.7 %	2.6 [2]	1.0 %
Fair value of plan assets	$ 262.7	100.0 %	$ 251.4	100.0 %

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

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

The Company does not expect to make any contributions to its qualified defined benefit pension plans in fiscal 2024 and expects to make $4.1 million in contributions to the SERP in fiscal 2024.

Expected benefit payments for the fiscal years subsequent to December 30, 2023 are as follows:

(In millions)	2024	2025	2026	2027	2028	2029-2033
Expected benefit payments	$ 19.2	$ 20.0	$ 20.6	$ 21.2	$ 21.6	$ 114.2

14. INCOME TAXES

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

	Fiscal Year		
(In millions)	2023	2022	2021
United States	$ (115.2)	$ (94.6)	$ 22.7
Foreign	(19.0)	(158.3)	57.6
Earnings (loss) before income taxes	$ (134.2)	$ (252.9)	$ 80.3

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

	Fiscal Year		
(In millions)	2023	2022	2021
Current expense:			
Federal	$ (0.6)	$ 22.7	$ 14.6
State	(1.7)	4.0	2.5
Foreign	1.3	28.2	15.0
Deferred expense (benefit):			
Federal	(88.5)	(52.9)	(17.1)
State	0.1	(4.9)	(1.8)
Foreign	(5.6)	(60.9)	0.1
Income tax expense (benefit)	$ (95.0)	$ (63.8)	$ 13.3

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

	Fiscal Year		
(In millions)	2023	2022	2021
Income taxes at U.S. statutory rate of 21%	$ (28.2)	$ (53.1)	$ 16.9
State income taxes, net of federal income tax	(2.0)	(2.3)	(1.1)
Foreign earnings taxed at rates different from the U.S. statutory rate:			
Hong Kong	(7.3)	(14.2)	(7.2)
Italy	(2.5)	0.3	1.1
United Kingdom	2.3	(1.1)	(0.5)
Other	3.9	2.9	2.5
Adjustments for uncertain tax positions	(1.3)	(0.9)	(1.3)
Change in valuation allowance	29.0	2.1	2.2
Tax impact of impairment in foreign jurisdiction	—	3.0	—
Global Intangible Low Tax Income tax	1.5	3.8	3.2
Foreign Derived Intangible Income tax benefit	—	(8.2)	(3.7)
Non-deductible executive compensation	(0.8)	3.3	5.2
Permanent adjustments related to employee share based compensation	4.2	1.6	(3.7)
Deferred tax on future cash dividends	—	(0.2)	(0.9)
Income tax audit adjustments	—	—	2.5
Permanent adjustment related to goodwill divested	4.3	—	—
Deferred adjustment for income tax audit	—	—	(1.2)
Capital loss from sale of subsidiary	(95.7)	—	—
Other Permanent adjustments and non-deductible expenses	(1.2)	(1.4)	(0.3)
Other	(1.2)	0.6	(0.4)
Income tax expense (benefit)	$ (95.0)	$ (63.8)	$ 13.3

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

(In millions)	December 30, 2023	December 31, 2022
Deferred income tax assets:		
Accounts receivable and inventory valuation allowances	$ 16.0	$ 18.1
Deferred compensation accruals	6.1	4.3
Accrued pension expense	19.7	18.7
Stock-based compensation	7.0	9.1
Net operating loss and foreign tax credit carryforwards	56.6	19.9
Capital loss carryforwards	60.4	—
Book over tax depreciation and amortization	0.4	0.5
Tenant lease expenses	10.6	4.3
Environmental reserve	14.8	28.3
Intangible Assets	1.3	—
Other	8.3	6.5
Total gross deferred income tax assets	201.2	109.7
Less valuation allowance	(55.6)	(26.7)
Net deferred income tax assets	145.6	83.0
Deferred income tax liabilities:		
Intangible assets	(48.9)	(76.2)
Tax over book depreciation and amortization	(3.4)	(9.4)
Other	(3.8)	(8.2)
Total deferred income tax liabilities	(56.1)	(93.8)
Net deferred income tax asset (liabilities)	$ 89.5	$ (10.8)

The valuation allowance for deferred income tax assets as of December 30, 2023 and December 31, 2022 was $55.6 million and $26.7 million, respectively. The net increase in the total valuation allowance during fiscal 2023 was $28.9 million. The valuation allowance for both years is primarily related to U.S. state and local net operating loss carryforwards as well as a valuation allowance against state deferred tax assets for certain U.S. legal entities, foreign net operating loss carryforwards and tax credit carryforwards in foreign jurisdictions. The valuation allowance for fiscal 2023 is also related to U.S. federal capital loss carryforwards. The ultimate realization of the deferred tax assets depends on the generation of future taxable income in foreign jurisdictions as well as state and local tax jurisdictions, and capital gains in the U.S. tax jurisdiction. During 2023, the Company sold one of its foreign subsidiaries which generated a tax capital loss of $417.8 million on the divestiture of that entity's stock. That tax capital loss was used to offset taxable gains related to the divestiture of various brand and non-core assets between 2022 and 2024 in the amount of $312.5 million. The remaining capital loss of $105.3 million has no immediate use and therefore has a full valuation allowance resulting in an increase to the valuation allowance of $24.1 million as of December 30, 2023. The current year change in the valuation allowance results in a decrease against the state deferred tax assets of $0.8 million, an increase related to state net operating loss carryforward of $2.3 million, and a net increase relating to the foreign net operating losses and foreign tax credits and other deferred tax assets of $3.3 million.

At December 30, 2023, the Company had foreign net operating loss carryforwards of $43.5 million, which have expirations ranging from 2024 to an unlimited term during which they are available to offset future foreign taxable income. The Company had U.S. federal capital loss carryforwards, federal net operating loss carryforwards and Internal Revenue Code section 163(j) interest expense carryforwards of $263.8 million, $27.1 million, and $65.8 million respectively, which have expirations ranging from 2029 to an unlimited term during which they are available to offset future U.S. federal taxable income. The Company had state net operating loss carryforwards and Internal Revenue Code section 163(j) interest expense carryforwards of $234.4 million and $74.7 million respectively, which have expirations ranging from 2024 to an unlimited term during which they are available to offset future state taxable income. The Company also had tax credit carryforwards in foreign jurisdictions of $2.6 million, which are available for an unlimited carryforward period to offset future foreign taxes.

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

(In millions)	Fiscal Year 2023	Fiscal Year 2022
Unrecognized tax benefits at beginning of the year	$ 9.0	$ 10.9
Increases related to current year tax positions	0.3	0.2
Decreases related to prior year positions	(5.1)	(1.1)
Decreases relating to settlements with taxing authorities	(0.7)	(0.5)
Decrease due to lapse of statute	(0.9)	(0.5)
Unrecognized tax benefits at end of the year	$ 2.6	$ 9.0

The portion of the unrecognized tax benefits that, if recognized currently, would reduce the annual effective tax rate was $2.6 million and $9.0 million as of December 30, 2023 and December 31, 2022, respectively. During 2023, the Company released $5.1 million of unrecognized tax benefits related to net operating losses that were deemed to be fully limited based on the completion of a separate return loss year analysis. The release had no impact on the effective tax rate since the Company released both the deferred tax asset and contra deferred tax asset related to the net operating losses. The Company recognizes interest and penalties related to unrecognized tax benefits through interest expense and income tax expense, respectively. Interest accrued related to unrecognized tax benefits was $0.5 million and $0.5 million as of December 30, 2023 and December 31, 2022.

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

The Company intends to repatriate cash held in foreign jurisdictions and as such has recorded a deferred tax liability related to additional state taxes and foreign withholding taxes on the future dividends received in the U.S. from the foreign subsidiaries of $1.1 million and $1.1 million for fiscal years 2023 and 2022. The Company intends to permanently reinvest all non-cash undistributed earnings outside of the U.S. and has, therefore, not established a deferred tax liability on the amount of non-cash foreign undistributed earnings of $76.5 million at December 30, 2023. However, if these non-cash undistributed earnings were repatriated, the Company would be required to accrue and pay applicable U.S. taxes and withholding taxes payable to various countries. It is not practicable to estimate the amount of the deferred tax liability associated with these non-cash unremitted earnings due to the complexity of the hypothetical calculation.

15. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

The change in accumulated other comprehensive income (loss) during fiscal years 2023 and 2022 is as follows:

(In millions)	Foreign currency translation	Derivatives	Pension	Total
Balance at January 1, 2022	$ (56.8)	$ (8.9)	$ (33.2)	$ (98.9)
Other comprehensive income (loss) before reclassifications [1]	(76.3)	25.4	22.6	(28.3)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(19.3) [2]	11.3 [3]	(8.0)
Income tax (expense) benefit	—	4.7	(2.4)	2.3
Net reclassifications	—	(14.6)	8.9	(5.7)
Net current-period other comprehensive income (loss) [1]	(76.3)	10.8	31.5	(34.0)
Balance at December 31, 2022	$ (133.1)	$ 1.9	$ (1.7)	$ (132.9)
Other comprehensive income (loss) before reclassifications [1]	12.6	(4.8)	(6.6)	1.2
Amounts reclassified from accumulated other comprehensive income (loss)	4.2	(18.8) [2]	(0.7) [3]	(15.3)
Income tax benefit	—	4.6	0.2	4.8
Net reclassifications	4.2	(14.2)	(0.5)	(10.5)
Net current-period other comprehensive income (loss) [1]	16.8	(19.0)	(7.1)	(9.3)
Balance at December 30, 2023	$ (116.3)	$ (17.1)	$ (8.8)	$ (142.2)

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

(2) Amounts related to foreign currency derivatives used to manage the volatility associated with inventory purchases in various currencies and deemed to be highly effective are included in cost of goods sold. Amounts related to foreign currency derivatives that are no longer deemed to be highly effective are included in other income. Amounts related to interest rate swaps are included in interest expense.

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

16. FAIR VALUE MEASUREMENTS

Recurring Fair Value Measurements

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

	Fair Value Measurements	
	Quoted Prices With Other Observable Inputs (Level 2)	
(In millions)	December 30, 2023	December 31, 2022
Financial assets:		
Derivatives	$ 1.8	$ 13.6
Financial liabilities:		
Derivatives	$ (5.1)	$ (1.3)

The fair value of foreign currency forward exchange contracts represents the estimated receipts or payments necessary to terminate the contracts.

Nonrecurring Fair Value Measurements

Indefinite-lived intangible assets and goodwill are tested annually, or if a triggering event occurs that indicates an impairment loss may have been incurred, using fair value measurements with unobservable inputs (Level 3). In the third quarter of 2023, based on the results of the impairment testing, the Company recognized impairment charges of $38.3 million to the *Sperry*® trade name. In the fourth quarter of 2022, after completion of the annual impairment testing, the Company recorded a $48.4 million impairment charge for *Sweaty Betty*® goodwill. The Company also recorded impairment charges of $191.0 million and

$189.3 million to the *Sperry*® and *Sweaty Betty*® trade names, respectively, in fiscal 2022. Refer to Note 4, "Goodwill and Other Intangibles" for additional discussion on the *Sperry*® goodwill impairment and the *Sperry*® and *Sweaty Betty*® trade name impairment.

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)	December 30, 2023	December 31, 2022
Carrying value	$ 920.8	$ 1,158.0
Fair value	813.3	1,042.9

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

17. LITIGATION AND CONTINGENCIES

Litigation

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

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

Civil and Regulatory Actions of EGLE and EPA

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

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

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

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

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

Individual and Class Action Litigation

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

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

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

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

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

There were no developments during fiscal year 2023 that required the Company to change the amount accrued for the Litigation Matters described above. The Company made related payments of $37.8 million in connection with the Litigation Matters described above during fiscal year 2023. As of December 30, 2023, the Company had recorded liabilities of $2.7 million for certain of the Litigation Matters described above which are recorded as other accrued liabilities in the consolidated balance sheets.

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

Other Litigation

The Company is also involved in litigation incidental to its business and is a party to legal actions and claims, including, but not limited to, those related to employment, intellectual property, and consumer related matters. Some of the legal proceedings include claims for compensatory as well as punitive damages. While the final outcome of these matters cannot be predicted with certainty, considering, among other things, the meritorious legal defenses available to the Company and reserves for liabilities that the Company has recorded, along with applicable insurance, it is management’s opinion that the outcome of these items, individually and in the aggregate, 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:

	Fiscal Year	
(In millions)	2023	2022
Remediation liability at beginning of the year	$ 74.1	$ 85.7
Changes in estimate	(5.8)	6.8
Amounts paid	(10.4)	(18.4)
Remediation liability at the end of the year	$ 57.9	$ 74.1

The reserve balance as of December 30, 2023 includes $31.3 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 $26.6 million expected to be paid over the course of up to 25 years, recorded in other liabilities.

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

Minimum Royalties and Advertising Commitments

The Company has future minimum royalty and advertising obligations due under the terms of certain licenses held by the Company. These minimum future obligations for the fiscal years subsequent to December 30, 2023 are as follows:

(In millions)	2024	2025	2026	2027	2028	Thereafter
Minimum royalties	$ 1.3	$ —	$ —	$ —	$ —	$ —
Minimum advertising	2.9	3.0	3.1	3.2	3.3	—

Minimum royalties are based on both fixed obligations and assumptions regarding the Consumer Price Index. Royalty obligations in excess of minimum requirements are based upon future sales levels. In accordance with these agreements, the Company incurred royalty expense of $1.5 million, $2.3 million and $2.3 million for fiscal years 2023, 2022 and 2021, respectively.

The terms of certain license agreements also require the Company to make advertising expenditures based on the level of sales of the licensed products. In accordance with these agreements, the Company incurred advertising expense of $6.9 million, $6.5 million and $6.5 million for fiscal years 2023, 2022 and 2021, respectively.

18. BUSINESS SEGMENTS

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

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

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

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

The Company also reports “Other” and “Corporate” categories. Other consists of *Sperry*® footwear, *Keds*® footwear, *Hush Puppies*® footwear and apparel, the Company’s leather marketing operations, sourcing operations that include third-party commission revenues, multi-branded direct-to-consumer retail stores and the *Stride Rite*® licensed business. Prior to the fourth quarter of 2023, *Sperry*®, *Keds*®, and *Hush Puppies*® financial results were reported in the Lifestyle Group. The Lifestyle Group is no longer a reportable segment based upon how the Chief Operating Decision Maker, the Company's Chief Executive Officer, allocates resources to and assesses performance of the Company's operating segments. The Corporate category consists of gains on the sale of businesses and trademarks, unallocated corporate expenses, such as corporate employee costs, corporate facility costs, reorganization activities, impairment of long-lived assets and environmental and other related costs.

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

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

	Fiscal Year		
(In millions)	2023	2022	2021
Revenue:			
Active Group	$ 1,439.1	$ 1,570.2	$ 1,319.6
Work Group	480.6	590.5	548.8
Other	323.2	524.1	546.5
Total	$ 2,242.9	$ 2,684.8	$ 2,414.9
Operating profit (loss):			
Active Group	$ 140.3	$ 198.4	$ 229.5
Work Group	58.1	102.5	103.8
Other	32.8	59.9	75.6
Corporate	(299.4)	(569.2)	(253.2)
Total	$ (68.2)	$ (208.4)	$ 155.7
Interest expense, net	63.5	47.3	37.4
Debt extinguishment and other costs	—	—	34.3
Other expense (income), net	2.5	(2.8)	3.7
Earnings (loss) before income taxes	$ (134.2)	$ (252.9)	$ 80.3

(In millions)	Fiscal Year 2023	2022	2021
Depreciation and amortization expense:			
Active Group	$ 10.7	$ 8.1	$ 5.4
Work Group	0.4	0.3	0.3
Other	2.9	3.4	3.9
Corporate	21.1	22.8	23.6
Total	$ 35.1	$ 34.6	$ 33.2
Capital expenditures:			
Active Group	$ 9.7	$ 18.9	$ 5.0
Work Group	0.1	0.4	0.4
Other	0.1	5.2	1.8
Corporate	4.7	12.0	10.4
Total	$ 14.6	$ 36.5	$ 17.6

(In millions)	December 30, 2023	December 31, 2022
Total assets:		
Active Group	$ 1,183.9	$ 1,331.5
Work Group	288.4	375.7
Other	250.8	573.4
Corporate	339.7	212.1
Total	$ 2,062.8	$ 2,492.7
Goodwill:		
Active Group	$ 317.7	$ 314.4
Work Group	60.3	59.6
Other	49.1	111.0
Total	$ 427.1	$ 485.0

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

(In millions)	Fiscal Year 2023	2022	2021
United States	$ 1,217.9	$ 1,563.1	$ 1,573.9
Foreign:			
Europe, Middle East and Africa	540.8	602.5	460.3
Asia Pacific	253.2	245.7	161.6
Canada	107.1	126.8	116.9
Latin America	123.9	146.7	102.2
Total from foreign territories	1,025.0	1,121.7	841.0
Total revenue	$ 2,242.9	$ 2,684.8	$ 2,414.9

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

(In millions)	December 30, 2023	December 31, 2022	January 1, 2022
United States	$ 131.9	$ 222.3	$ 205.8
Foreign countries	82.6	88.6	61.4
Total	$ 214.5	$ 310.9	$ 267.2

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

During fiscal 2023, the Company sourced 100% of its footwear products and apparel and accessories from third-party suppliers, located primarily in the Asia Pacific region. While changes in suppliers could cause delays in manufacturing and a possible loss of sales, management believes that other suppliers could provide similar products on comparable terms.

19. VARIABLE INTEREST ENTITIES AND RELATED PARTY TRANSACTIONS

On December 17, 2023, the Company entered into a purchase agreement to sell a 40% ownership interest in Gemini Asia Saucony, LLC, which was established for the purpose of holding, licensing and managing the intellectual property rights associated with the *Saucony*® brand in China, Hong Kong and Macau, to XMS Sports Co. Limited for cash of $39.0 million.

Assets and Liabilities of Consolidated VIEs

The Company has joint ventures that source and market the Company's footwear and apparel products in China. Based upon the criteria set forth in FASB ASC 810, *Consolidation*, the Company has determined two of the consolidated joint ventures are variable interest entities (VIEs) of which the Company is the primary beneficiary and, as a result, the Company consolidates these VIEs. The primary beneficiary determination is based on the relationship between the Company and the VIE, including contractual agreements between the Company and the VIE. The Company has determined that two of the VIEs that are consolidated meet the criteria to be classified as held for sale as of year end 2023, refer to Note 20, "Divestitures and Assets and Liabilities Held for Sale" for additional discussion.

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

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

	Fiscal Year	
(In millions)	2023	2022
Cash	$ —	$ 5.8
Accounts receivable	—	19.7
Inventory	—	16.0
Other current assets	—	2.4
Noncurrent assets	—	0.8
Assets held for sale	51.6	—
Total assets	51.6	44.7
Current liabilities	—	9.6
Noncurrent liabilities	—	1.6
Liabilities held for sale	15.4	—
Total liabilities	$ 15.4	$ 11.2

Nonconsolidated VIEs

The Company also has two joint ventures that are VIEs that are not consolidated as the Company does not have the power to direct the most significant activities that impact the VIEs' economic performance. The two VIEs distribute footwear and apparel products in the Asia Pacific region. The Company's consolidated balance sheets in 2022 included $8.1 million in Other Assets related to VIEs for which the Company is not the primary beneficiary. The Company has determined that the VIEs that are not consolidated meet the criteria to be classified as held for sale as of year-end fiscal 2023, refer to Note 20, "Divestitures and Assets and Liabilities Held for Sale" for additional discussion.

Related Party Transactions

In the normal course of business, the Company enters into transactions with related party equity affiliates. Related party transactions consist of the sale of goods, made at arm's length, and other arrangements. For the fiscal years ended December 30, 2023 and December 31, 2022 the Company recognized net sales to equity affiliates totaling $66.5 million and $35.5 million, respectively.

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

	Fiscal Year	
(In millions)	2023	2022
Accounts receivable due from related parties	$ 15.4	$ 18.1
Long term liabilities due to related parties	1.4	—
Long term assets due from related parties	—	1.6

20. DIVESTITURES AND ASSETS AND LIABILITIES HELD FOR SALE

Divestiture of Keds® Business

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

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

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

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

Divestiture of U.S. Wolverine Leathers Business

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

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

On September 1, 2023, the Company entered into an asset purchase agreement to sell the *Hush Puppies®* trademarks, patents, copyrights and domains in China, Hong Kong and Macau to its current sublicensee, Beijing Jiaman Dress Co., Ltd. for cash of $58.8 million and recognized a gain on sale of $55.8 million. The gain on sale is net of transaction related fees of $3.0 million. The transaction closed on September 14, 2023. The Company continues to own the *Hush Puppies®* brand throughout the rest of the world.

Sale-Leaseback of Louisville Distribution Facility

On December 28, 2023, the Company completed a sale and leaseback transaction with an independent third party for the land, building and related fixed assets of its distribution center located in Louisville, Kentucky for a sale price of $23.5 million. The distribution center was leased back to the Company via a two year lease agreement which includes a one year renewal option.

The transaction qualifies for sales recognition under the sale leaseback accounting requirements and the Company recorded a gain of $12.6 million.

Divestiture of Asia-based Leathers Business

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

Assets and Liabilities Held for Sale

On January 10, 2024, the Company completed the sale of the global *Sperry*® business and as of fiscal 2023 year-end, determined that the *Sperry*® business met the criteria to be classified as held for sale. The Company received gross proceeds of $97.4 million in cash, subject to customary purchase price adjustments. The Company determined that the divestiture of the *Sperry*® business does not represent a strategic shift that had or will have a major effect on the consolidated condensed results of operations, and therefore results of this business were not classified as discontinued operations.

Upon classification as held for sale, the Company compared the *Sperry*® business' carrying value with its fair value, less costs to sell. Based upon the selling price, the Company estimated implied losses in excess of the carrying value of the *Sperry*® business' long-lived assets. As a result, the Company recorded non-cash impairment charges totaling $95.0 million during fiscal 2023 to reduce the net carrying value of the *Sperry*® business' long-lived assets to zero. Also during fiscal 2023, the Company recorded an impairment charge of $11.0 million related to assets that will not convey as part of the *Sperry*® sale transactions and are not expected to be used within the Company's other businesses. These charges are reported within the impairment of long-lived assets line on the consolidated statements of operations. This write-down includes a $1.0 million loss related to currency translation adjustments in accumulated other comprehensive loss.

On December 17, 2023, the Company entered into an agreement to sell the Company's equity interest in the Merrell and Saucony China joint venture entities to Xtep International Holdings Limited ("Xtep"), its joint venture partner. On January 1, 2024, the Company completed the sale of and received cash of $22.0 million. The Company has determined that the Merrell and Saucony China joint venture entities meet the criteria to be classified as held for sale as of year-end 2023, and therefore have reclassified the related assets and liabilities as held for sale on the Consolidated Balance Sheets. The Company determined that the planned divestiture does not represent a strategic shift that had or will have a major effect on the consolidated condensed results of operations, and therefore results of this business were not classified as discontinued operations.

The *Keds*® business and the performance leathers business met the criteria to be classified as held for sale as of year end 2022, and therefore reclassified the related assets and liabilities as held for sale on the Consolidated Balance Sheets as of year end 2022. As noted above, the Company completed the sale of both the *Keds*® business and performance leathers business in fiscal 2023.

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

	Fiscal Year	
(In millions)	2023	2022
Cash and cash equivalents	$ 5.6	$ 4.0
Accounts receivables, net	15.4	3.5
Inventories	83.3	43.1
Other current assets	2.9	—
Property, plant and equipment, net	3.8	—
Lease right-of-use assets	7.6	—
Goodwill	43.0	—
Indefinite-lived intangibles	67.0	11.4
Amortizable intangibles, net	21.0	—
Other assets	7.8	5.9
Impairment of carrying value	(96.8)	—
Total assets held for sale	160.6	67.9
Accounts payable	4.8	8.1
Lease liabilities	9.0	—
Accrued liabilities	9.0	0.7
Other liabilities	1.4	—
Total liabilities held for sale	$ 24.2	$ 8.8

21. SUBSEQUENT EVENT

On January 10, 2024, the Company entered into a Purchase Agreement with ABG Intermediate Holdings 2 LLC, an affiliate of Authentic Brands Group LLC. (the "ABG Buyer"), pursuant to which the ABG Buyer agreed to purchase all of the outstanding equity of certain subsidiaries of the Company that own or hold for use intellectual property used by the Company exclusively in the footwear, apparel, and accessories business conducted by the Company under the *Sperry*® brand. In addition, on January 10, 2024 the Company entered into an Inventory Purchase Agreement with Aldo U.S. Inc., an affiliate of the Aldo Group (the "Aldo Buyer"), pursuant to which the Aldo Buyer agreed to purchase certain inventory and other assets of the *Sperry*® business, and to assume certain contracts of the *Sperry*® business, including *Sperry*® retail store leases. The aggregate purchase price under these two purchase agreements was approximately $97.4 million in cash, subject to customary purchase price adjustments.

On December 17, 2023, the Company and Xtep entered into a Purchase Agreement pursuant to which Xtep agreed to purchase the Company’s equity interest in the Merrell and Saucony joint venture entities (Saucony Brand Operations Ltd., Saucony Distribution Operations Ltd., Merrell Brand Operations Ltd. and Merrell Distribution Operations Ltd.), transitioning the business from a joint venture model to a license and distribution rights model under which Xtep will exclusively carry out the development, marketing and distribution of footwear, apparel and accessories for the Saucony and Merrell brands in China. The purchase price was approximately $22.0 million in cash, and the sale was effective January 1, 2024, in accordance with the terms and conditions of the Purchase Agreement.

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Wolverine World Wide, Inc. and subsidiaries (the Company) as of December 30, 2023 and December 31, 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 30, 2023 and December 31, 2022, and the results of its operations and its cash flows for the fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 30, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 22, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matter

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

Valuation of goodwill and indefinite-lived intangibles

Description of the Matter	At December 30, 2023, the Company’s goodwill and indefinite-lived intangible assets were $427.1 million and $174.1 million, respectively. During 2023, the Company recognized impairment charges of $38.3 million associated with its Sperry indefinite-lived intangible asset. As discussed in Notes 1 and 4 of the consolidated financial statements, goodwill and indefinite-lived intangibles are tested for impairment at least annually. The impairment test for goodwill consists of measuring the fair value of the reporting unit and comparing it to the reporting unit’s carrying amount. The impairment test for indefinite-lived intangible assets consists of measuring the fair value of the asset and comparing it to the asset’s carrying amount. Auditing management’s annual impairment tests for goodwill and indefinite-lived intangible assets was complex due to the significant estimation uncertainty required in determining the fair values of certain reporting units and the Sperry and Sweaty Betty trade names. The significant assumptions used to estimate the fair values of certain reporting units and the Sperry and Sweaty Betty trade names included the forecasted revenue growth, EBITDA margin, and discount rate. These significant assumptions are forward-looking and could be affected by future economic and market conditions. Changes in these assumptions could have a significant impact on the fair values of certain reporting units and the Sperry and Sweaty Betty trade names, the amount of any impairment charge, or both.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company’s controls over the impairment review process. For example, we tested controls that address the risk of material misstatement relating to the valuation of certain reporting units and the Sperry and Sweaty Betty trade names, including management’s review of the significant assumptions described above and the completeness and accuracy of the data used to develop such estimates. To test the estimated fair values of certain reporting units and the Sperry and Sweaty Betty trade names, our audit procedures included, among others, assessing the appropriateness of the valuation model used, evaluating the significant assumptions discussed above, and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. We compared the financial projections to current industry and economic trends and the historical accuracy of management’s estimates. We involved our valuation specialists to assist in our evaluation of the Company's model, valuation methodology and the discount rate.

/s/ Ernst & Young LLP

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

Grand Rapids, Michigan
February 22, 2024

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Wolverine World Wide, Inc. and subsidiaries' internal control over financial reporting as of December 30, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Wolverine World Wide, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 30, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 30, 2023 and December 31, 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) and our report dated February 22, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Grand Rapids, Michigan
February 22, 2024

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision, and with the participation, of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on and as of the time of such evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of internal control over financial reporting as of December 30, 2023, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013 framework). Based on that evaluation, management, including the Chief Executive Officer and Chief Financial Officer, concluded that internal control over financial reporting was effective as of December 30, 2023.

The effectiveness of the Company's internal control over financial reporting as of December 30, 2023 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in its report, which is included in Item 8 of this Annual Report on Form 10-K and is incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the quarter ended December 30, 2023 that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

(c) During the quarter ended December 30, 2023, no director or Section 16 officer of the Company adopted or terminated a Rule 10b5-1 trading arrangement or a non-rule 10b5-1 trading arrangement, in each case, as defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information called for by Item 10 is incorporated herein by reference to the Definitive Proxy Statement of the Company relating to the Annual Meeting of Stockholders of Wolverine World Wide, Inc. expected to be held on May 2, 2024 in sections "Election of Directors" and "Corporate Governance". The Company intends to file such Definitive Proxy Statement with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

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

Item 11. Executive Compensation

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

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

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

Equity Compensation Plan Information

The following table provides information about the Company's equity compensation plans as of December 30, 2023:

Plan Category [(1)]	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	1,961,016 [(2), (3)]	$22.56	8,085,425 [(4)]
Equity compensation plans not approved by security holders	—	—	—
Total	1,961,016	$22.56	8,085,425

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

(2) Includes: (i) 1,772,382 stock options awarded to employees under the Stock Incentive Plan of 2013 and the Stock Incentive Plan of 2016, as amended and restated; and (ii) and 188,634 stock options awarded to non-employee directors under the Stock Incentive Plan of 2013 and the Stock Incentive Plan of 2016, as amended and restated. Column (a) does not include stock units credited to outside directors' fee accounts or retirement accounts under the Outside Directors' Deferred Compensation Plan. Stock units do not have an exercise price. Each stock unit credited to a director's fee account and retirement account under the Outside Directors' Deferred Compensation Plan will be converted into one share of common stock upon distribution. Column (a) also does not include shares of restricted or unrestricted common stock previously issued under the Company's equity compensation plans.

(3) Of this amount, 10,959 options were not exercisable as of December 30, 2023 due to vesting restrictions.

(4) Comprised of: (i) 93,742 shares available for issuance under the Outside Directors' Deferred Compensation Plan upon the retirement of the current directors or upon a change in control; and (ii) 7,991,683 shares issuable under the Stock Incentive Plan of 2016, as amended and restated.

The Outside Directors' Deferred Compensation Plan is a supplemental, unfunded, nonqualified deferred compensation plan for non-employee directors. Beginning in 2006, the Company began paying an annual equity retainer to non-management directors in the form of a contribution under the Outside Directors' Deferred Compensation Plan. Non-management directors may also voluntarily elect to receive, in lieu of some or all directors' fees, a number of stock units equal to the amount of the deferred directors' fees divided by the fair market value of the Company's common stock on the date of payment. These stock units are increased by a dividend equivalent based on dividends paid by the Company and the amount of stock units credited to the participating director's fee account and retirement account. Upon distribution, the participating directors receive a number of shares of the Company's common stock equal to the number of stock units to be distributed at that time. Distribution is triggered by termination of service as a director or by a change in control of the Company and can occur in a lump sum, in installments or on another deferred basis. A total of 303,702 shares have been issued to a trust to satisfy the Company's obligations when distribution is triggered and are included in shares the Company reports as issued and outstanding.

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

Of the total number of shares available under column (c), the number of shares with respect to the following plans may be issued other than upon the exercise of an option, warrant or right outstanding as of December 30, 2023:

- Outside Directors' Deferred Compensation Plan: 93,742
- Stock Incentive Plan of 2016, as amended and restated: 3,073,724

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

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

Item 14. Principal Accountant Fees and Services

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

PART IV

Item 15. Exhibits, Financial Statement Schedules

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

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

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

- Consolidated Statements of Operations for the Fiscal Years Ended December 30, 2023, December 31, 2022 and January 1, 2022.
- Consolidated Statements of Comprehensive Income (Loss) for the Fiscal Years Ended December 30, 2023, December 31, 2022 and January 1, 2022.
- Consolidated Balance Sheets as of December 30, 2023 and December 31, 2022.
- Consolidated Statements of Cash Flows for the Fiscal Years Ended December 30, 2023, December 31, 2022 and January 1, 2022.
- Consolidated Statements of Stockholders' Equity for the Fiscal Years Ended December 30, 2023, December 31, 2022 and January 1, 2022.
- Notes to the Consolidated Financial Statements.
- Reports of Independent Registered Public Accounting Firm.

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

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

- Schedule II - Valuation and Qualifying Accounts.

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

(3) **Exhibits**

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

Exhibit Number	Document
2.1	Share Purchase Agreement, dated as of July 31, 2021 by and among the Institutional Sellers, the Management Sellers, and Wolverine World Wide, Inc. Incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the period ended October 2, 2021.
2.2	Management Warranty Deed, dated as of July 31, 2021, by and among the Warrantors and Wolverine World Wide, Inc. Incorporated by reference to Exhibit 2.2 to the Company's Quarterly Report on Form 10-Q for the period ended October 2, 2021.

Exhibit Number	Document
3.1	Amended and Restated Certificate of Incorporation. Incorporated by reference to Exhibit 3.1 to the Company’s current report on Form 8-K filed on April 24, 2014.
3.2	Amended and Restated By-laws. Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed on November 7, 2022.
4.1	Description of the Registrant's Securities Registered Pursuant To Section 12 of The Securities Exchange Act of 1934. Incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2019.
4.2	Senior Notes Indenture, dated August 26, 2021, among Wolverine World Wide, Inc., the guarantors named therein, and The Huntington National Bank. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 26, 2021.
4.3	Form of 4.000% Senior Notes due 2029. Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on August 26, 2021.
10.1	Amended and Restated Outside Directors’ Deferred Compensation Plan.* Incorporated by reference to Exhibit 10.9 to the Company’s Annual Report on Form 10-K for the fiscal year ended December 29, 2007.
10.2	Outside Directors’ Deferred Compensation Plan.* Incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on December 17, 2008.
10.3	Wolverine World Wide, Inc. Deferred Compensation Plan, Amended and Restated.* Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on February 13, 2018.
10.4	First Amendment to the Wolverine World Wide, Inc. Deferred Compensation Plan, dated as of December 29, 2020.* Incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2021.
10.5	Amended and Restated Stock Option Loan Program.* Incorporated by reference to Exhibit 10.12 to the Company’s Annual Report on Form 10-K for the fiscal year ended December 29, 2007.
10.6	Separation Agreement between Wolverine World Wide, Inc. and James D. Zwiers dated as of December 19, 2023.*
10.7	Executive Severance Agreement.* Incorporated by reference to Exhibit 10.3 to the Company’s Current Report on Form 8-K filed on December 17, 2008. A participant schedule of current executive officers who are parties to this agreement is attached as Exhibit 10.7.
10.8	Executive Severance Agreement.* Incorporated by reference to Exhibit 10.14 to the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2011. A participant schedule of current executive officers who are parties to this agreement is attached as Exhibit 10.8.
10.9	Executive Severance Agreement between Brendan Hoffman and the Company, dated August 7, 2020.* Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on August 13, 2020.
10.10	Amendment, dated as of March 25, 2021, to the Executive Severance Agreement between Brendan Hoffman and the Company, dated as of September 8, 2020.* Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 26, 2021.
10.11	Form of Indemnification Agreement.* The Company has entered into an Indemnification Agreement with each director and certain executive officers. Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on April 25, 2007. All executive officers and directors are parties to this agreement.
10.12	Indemnification Agreement between Brendan Hoffman and the Company, dated August 7, 2020.* Incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on August 13, 2020.
10.13	Employment Agreement between Isabel Soriano and the Company.* Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended April 2, 2022.
10.14	Employment Agreement between Christopher E. Hufnagel and the Company, dated September 7, 2023.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2023.
10.15	Amended and Restated Benefit Trust Agreement dated April 25, 2007.* Incorporated by reference to Exhibit 10.5 to the Company’s Current Report on Form 8-K filed on April 25, 2007.
10.16	409A Supplemental Executive Retirement Plan (2008 Restatement through First Amendment).* Incorporated by reference to Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q for the period ended April 1, 2017. A participant schedule of current executive officers who participate in this plan is attached as Exhibit 10.16.

Exhibit Number	Document
10.17	Employees’ Pension Plan (Restated as amended through December 29, 2017).* Incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2017.
10.18	Sixth Amendment to the Wolverine Employees' Pension Plan.* Incorporated by reference to Exhibit 10.34 to the Company's Form 10-K for the fiscal year ended December 29, 2018.
10.19	First Amendment to the Wolverine Employees' Pension Plan, dated as of December 2, 2020.* Incorporated by reference to Exhibit 10.41 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2021.
10.20	Second Amendment to the Wolverine Employees' Pension Plan, dated as of December 9, 2021.* Incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2022.
10.21	Stock Incentive Plan of 2010.* Incorporated by reference to Exhibit 10.1 to the Company’s Registration Statement on Form S-8 filed on March 4, 2010.
10.22	Amended and Restated Stock Incentive Plan of 2013.* Incorporated by reference to Exhibit 10.38 to the Company’s Form 10-K for the fiscal year ended December 28, 2013.
10.23	2016 Form of Non-Qualified Stock Option Agreement.* Incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2016.
10.24	Wolverine World Wide, Inc. Stock Incentive Plan of 2016, as amended and restated.* Incorporated by reference to Appendix B to the Company’s Definitive Proxy Statement filed on March 26, 2021.
10.25	2018 Form of Restricted Stock Unit Agreement.* Incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2018.
10.26	2019 Form of Restricted Stock Unit Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 2019.
10.27	2020 Form of Restricted Stock Unit Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 28, 2020.
10.28	2020 Form of Restricted Stock Agreement.* Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on April 22, 2020.
10.29	2021 Form of Restricted Stock Unit Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended April 3, 2021.
10.30	2022 Form of Restricted Stock Unit Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended April 2, 2022.
10.31	2023 Form of Restricted Stock Unit Agreement.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 2023.
10.32	Form of Performance Stock Unit Agreement (2021 performance period).* Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended April 3, 2021.
10.33	Form of Performance Stock Unit Agreement (2021 - 2022 performance period).* Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended April 3, 2021.
10.34	Form of Performance Stock Unit Agreement (2021 - 2023 performance period).* Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended April 3, 2021.
10.35	Form of Performance Stock Unit Agreement (2022 - 2024 performance period).* Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended April 2, 2022.
10.36	Form of Performance Stock Unit Agreement (2023 - 2025 performance period).* Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 2023.
10.37	Credit Agreement, dated as of July 31, 2012, by and among Wolverine World Wide, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association, as syndication agent and as a lender, Fifth Third Bank as documentation agent and as a lender, and PNC Bank, National Association, as documentation agent and as a lender. Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on August 1, 2012.

Exhibit Number	Document
10.38	First Amendment to Credit Agreement, dated as of September 28, 2012, by and among Wolverine World Wide, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association, as syndication agent and as a lender, Fifth Third Bank as documentation agent and as a lender, and PNC Bank, National Association, as documentation agent and as a lender. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 4, 2012.
10.39	Second Amendment to the Credit Agreement, dated as of October 8, 2012, among Wolverine World Wide, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association, as syndication agent and as a lender, Fifth Third Bank, as documentation agent and as a lender, and PNC Bank, National Association, as documentation agent and as a lender. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 9, 2012.
10.40	Replacement Facility Amendment, dated as of October 10, 2013, to the Amended and Restated Credit Agreement among Wolverine World Wide, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A. as administrative agent. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 11, 2013.
10.41	Omnibus Amendment, dated as of December 19, 2014 to the Amended and Restated Credit Agreement dated as of October 10, 2013 among Wolverine World Wide, Inc., the lenders party thereto, Wells Fargo Bank, National Association, as syndication agent, Bank of America, N.A., Fifth Third Bank, PNC Bank, National Association, Sumitomo Mitsui Banking Corporation, Union Bank, N.A., And BBVA Compass Bank, as co-documentation agents, J.P. Morgan Europe Limited, as foreign currency agent, and JPMorgan Chase Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.45 to the Company's Annual Report on Form 10-K filed on March 3, 2015.
10.42	Replacement Facility Amendment, dated as of July 13, 2015, among Wolverine World Wide, Inc., JP Morgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association and MUFG Union Bank, N.A., as co-syndication agents and lenders, and the other lenders party thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 15, 2015.
10.43	First Amendment, dated September 15, 2016, to the Amended and Restated Credit Agreement, dated July 13, 2015, among Wolverine World Wide, Inc., as parent borrower, the several banks and other financial institutions or entities from time to time parties thereto, the several agents and other financial institutions or entities from time to time parties thereto, J.P. Morgan Europe Limited, as foreign currency agent, and JPMorgan Chase Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.1 to the Company Current Report on Form 8-K, filed on September 19, 2016.
10.44	2018 Replacement Facility Amendment, dated as of December 6, 2018 among the Company, JP Morgan Chase Bank, N.A., as administrative agent and as a lender, Wells Fargo Bank, National Association, Bank of America, N.A. and HSBC Bank USA, N.A., as co-syndication agents and lenders, and the other lenders party thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 11, 2018.
10.45	Second Amendment, dated as of May 5, 2020, to the Amended and Restated Credit Agreement, dated as of December 6, 2018, among Wolverine World Wide, Inc., as parent borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, the other borrowers party thereto, and the other lenders party thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on May 6, 2020.
10.46	2021 Replacement Facility Amendment and Reaffirmation Agreement, dated as of October 21, 2021, among Wolverine World Wide, Inc., as parent borrower, the Additional Borrowers party thereto, JP Morgan Chase Bank, N.A., as administrative agent and as a lender, and the other lenders party thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 25, 2021.
10.47	Cover Amendment to the Credit Agreement, dated as of April 10, 2023, among Wolverine World Wide, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association, as syndication agent and as a lender, Fifth Third Bank, as documentation agent and as a lender, and PNC Bank, National Association, as documentation agent and as a lender. Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended July 1, 2023.
10.48	Fourth Amendment to the Credit Agreement, dated as of June 30, 2023, among Wolverine World Wide, Inc. as borrower, JP Morgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association, as syndication agent and as a lender, Fifth Third Bank, as documentation agent and as a lender, and PNC Bank, National Association, as documentation agent and as a lender. Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended July 1, 2023.

Exhibit Number	Document
10.49	Fifth Amendment to the Credit Agreement, dated as of December 21, 2023, among Wolverine World Wide, Inc. as borrower, JP Morgan Chase Bank, N.A., as administrative agent and as a lender, J.P. Morgan Europe Limited, as foreign currency agent, Wells Fargo Bank, National Association, as syndication agent and as a lender, Fifth Third Bank, as documentation agent and as a lender, and PNC Bank, National Association, as documentation agent and as a lender.
10.50	Receivables Purchase Agreement dated as of December 7, 2022, among Wolverine World Wide, Inc. and certain of its subsidiaries as sellers, and Wells Fargo Bank, N.A. as purchaser. Incorporated by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.
10.51	First Amendment, dated as of June 30, 2023, to the Receivables Purchase Agreement dated as of December 7, 2022, among Wolverine World Wide, Inc. and certain of its subsidiaries as sellers, and Wells Fargo, N.A. as purchaser. Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended July 1, 2023.
10.52	Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan).* Incorporated by reference to Appendix A to the Company’s Definitive Proxy Statement filed on March 28, 2017.
10.53	Wolverine World Wide, Inc. Amended and Restated Executive Short-Term Incentive Plan (Annual Bonus Plan).* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 29, 2019.
10.54	Consent Decree by and among Wolverine World Wide, Inc., the State of Michigan, Plainfield Charter Township, and Algoma Township. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 7, 2020.
10.55	Employment Agreement between Brendan Hoffman and the Company.* Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 26, 2020.
10.56	Amended Employment Agreement between Brendan Hoffman and the Company.* Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 23, 2021.
10.57	Trademark Acquisition Agreement by and among SR Holdings, LLC, Keds, LLC, Hanesbrands, Inc. and HBI Branded Apparel Enterprises, LLC dated June 30, 2022. Incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on June 30, 2022.
10.58	Asset Purchase Agreement dated as of February 7, 2023, among Wolverine World Wide, Inc. and certain of its subsidiaries as sellers, and Vincent Camuto LLC and DBI Brands Management LLC, as purchaser. Incorporated by reference to Exhibit 10.53 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.
10.59	Purchase Agreement dated as of January 10, 2024, among Wolverine World Wide, Inc. and certain of its subsidiaries as sellers, and ABG Intermediate Holdings 2 LLC, as purchaser.
10.60	Purchase Agreement dated as of January 10, 2024, among Wolverine World Wide, Inc. and certain of its subsidiaries as sellers, and Aldo U.S. Inc., as purchaser.
21	Subsidiaries of Registrant
23	Consent of Ernst & Young LLP.
31.1	Certification of Chairman, Chief Executive Officer and President under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Executive 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.
97	Wolverine World Wide, Inc. Clawback Policy
101	The following financial information from the Company’s Annual Report on Form 10-K for the fiscal year ended December 30, 2023, formatted in Inline XBRL: (i) Consolidated Statements of Operations; (ii) Consolidated Statements of Comprehensive Income (loss); (iii) Consolidated Balance Sheets; (iv) Consolidated Statements of Cash Flows; (v) Consolidated Statements of Stockholders’ Equity; and (vi) Notes to Consolidated Financial Statements.
104	The cover page of the Company’s Annual Report on Form 10-K for the fiscal year ended December 30, 2023, formatted in Inline XBRL (included in Exhibit 101).

* Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WOLVERINE WORLD WIDE, INC.

Date: February 22, 2024

By: /s/ Christopher E. Hufnagel

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

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

Signature	Title	Date
/s/ Christopher E. Hufnagel Christopher E. Hufnagel	President and Chief Executive Officer (Principal Executive Officer)	February 22, 2024
/s/ Michael D. Stornant Michael D. Stornant	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 22, 2024
/s/ Nicholas T. Long Nicholas T. Long	Chairman of the Board	February 22, 2024
/s/ Stacia J.P. Andersen Stacia J.P. Andersen	Director	February 22, 2024
/s/ Jeffrey M. Boromisa Jeffrey M. Boromisa	Director	February 22, 2024
/s/ Jodi Bricker Jodi Bricker	Director	February 22, 2024
/s/ William K. Gerber William K. Gerber	Director	February 22, 2024
/s/ David T. Kollat David T. Kollat	Director	February 22, 2024
/s/ Brenda J. Lauderback Brenda J. Lauderback	Director	February 22, 2024
/s/ DeMonty Price DeMonty Price	Director	February 22, 2024
/s/ Kathleen Wilson-Thompson Kathleen Wilson-Thompson	Director	February 22, 2024

APPENDIX A

Schedule II - Valuation and Qualifying Accounts

Wolverine World Wide, Inc. and Subsidiaries

(In millions)	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions (Describe)		Balance at End of Period
Fiscal Year Ended December 30, 2023					
Allowance for credit losses	$ 3.3	$ 5.0	$ 2.6	(A)	$ 5.7
Product returns reserve	15.3	134.6	136.8	(B)	13.1
Allowance for cash discounts and customer markdowns	7.8	14.1	9.3	(C)	12.6
Inventory valuation allowances	33.0	7.9	20.2	(D)	20.7
Total	$ 59.4	$ 161.6	$ 168.9		$ 52.1
Fiscal Year Ended December 31, 2022					
Allowance for credit losses	$ 4.0	$ 1.8	$ 2.5	(A)	$ 3.3
Product returns reserve	16.6	106.0	107.3	(B)	15.3
Allowance for cash discounts and customer markdowns	7.7	10.9	10.8	(C)	7.8
Inventory valuation allowances	10.7	30.0	7.7	(D)	33.0
Total	$ 39.0	$ 148.7	$ 128.3		$ 59.4
Fiscal Year Ended January 1, 2022					
Allowance for credit losses	$ 6.7	$ (2.4)	$ 0.3	(A)	$ 4.0
Product returns reserve	15.6	52.5	51.5	(B)	16.6
Allowance for cash discounts and customer markdowns	11.2	9.4	12.9	(C)	7.7
Inventory valuation allowances	9.1	5.6	4.0	(D)	10.7
Total	$ 42.6	$ 65.1	$ 68.7		$ 39.0

(A) Accounts charged off, net of recoveries.

(B) Actual customer returns.

(C) Discounts given to customers.

(D) Adjustment upon disposal of related inventories.

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SHAREHOLDER INFORMATION

Websites
Company: www.wolverineworldwide.com
Investor Relations: https://wolverineworldwide.gcs-web.com/investor-relations
Inquiries: https://www.wolverineworldwide.com/about-us/contact-us/investor-contact/

Form 10-K Report
A copy of this Annual Report and the Annual Report to the Securities and Exchange Commission on Form 10-K for 2023, including the consolidated financial statements and financial statement schedules, may be obtained by any shareholder without charge by writing to the General Counsel and Secretary, 9341 Courtland Drive, N.E., Rockford, Michigan 49351 or by accessing the "Investor Relations" section of the Company's website at www.wolverineworldwide.com.

Annual Meeting
The annual meeting of shareholders will be held virtually on May 2, 2024, at 10:00 a.m. E.D.T. Shareholders as of the close of business on March 4, 2024, may attend the meeting by visiting www.virtualshareholdermeeting.com/WWW2024.

A Special Offer for Our Shareholders
We encourage you to experience our brands for yourself. Shareholders are invited to take advantage of a special 30% discount on Company products. Exclusions and limitations may apply. Please contact a member of our Consumer Relations team at the special Wolverine Worldwide shareholder toll-free number, 1-866-889-3151, to receive more information about this offer.

A member of our Consumer Relations team can assist shareholders with placing an order for any of our Company products available at one of our branded websites:

Batesfootwear.com | Catfootwear.com
Chacos.com | Hytest.com | Merrell.com
Onlineshoes.com | Saucony.com
Sweatybetty.com | Wolverine.com

CORPORATE INFORMATION

Corporate Headquarters
9341 Courtland Drive, N.E.
Rockford, Michigan 49351
Telephone 616.866.5500

Common Stock Listing
New York Stock Exchange
(Symbol: WWW)

Independent Registered Public Accounting Firm
Ernst & Young, LLP

Registrar and Transfer Agent
Computershare
P.O. Box 505000
Louisville, KY 40233-5000
Telephone: 800.942.5909

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

BATES CAT Chaco HARLEY-DAVIDSON MOTOR CYCLES FOOTWEAR Hush Puppies HYTEST SAFETY FOOTWEAR

KiDS GROUP MERRELL saucony SWEATY BETTY WOLVERINE