

14-May-2026

Wolverine World Wide, Inc. (WWW)

Q1 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Greetings, and welcome to the Wolverine World Wide First Quarter Fiscal 2026 Earnings Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Jared Filippone, Head of Investor Relations. You may begin.

Jared Filippone

Head-Investor Relations, Wolverine World Wide, Inc.

Good morning, and welcome to our first quarter fiscal 2026 conference call. On the call today are Chris Hufnagel, President and Chief Executive Officer; and Taryn Miller, Chief Financial Officer. Earlier this morning, we issued a press release announcing our financial results for the first quarter of 2026 and guidance for fiscal year 2026. The press release is available on many news sites and can be viewed on our corporate website at wolverineworldwide.com.

This morning's press release and comments made during today's earnings call include non-GAAP financial measures. These non-GAAP financial measures, including references to the ongoing business and constant currency revenue growth rates, were reconciled to the most comparable GAAP financial measures in attached tables within the body of the release, or on our Investor Relations page on our website, wolverineworldwide.com. I'd also like to remind you that statements describing the company's expectations, plans, predictions and projections, such as those regarding the company's outlook for fiscal year 2026, growth opportunities and trends expected to affect the company's future performance made during today's conference call are forward-looking statements under US securities laws. As a result, we must caution you that there are a number of factors that could cause actual results to differ materially from those described in the forward-looking statements. These important risk factors are identified in the company's SEC filings and in our press releases.

All revenue growth rates will be cited on a constant currency basis unless otherwise stated.

With that, I will now turn the call over to Chris Hufnagel.

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

Thanks, Jared. Good morning, everyone, and thank you for joining us on today's call. The first quarter was a good start to the year, exceeding our expectations across all key financial metrics. We delivered solid growth with revenue up 11% on a reported basis and up 7% on a constant currency basis. The growth was driven by our two biggest brands. Merrell grew revenue high-single digits, while Saucony was up mid-teens. Encouragingly, all brands in the portfolio either met or exceeded our outlook for the quarter. At the bottom line, we continue to run a much more profitable business as well, with quarterly adjusted diluted earnings increasing over 30% to \$0.25 per share, all while making important investments in people, product innovation, marketing and modern tools.

In addition to delivering a solid financial performance for the quarter, we also continue to strengthen our capabilities as a company. With the progress we've made over the last year plus, we've been able to attract great new talent to Wolverine World Wide. This new talent, combined with a team that successfully executed our turnaround, further elevates our global brand-building capabilities. I believe our team is as strong today as it's

ever been. We also advanced several key strategic initiatives, including the expansion of our key city strategy, along with continuing the modernization of our tools and systems, most notably our e-commerce platform.

I'm also pleased with the progress we're making on embedding AI into how we drive the business, working to become faster, more agile and more efficient. Moving forward, with a stronger team in place and a proven brand-building playbook, I believe our company is well-positioned to compete and win in the global marketplace. Additionally, I believe our reshaped portfolio aligns well relative to consumer trends today and into the future.

Performance run and run lifestyle continues to be among the fastest-growing categories in footwear. Hike has returned to growth. Work continues to turn in consistent increases year-over-year, and women's activewear is growing as well. And finally, our strategies, coupled with disciplined execution, continues to prove effective, building our brands around the world and enabling investment for future sustained growth, all the while improving the profitability of our business and strengthening our balance sheet.

I'd now like to spend a few minutes providing an update on our key brands, beginning with Merrell. Merrell, a leader in the global outdoor market, continues to focus on modernizing the outside, developing more athletic, style-led and versatile footwear, while elevating the brand around the world. In the first quarter, the brand grew revenue 9%, while comping a 14% increase in the same quarter of 2025, with solid growth across most regions and categories.

The Agility Peak 6, Merrell's premier trail run franchise, was the brand's biggest new launch in the quarter and it helped drive increases in the category overall for the brand. Merrell continued to build on its lead in the US hike by again taking significant market share. The Moab Speed 2 and the iconic Moab 3 both continue to deliver strong growth in the marketplace, partially driven by fresh colorways and materializations, along with enhanced storytelling.

Lifestyle iterations on these franchises have enabled the brand to extend its relevance beyond performance. Merrell introduced the trend-right woven slide version of the Moab 2 this spring, which has been well received in Tier Zero distribution around the world and was a top seller on merrell.com. A few weeks ago, Merrell launched a collaboration on the Moab 3 with the influential South Korean lifestyle brand Khakis, selling out in Japan and South Korea in minutes, enhancing the brand's relevance in two influential trend markets.

In core lifestyle, the Wrapt collection again drove strong growth as it continues to scale with additional styles and silhouettes. We've worked to elevate trend and design the Merrell lifestyle product line, and we're seeing the improvements in market. This season, the brand reintroduced the low-profile Relay from its archives, launched modern slip-ons like the Jungle Trek Moc and Mule and added hybrid Mary Janes on performance platforms like the Moab Speed 2 and the disruptive SpeedARC.

Alongside the brand's bolstered product pipeline, Merrell's marketing has also started to hit its stride, fueled by planned record investment in the brand this year. In the first quarter, Merrell launched its new brand platform, It Starts Outside, unifying its storytelling under one umbrella and advancing the brand's powerful purpose: to share the simple power of the outside with everyone. Launch of It Starts Outside helped generate strong increases year-over-year and brand's search interest.

Merrell also kicked off its title sponsorship of the Skyrunner Series here in the US and internationally, composed of over 20 of the most elite trail running races around the globe. Merrell sponsored athletes currently include the number one ranked man and number two ranked woman in the World Series, along with 5 of the top 10 men

overall, a great start to the season. As Merrell celebrates its 45th anniversary this year, the brand's momentum is strong.

Shifting to Saucony. We believe Saucony is uniquely positioned as a disruptive challenger brand at the intersection of two of the fastest-growing categories in the market: performance and lifestyle running. In the first quarter, the brand grew revenue 15%, with growth across all regions, channels and categories, with both performance and lifestyle contributing healthy increases.

On the performance side, the Endorphin collection represents the brand's pinnacle offering of innovation for elite runners. In February, Saucony launched the all-new Endorphin Azura, which we expect will be the brand's all-time biggest franchise launch to date. The Azura is a lightweight super-trainer with innovative geometry and energy return foam to help runners go fast every day. Aided by a fully integrated global activation and eager anticipation from the marketplace, the Azura immediately became a top seller for the brand on saucony.com and at wholesale.

In March, the brand introduced the new high-performance Endorphin Pro 5 for race days with a dual-layer foam midsole for advance energy return and a slotted carbon plate for an explosive snap off the pavement. Both shoes are performing well and helped drive strong growth for the Endorphin collection overall at US retail.

Endorphin innovation continues to earn the respect of serious runners. The Saucony Endorphin franchise had strong showings at both the recent Boston London Marathon with the Pro and Elite among the top shoes worn. And notably in Boston, Saucony was the number two brand overall for women. The brand plans to continue to build on this momentum with the launch of the Endorphin Elite 3, Saucony tip of the spear product in June, with perhaps the fastest Endorphin innovation ever set for launch in 2027.

For the broader running market, Saucony continue to elevate its Core 4 franchises, introducing the new Ride 19 back in January and the Guide 19 in March, quickly following the Triumph 24 and Hurricane 26 are planned to launch in June and July respectively, and both will be built on our new proprietary IncrediLUX foam, a high-end competition that delivers a luxurious ride with enhanced energy return cushioning and durability.

Pivoting to lifestyle, an important growth category for the brand, but representing less than a quarter of the brand's business today. In the category, Saucony continues to stoke heat around the world. The brand introduced fresh colors and core lifestyle franchises like the ProGrid Omni 9 and dropped collaborations with Sneaker Politics and 3sixteen in the first quarter, followed by collaborations with influential partners including Greyson, Engineered Garments and Estudio Niksen in subsequent weeks. This weekend, Saucony plans to launch its latest collaboration with Minted New York in an event at our Covent Garden store in London, and buzz is building for several weeks already.

We've been very intentional in selecting collaborators to align with the brand and develop its relevance on several different strategic dimensions, and the results have been powerful. Brand has also driven strong energy and sell-through in saucony.com with capsule collections like Hi Octane and Kissaten. Finally, newly reintroduced styles from the brand's archives like the ProGrid Paramount and Kinvara 1 are just starting to hit Tier Zero retailers and elevated department store shelves.

The brand is driving momentum through marketing as well. Saucony plans to bolster its key city strategy, which has been vital in driving outsized brand heat and growth in Europe by extending, most notably, into Paris this year. With a host of activations on tap, a new Pioneer store planned to open in the city, and title sponsorship of the Eiffel Tower 10K.

Events to reach the broader running audience remain a key component of the brand strategy. Saucony sponsored the Philadelphia Love Run at the end of the first quarter and has planned to sponsor the London 10K, Shoreditch Half Marathon and Berlin 10K later this year, in addition to organizing owned events like The Maze, a series of exclusive run club races held around the world. While events and activations are helping reach more consumers, along with the brand's Run as One campaign, Saucony's also focused on its ground game to drive sell-through with enhanced investments at wholesale, specifically in co-op marketing and field support. Team continues to generate momentum, consumer interest in the brand is reaching record levels around the world, and I remain confident we have a very special opportunity in Saucony.

Moving on to Sweaty Betty. Sweaty Betty, one of the original female activewear brands, is squarely focused on empowering women through fitness and beyond. In the first quarter, the brand drove growth across all of its key strategic priorities, offset by a contraction of its US business due to our intentional reset of this market that began in the third quarter of last year. The brand was down 4% overall. Excluding the impact of the US reset, however, Sweaty Betty delivered low-single digit growth in the quarter.

Sweaty Betty is now effectively executing its new multi-pronged strategy established a little less than a year ago. First, the brand is focused on driving its UK direct-to-consumer business. And in Q1, this business delivered growth for the second consecutive quarter. Second, the brand is strategically expanding distribution with priority retailers and partners across Europe and into Asia Pacific, and this segment grew over 60% in the quarter. Finally, the strengthening of the brand's positioning underpins all of these marketing and channel growth initiatives, and Sweaty Betty continued to drive increased brand heat and interest last quarter.

The brand remains focused on introducing more product newness as well, with an emphasis on key franchise in strategic growth categories like outerwear and new silhouettes and bottoms, both of which grew significantly in Q1. The brand also continues to embrace bolder and more distinctly Sweaty Betty storytelling to break through and further elevate and differentiate the brand, starting with the launch of its Born Sweaty campaign earlier this year.

While the brand is facing the aforementioned near-term headwind related to its reset of the US business to a more premium full-price position, the team is making good progress and is already driving increases behind the key pillars of its new strategy, establishing a foundation for future sustained profitable growth. I'm encouraged by the progress we've made over the past year and excited for where this team is headed.

And closing with the Wolverine brand. Wolverine gained share for the second consecutive quarter in the US work boot market and delivered sequential revenue improvement in line with expectations, finishing down 3% compared to the prior year. The brand has bolstered its product pipeline with new innovation like the Infinity System, the brand's pinnacle performance comfort technology, enabling elevated pricing and a stronger premium positioning. And it's more effectively tapped into trend with expanded western and wedge boot assortments, fueling greater relevance with today's consumer. Key franchises behind these initiatives like the Alpha Infinity, Loader, Rancher and Wheatland are all driving growth in the marketplace.

Wolverine has also stepped up its marketing through a combination of upper funnel initiatives to generate greater reach and awareness, including its partnership with Paramount+'s hit series Landman, and lower funnel tactics to fuel increased consideration and conversion. In the first quarter, the brand executed integrated activation plan leveraging its Landman partnership with prime product displays in key retailer stores, supported by activation events to tell the full story. It also executed a series of activations focused on Houston, and in particular the Houston Rodeo. These efforts continue to raise the brand's profile in the marketplace and help drive the business.

Just a few weeks ago, the brand partnered with Metallica to launch a limited-edition boot to support students interested in the skilled trades, deepening Wolverine's positioning in connection with its consumers as part of Project Bootstrap. Encouragingly, we've seen a steady uptick in the brand's search interest over the last few months, with April delivering the largest year-over-year increase in over five years.

And finally, Wolverine is making good progress in recalibrating the marketplace as well, prioritizing a more premium positioning, optimizing assortments and inventory at key retailers, and better aligning distribution to the brand's go-forward strategy.

Although there is still work to do, the brand's disciplined approach is gaining traction. We're already seeing proof points that the strategy is working. And coupled with recent leadership appointments, I'm increasingly excited about the future for the company's namesake brand.

Now, I'd like to turn the call over to Taryn Miller to take you through our results for the first quarter and our outlook for the remainder of the year. Taryn?

Taryn Miller

Chief Financial Officer, Wolverine World Wide, Inc.

Thank you, Chris, and welcome, everyone. We delivered a strong start to 2026, exceeding expectations on both revenue and profitability and building on the momentum from 2025. These results reflect improved discipline in how we're operating the business and executing across the portfolio. We're also making progress in establishing a more consistent brand-building framework, which allows our shared capabilities to scale more effectively in support of our brands. As these efforts continue to take hold, operating leverage is starting to come through.

Revenue growth in the quarter was driven by our two largest brands, Merrell and Saucony. Adjusted operating margin expanded by 140 basis points, and we continued to invest in our brands and operational capabilities while further strengthening the balance sheet. Our outlook for 2026 is supported by our first quarter performance and continued progress in executing our strategy, while remaining appropriately grounded given the dynamic operating environment.

I'll now take you through the highlights from our first quarter. Revenue of \$458 million was above the high end of our outlook, with better-than-expected performance in both the Active and Work Groups. Reported revenue growth was 11% compared to the prior year, or 7% on a constant currency basis, with foreign currency providing a \$15 million benefit.

The following channel, segment and brand performance is provided on a constant currency basis. Wholesale revenue increased 10% compared to the prior year, with growth across both international markets and the US. DTC revenue was approximately flat, with continued improvement in the mix of full-price sales across the portfolio. Active Group revenue grew 9% in the first quarter, ahead of our expectations and continuing momentum from 2025. This outperformance reflects strength in new product innovation, continued investment in marketing and brand-building, and improved marketplace management.

Merrell revenue grew 9% in the quarter, with growth in both wholesale and DTC. Wholesale performance was led by international with solid contribution from the US, as sell-through at retail remained strong, supporting better-than-expected at-once orders. DTC grew for the second consecutive quarter, driven by the US, with the mix of full-price sales continuing to improve.

Saucony revenue grew 15%, with first quarter revenue reaching a record level for the brand. Growth was broad-based across channels and regions, with contributions from both performance and lifestyle. Wholesale performance was led by international markets, particularly EMEA, which was supported by strong sell-through. DTC growth was led by EMEA and the US as the brand's marketing investment and new products drove consumer engagement across categories.

Sweaty Betty revenue declined 4% in the quarter, reflecting the planned reset of the US business to a more premium DTC model. This was partially offset by growth from key initiatives, including expanded international wholesale distribution and continued growth in UK DTC.

Work Group revenue was approximately flat, ahead of our guidance for a mid-single-digit decline, driven primarily by better-than-expected global wholesale performance. We are making progress against our strategy to improve Work Group performance, as reflected in improving retail sell-through, supported by new product launches and more effective marketing execution, contributing to healthier inventory positions across the channel. We remain focused on executing against these priorities to drive greater consistency in results and position the business to deliver sustainable growth.

Consolidated gross margin was 47.6%, consistent with the prior year. Our tariff mitigation actions and improved mix of full-price sales offset a 270 basis point unmitigated tariff headwind compared to the prior year. As a reminder, prior-year promotional levels were elevated in the first quarter before normalizing through the balance of 2025.

Adjusted operating margin was 7.7%, an increase of 140 basis points compared to the prior year and 110 basis points above our expectations. The improvement reflects expense leverage from revenue growth and disciplined cost management, even as we continue to invest in our brands. As a result, adjusted diluted earnings per share increased 32% year-over-year to \$0.25 compared to \$0.19 in the prior year and above our outlook of \$0.20 to \$0.22. Net debt was \$519 million, down \$85 million versus last year.

Turning to our outlook. While the operating backdrop remains dynamic, our underlying business performance continues to support our outlook for 2026. As a result, we are reiterating full year revenue guidance and raising our expectations for gross margin, adjusted operating margin, and adjusted earnings per share. We continue to expect total revenue to be in the range of \$1.96 billion to \$1.985 billion, representing a reported growth of approximately 5.2% at the midpoint. This includes an estimated \$14 million foreign currency benefit compared to the prior year.

As a reminder, the absence of the 53rd week represents an approximate 70 basis point headwind to revenue growth, largely concentrated in our DTC business. On a constant currency basis, excluding the 53rd week in 2025, we expect revenue to increase approximately 5.2% at the midpoint.

The following segment and brand outlook is on a constant currency basis. We continue to expect Active Group revenue to grow mid-single digits and Work Group revenue to be approximately flat compared to 2025. Our brand-level expectations are also unchanged from February, with Merrell expected to grow mid-single digits, Saucony expected to deliver low- to mid-teens growth, Sweaty Betty expected to decline low-single digits, and Wolverine expected to be approximately flat compared to 2025.

Before turning to gross margin, I'll walk through a few key assumptions embedded in the guidance. The Middle East represents approximately 1% of total revenue, and any disruption to date is incorporated into our outlook.

The recent increase in oil prices is translating into higher freight costs, which are reflected in our revised gross margin outlook. We expect any impact to product input costs in 2026 to be limited.

With respect to tariffs, our guidance reflects the current incremental 10% rate through July, with the assumption that rates return to IEEPA levels thereafter. On that basis, we now estimate the 2026 unmitigated tariff impact to be approximately \$50 million compared to our prior estimate of approximately \$60 million. Our guidance does not include any benefit from IEEPA's tariff refund. We paid approximately \$36 million in IEEPA tariffs and are actively engaged in the refund process.

With that context, gross margin is now expected to be approximately 46.4% compared to our prior outlook of 46%. The improvement primarily reflects lower tariff costs, partially offset by higher freight surcharges from elevated oil prices. We now estimate the unmitigated tariff impact in 2026 to be approximately 250 basis points.

Adjusted operating margin is now expected to be approximately 9.5% compared to our prior outlook of 9.1%, reflecting higher gross margin flowing through to operating profits. We continue to expect year-over-year operating leverage, supported by revenue growth, cost discipline across the organization, and ongoing efficiency improvements. And we continue to strategically invest in our brands, primarily in marketing and key capabilities.

Interest and other expenses are projected to be approximately \$23 million, and the effective tax rate is projected to be approximately 18%, both unchanged from our prior outlook. As a result, adjusted diluted earnings per share is now expected to be in the range of \$1.43 to \$1.58 compared to our prior outlook of \$1.35 to \$1.50. We continue to expect operating free cash flow to be in the range of \$105 million to \$120 million. Capital expenditures are still expected to be approximately \$20 million.

Moving to our second quarter outlook, revenue is expected to be in the range of \$495 million to \$500 million, representing reported growth of approximately 4.9% at the midpoint compared to the prior year. On a constant currency basis, revenue is expected to grow 4.5% at the midpoint. Active Group revenue is expected to grow high-single digits, while the Work Group is expected to decline low-single digits versus the prior year.

As a reminder, 2025 included approximately \$10 million of wholesale orders that shifted from the third quarter into the second quarter as retailers accelerated purchases ahead of planned price increases. This \$10 million shift is comprised of \$4 million in Merrell, \$4 million in Saucony, and \$2 million in the Work Group.

Gross margin in the second quarter is expected to be approximately 46.4%, down 80 basis points compared to the last year. This includes an approximate 310 basis point unmitigated tariff impact and a slight headwind from higher oil prices on freight, partially offset by our ongoing tariff mitigation efforts. Adjusted operating margin is expected to be approximately 9.5%, an increase of 30 basis points compared to last year, as continued expense leverage is expected to more than offset the impact of higher tariffs and elevated oil prices on gross margins. As a result, adjusted diluted earnings per share is expected to be in a range of \$0.35 to \$0.38 compared to \$0.35 last year.

To summarize, we're encouraged by our first quarter performance, which reinforces our belief that the business is operating from a stronger foundation. Brand momentum is becoming more evident, and the benefits of the work we've done are translating into improved financial performance. While external conditions continue to evolve, we are maintaining agility and financial flexibility and believe we are well-positioned to deliver sustained, profitable growth.

With that, let me turn the call back to Chris before we open for questions.

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

Thanks, Taryn. As we look ahead, I believe the company is well-positioned. Our brands are authentic, category leaders with deep product design and innovation credibility. We've elevated our talent and tools, building the necessary capabilities to run leading brands and a great company. Our product pipelines are strong and getting better, and our storytelling is proving more effective while we make more meaningful investments in demand creation.

Importantly, we're developing more disciplined marketplace management and are becoming better brand builders around the world. We've demonstrated the ability to successfully navigate a variety of challenges over the past three years, working collectively as One Wolverine to both win together and deliver results.

And finally, I believe we're well prepared to navigate any headwinds we may face in the future. But while we're encouraged by the progress, we're still not satisfied, and we believe there's much more opportunity ahead for the company, our team, our brands, and our shareholders, and we're driving to make every day better.

With that, thank you for taking the time to be with us this morning, and we're happy to take your questions.
Operator?

QUESTION AND ANSWER SECTION

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions] Our first question comes from the line of Tom Nikic with Needham & Company. Please go ahead.

Tom Nikic

Analyst, Needham & Co. LLC

Q

Hey. Good morning. Thanks for taking my question. I wanted to ask about Saucony. So, kind of digging beneath the surface of the revenue growth, can you talk a little bit more about what you're seeing from a brand heat perspective? Curious, if you're seeing any interesting developments on social media, on the sneaker blogs, getting noteworthy feedback from wholesale customers regarding what their customers are telling them, et cetera?

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Sure. Thanks, Tom. We appreciate the question. Good morning, everyone. We're really pleased with the brand heat that Saucony is generating in the marketplace. I'll point to the Minted collaboration launch we're going to have right now. It has been blowing up my social feed for the last couple of weeks, and we'll drop it in our new Pioneer store in Covent Garden here shortly. And I think the heat that the brand is generating is coming from both the performance side and the lifestyle side, which gives us a lot of encouragement. And I'd point back to things that we've done intentionally, a key city strategy, investing in these key influencer markets that we think have an outsized influence on their region and really started with London. And we're seeing really record Google search interest for the brand right now. And that is obviously correlating to continued sustained growth.

So, we remain bullish on the prospects for Saucony. I think it's a very special opportunity. Pleased with how the team is executing and pleased with the results that we have and certainly pleased with the outlook we have for the balance of the year.

Tom Nikic*Analyst, Needham & Co. LLC*

Q

Sounds good. And if I could follow up just quickly on Saucony. So for modeling purposes, you're lapping a really, really big number in Q2. You're lapping a plus 40% from a year ago. How should we think about the ability to grow on top of that really stellar growth from a year ago?

Taryn Miller*Chief Financial Officer, Wolverine World Wide, Inc.*

A

Thanks, Tom, for the question. Yeah. The brand, as you called out, had a very strong Q2 last year with over 40% growth in the second quarter. So, the second quarter will represent the toughest comp of the year for Saucony. That's partly – the growth last year was partly aided by the \$4 million of order timing shift that we talked about in the prepared remarks, as well as the sell-in from the US lifestyle distribution expansion last year. So as a result, we would expect the second quarter to be one of the lower quarters of growth for the year for Saucony. But as we said, we're very excited about what we're seeing for the brand in the US and international, and we expect Saucony to grow the full year low to mid-teens, and off to a great start in the first quarter. And balance of the year is, as Chris said, well-supported by what we're seeing across the categories, channels, and regions in sell-through.

Operator: Our next question comes from the line of Dana Telsey with the Telsey Group. Please go ahead.

Dana Lauren Telsey*Analyst, Telsey Advisory Group LLC*

Q

Hi. Hope you could hear me. Nice to see the progress.

Christopher E. Hufnagel*President, Chief Executive Officer & Director, Wolverine World Wide, Inc.*

A

We can.

Dana Lauren Telsey*Analyst, Telsey Advisory Group LLC*

Q

Good. As you think about the gross margin and the uptick you just announced, what do you see as the puts and takes? How does energy get included into the expense structure? And given the progress in wholesale, more orders versus price, is it consistent with by brand? What are you seeing in that wholesale channel? Thank you.

Taryn Miller*Chief Financial Officer, Wolverine World Wide, Inc.*

A

Yeah, I'll start, Dana, with the gross margin question. I think it's important to remember the progress that we've made on gross margin in 2025. We expanded gross margins by 300 basis points on top of a strong improvement in 2024. In Q1 of this year, we delivered 47.6%, which was flat year-over-year despite absorbing a 270 basis point unmitigated tariff headwind. That is a meaningful proof point that the mitigation efforts and the structural improvements we've made are working.

I'd say when you think of balance of year in terms of how are we looking at gross margin, first, we may see some variations quarter to quarter, and that's really structurally in terms of our business. When you think of the seasonality and brand mix or channel mix, we may see some fluctuation quarter to quarter. But second, while our year-over-year unmitigated tariff impact is expected to be lower in the second half than the first half, we're also starting to see – starting to lap mitigation actions in the second half. You'll recall in the second half of 2025 that our tariff mitigation actions outpaced the tariff increases.

And then the third piece would be on freight. The higher oil prices, we expect to see higher freight in the second half of the year from the surcharges than in the first half. But kind of back to the bigger point, structurally, we're seeing strong improvements in terms of gross margins. We would expect those to continue as we're getting more full-price sales, we're realizing cost savings initiative. And that is giving us the opportunity as we've been investing the last two years in marketing in key capabilities. We've been able to continue those investments while holding the rest of our cost base in line as we're growing revenue, which is creating that leverage. And we would expect that to continue through the balance of the year.

Dana Lauren Telsey

Analyst, Telsey Advisory Group LLC

Q

Thank you. On the wholesale part?

Taryn Miller

Chief Financial Officer, Wolverine World Wide, Inc.

A

Yeah. Can you repeat the question on wholesale?

Dana Lauren Telsey

Analyst, Telsey Advisory Group LLC

Q

Yeah. Where are you seeing the strength in wholesale by region and by brand? How are orders trending as we begin to place orders for the fourth quarter? Thank you.

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

I think what we'd say is just reiterate and echo what we said in the prepared remarks is that the current order book, the visibility we have to it supports our outlook. Obviously, everyone is watching the consumer very closely, but the fact – the way our brands are performing, the recent market share data that we're getting, I feel good about where our brands are positioned.

I think that speaks to the work the team has done around product innovation, certainly working on the demand creation piece, and then really trying to strengthen those wholesale relationships that we have in a very disciplined way that we're managing the marketplace. Who gets what product, how we're distributing it, and how we're managing inventories. So as we sit here today, the visibility that we have, I think we're pleased with the progress and pleased with the way the balance of the year is setting up as of today.

Dana Lauren Telsey

Analyst, Telsey Advisory Group LLC

Q

Thank you.

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Thanks, Dana.

Operator: Our next question comes from the line of Anna Andreeva with Piper Sandler. Please go ahead.

Anna Andreeva

Analyst, Piper Sandler & Co.

Q

Great. Thank you so much. And good morning, guys. We had a question on Merrell. Chris, really great to see that momentum in the brand, and you mentioned International was especially strong. Can you remind us how big is International for Merrell now, and just how do you think about the potential there over time? And then secondly, on DTC overall for the company, you've talked about pulling back on discounting for a few quarters now, and I think you're starting to lap that now. Can you just provide more color on that? Where are you with that initiative? And are you expecting an uptick in DTC within the guide?

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Sure. Thanks, Anna. Merrell's international exposure is similar to the broader portfolio, and nothing sort of materially different there. I would say I'm really pleased with the progress we are seeing in Merrell globally. And I think that really speaks to the work the teams have done over the last handful of years to really grow that business. And we're seeing special strength in [ph] EMA, (00:37:33) led by the performance products. And then, certainly, Asia-Pacific has been a nice green shoot for us over the past handful of years, really building some new relationships, a great partnership with our partner in Japan and Korea, and obviously our partnership in China. I think we're really encouraged by that, and then obviously longstanding partnerships in Latin America.

The Merrell brand is a little bit different by region, a very strong performance aspect in Europe, a very sort of cool lifestyle outdoor aspect in Asia-Pacific, and then more of a casual outside perspective in Latin America. But Merrell's growth continues to be broad-based across most regions and channels. And here back at home, the market share gains that we've experienced over the past couple of years have been some of the best market share gains we've seen in Merrell in my time at the company. And both new product introductions, whether it's the Moab Speed 2, obviously the iconic Moab 3 continues to be a leader. And then, obviously, we're working hard to expand trail run as well.

So, really pleased with the growth in Merrell, the consistent growth in Merrell, and importantly how we're managing the business in the marketplace. And I think we should pay attention to the broader lifestyle opportunity for Merrell beyond the trail. And I think the teams have really worked hard to grow that outdoor-inspired lifestyle offering specifically for her. So, encouraged by that. And then, obviously, the new brand platform, It Starts Outside really celebrating Merrell's 45th year. And this will be a record year of marketing investment for the brand as well. And we're seeing really strong upticks in interest with some of the activations that they've done.

Related to the promotional cadence, yeah, that has been an important piece for us. How do we become less promotional? How do we run more premium, full-price brands? Obviously, that is a hard pivot to make as an organization, and we're working through that. We'll begin to sort of fully lap some of those very tough comparisons, but pleased how the overall portfolio is being led while we're working to become less promotional.

And I think that speaks to the diversified nature of Wolverine World Wide. Not dependent upon any one brand, not dependent upon any one region or channel, and we can sort of navigate pivots like that in strategy and tactics, at

the same time work to navigate sort of complicated global situations we find ourselves in. So, that is one of the benefits of the Wolverine portfolio in times like this.

Anna Andreeva

Analyst, Piper Sandler & Co.

Very helpful. Really appreciated. Best of luck, guys.

Q

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

Thanks, Anna.

A

Operator: Our next question comes from the line of Mauricio Serna with UBS. Please go ahead.

Mauricio Serna

Analyst, UBS Securities LLC

Great. Good morning. Thanks for taking my questions. First, questions on Saucony. Could you tell us how much did performance and lifestyle contribute to the Q1 growth? And then, I think you mentioned a few minutes ago that you expect Q2 to be kind of the toughest quarter, just given the compares. I mean, the lowest growth rate of the year for the brand, just given the tough compares. Maybe could you then tell us how are you thinking about the second half? Like, should we expect an acceleration as you get those compares out of the way? And what would be like the drivers for that acceleration, if that's the case? Thank you.

Q

Taryn Miller

Chief Financial Officer, Wolverine World Wide, Inc.

Yeah. Thanks for the question, Mauricio. Regarding the Q1 performance for Saucony, while I won't give specifics on performance and lifestyle, but both drove – we saw nice contributions from both performance and lifestyle for the growth, as well as we called out across both performance and lifestyle as well as across channels and regions. So, really broad-based growth for Saucony in the first quarter. Yeah. As we called out in the second quarter in terms of the toughest comp of the year for the reasons I explained, I think what I would point to without getting into second half, if you think of it, we guided Saucony for the year on constant currency to be in that low to mid-teens. And when you look at the start of the year with the 15%, off to a strong start, so would basically call out that while it may not be exactly consistent to quarter to quarter, we like what we're seeing in the back half in terms of the initiatives taking root for the brands.

A

Mauricio Serna

Analyst, UBS Securities LLC

Got it. And then, I have one quick follow-up on Merrell. It sounded like at the beginning on the prepared remarks, I heard something about hike category maybe getting better. Anything that you could tell us about industry level, how you're seeing the hike category in the US and abroad, that would be very helpful. Thank you.

Q

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

Sure. Hike in the US in 4Q 2025 was flat. It was positive 6% in 1Q 2026. And we've sort of seen that, if you've been following our calls for the past year or so, obviously, hike has been under pressure, although Merrell had been gaining share while it's been under pressure. We talked about being able to call the bottom, and we've been able to sort of see hike get sequentially better. Obviously, hike being up 6% is encouraging for the category in

A

general. And Merrell gaining share 12 of the last 13 quarters and being the industry leader, I think that bodes well for Merrell's prospects as we work our way through 2026 and beyond.

Mauricio Serna

Analyst, UBS Securities LLC

Q

Awesome. Great to hear that. Congratulations and good luck.

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Thanks, Mauricio.

Operator: Our next question comes from the line of Peter McGoldrick with Stifel. Please go ahead.

Peter McGoldrick

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Thanks for taking my question. Taryn, I'm interested in gross margin [indiscernible] (00:43:11-00:43:20)...

Taryn Miller

Chief Financial Officer, Wolverine World Wide, Inc.

A

Hey, Peter. Peter, sorry, you're cutting up. We can't – you're asking something about gross margin, but I can't hear the details of the question.

Peter McGoldrick

Analyst, Stifel, Nicolaus & Co., Inc.

Q

[indiscernible] (00:43:29-00:43:34).

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Maybe, operator, we go to the next call and get Peter to – on a landline.

Operator: Understood. Moving to the next question, we have Laurent Vasilescu with BNP Paribas. Please go ahead.

William Dossett

Analyst, BNP Paribas Securities Corp.

Q

Hi, team. This is William Dossett on for Laurent. Thanks for taking our questions, and congrats on a nice quarter, too.

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Thank you.

William Dossett

Analyst, BNP Paribas Securities Corp.

Q

So, for our first question, we wanted to ask just about guidance for 2026. You mentioned that you're staying grounded in a dynamic operating environment. So, how much is just conservatism given the 1Q beat with respect to top-line guidance versus anything you may be seeing lately with all the disruptions in the Middle East and impacts to the consumer potentially? And then our second question was on gross margin. Appreciate that color, the input cost won't impact 2026. We've heard from other brands that 2027 spring may be the time when the impact from higher input costs flows through. And so, wanted to just understand a potential increase in COGS in early 2027. Thank you.

Taryn Miller

Chief Financial Officer, Wolverine World Wide, Inc.

A

Yeah. We'll start with the guide and then go to kind of the oil impact question. Regarding the guidance, we're encouraged by the start of the year, and with the first quarter revenue and profitability both coming in ahead of our expectations. And the second quarter is in line with our internal initial expectations as well. So, strong start to the year. At this point in the year, we believe it's prudent to maintain the full year outlook given the current operating environment that we talked to. And that includes some pressure from the Middle East distributor cancellations as well as inflationary considerations for the consumer that we're monitoring. And also, on profitability, we did raise the outlook to reflect the benefit of the lower expected tariff rates that were partially offset by some of those higher oil costs.

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Yeah. And I just want to add a couple things to that. I think it's really important to note that we continue to see progress across the portfolio, and I think that does reinforce our confidence in the outlook. I'd say that our brand-building model is working, and product innovation and marketing investments planned for the balance of the year position us well to deliver those numbers. As the quarter noted, we've continued to see strong performance from Merrell and Saucony. Their new product is resonating. Our key city strategy is checking. And we're planning that, for both Merrell and Saucony, this will be their largest investments in marketing on record. And across the broader portfolio where we have underperformed, we're seeing those trends improve.

Wolverine gained share for the second consecutive quarter, and Sweaty Betty is really executing well against its new strategy. Our sell-through trends remain encouraging, particularly where we're investing in innovation, and the order book supports our full year outlook. At the same time, we're staying very disciplined and eyes wide open given the current environment, but focused against executing our plans. But encouragingly, the year as we see it is largely unfolding as anticipated, and we're pleased with the performance to date, and what we see in the immediate horizon.

Taryn Miller

Chief Financial Officer, Wolverine World Wide, Inc.

A

And then regarding your questions about oil prices, we're monitoring the situation closely and the known impacts are factored into our outlook. On costs, the higher oil prices are translating into increased freight expense. That's both inbound transportation as well as our e-commerce shipping, which is reflected in the guidance. At this stage, as I said, we expect the impact on product cost to be limited in 2026. To your question on 2027, it's still too early to speak to 2027. But if elevated oil prices persist, we would expect some pressure on product input cost to emerge over time. That said, for the reasons I stated earlier, we're in a much stronger position to manage through cost inflation than we've been in prior periods, given the structural gross margin improvements that we've been driving across the business.

William Dossett*Analyst, BNP Paribas Securities Corp.*

Very helpful. Thank you.

Q

Christopher E. Hufnagel*President, Chief Executive Officer & Director, Wolverine World Wide, Inc.*

Thank you.

A

Operator: Our next question comes from the line of Jonathan Komp with Baird. Please go ahead.

Jonathan R. Komp*Analyst, Robert W. Baird & Co., Inc.*

Yeah. Hi. Good morning. Thank you. I want to follow up with a broader question on Saucony, just given some of the successes with recent launches, the momentum that you're seeing. Could you share a little bit of a broader vision how you see Saucony beyond 2026 and really anything you're willing to share on the ultimate potential here?

Q

Christopher E. Hufnagel*President, Chief Executive Officer & Director, Wolverine World Wide, Inc.*

Yeah. Thanks, Jon. We remain really bullish on Saucony's prospects, both because of the category in which it plays in, and what a unique and special brand that we have in the portfolio. As we've navigated – we began this turnaround and we pushed hard on Saucony to sort of reset that brand strategy to capitalize on we thought was a very big opportunity. And Saucony operates at the intersection of performance and run culture and lifestyle. And it's a 100-plus-year old brand. And that team has delivered really great innovative product, at the same time been able to build great brand heat around both performance piece and the lifestyle piece.

A

So, I remain very bullish on Saucony's prospects. I think we're still in the very early innings of what could be a very compelling story. Pleased with what we're seeing today. At the same time, pleased with what we have on the horizon for 2027 and beyond. I think some of the best innovation I've seen out of Saucony is going to be in the pipeline for 2027. So, credit to that team, the way we've managed the business, and certainly thankful to the great partners we have around the world helping grow that brand.

And when I first got close to the Saucony brand, I went out and visited customers, and it's a very special brand that holds a really special place in people's hearts and really known from innovation. And when Saucony brings innovation and can develop that brand heat, I think that there's a lot of potential. So, it's a fiercely competitive space. We're not discounting that. At the same time, I like our chances continue to grow this business.

Jonathan R. Komp*Analyst, Robert W. Baird & Co., Inc.*

Great. And just to follow up, if I could, Taryn, on the outlook, could you maybe just highlight some of the puts and takes as you think about the low end or the high end of the outlook for 2026? And maybe if you could, as you think especially to the back half, are there areas of conservatism you're still embedding just given some of the uncertainty? Any more detail there would be helpful. Thank you.

Q

Taryn Miller*Chief Financial Officer, Wolverine World Wide, Inc.*

A

I appreciate the question, Jon. In terms of the guidance, as we had called out, I think when you start with revenue, the reason we said we were encouraged with the start in exceeding on the revenue front, certainly with both Active Group and Work Group performing ahead of expectations. And as I had called out earlier, the second quarter is in line with where we initially expected. So, I think well-positioned as we start the year in terms of the guidance in the back half of the year. The reason we said we wanted to stay appropriately grounded as we look at the back half and we talked about the potential consumer headwinds.

I think that said, Chris had called out where we think we're well-positioned across the brands, both in Active Group and Work Group, and the momentum we're building with the innovation that's launching, with the marketing that's coming out across the board, as well as how we're driving the business and the supply chain to be able to meet that demand, to be flexible to that demand in the back half. So, from a, from a top line perspective, well-positioned.

When we look at margin, I called out earlier that as we go throughout the year, we expect the unmitigated tariff impact to start to be lower as you get into the back half year-over-year. But we'll also start lapping the mitigation actions, and we'll start to see some of the higher freight costs that we had identified come through in the back half. So, I think that those would be the main points that I would call out overall. Pleased to be able to maintain that guidance on the top line, given where we're starting, as well as – and raise the guidance on the bottom line, given some of the lower tariffs, net of the higher freight that we're seeing come through.

Jonathan R. Komp

Analyst, Robert W. Baird & Co., Inc.

Q

That's very helpful color. Thanks again.

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Thanks, Jon.

Operator: Our next question comes from the line of Peter McGoldrick with Stifel. Please go ahead.

Peter McGoldrick

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Yeah. Take two. Can you hear me now?

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Yeah, sorry about that, Peter. We couldn't make out your first call.

Peter McGoldrick

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Okay. Fair enough. I think we got the gist of it. I was asking about gross margin potential conservatism in the second half, but the building blocks shared on the last question get us there. Let's ask about the wholesale sell-through health and then the order book outlook. Can you help us think about the sell-through rates at retail, how that's trending a year ago in Merrell and Saucony? And how much of the outlook embedded from wholesale is driven by door expansion versus same-door productivity improvement?

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Yeah. I think, generally, specifically in the US, I would say, we're pleased with the current sell-through rates in Merrell and Saucony. In some cases, sell-through rates – for Saucony lifestyle, actually sell-through rates higher than last year, which we're encouraged by, as we think about that category and how important of a growth driver that can be for the brand. So as we sit here today, the current order book, the visibility we have to it, the current sell-through rates that we're getting from the marketplace, combined with the market share gains that we've talked about, leave us feeling good about how we're viewing the rest of the year. Obviously, the conditions change and we're always thinking about what is next and close eye on the consumer. But with a strong finish to Q1 and the visibility we have into Q2 and beyond, I think we feel good about where we sit.

Peter McGoldrick

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Very good. And then on DTC performance, DTC flat, including some pressure from a Sweaty Betty reset. Given the investments you're making in the e-commerce platform and the key city strategy, when can we expect to see these initiatives to start driving more meaningful DTC acceleration, particularly in the Merrell and Saucony brands?

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Yeah. That's a great question. Certainly, DTC is an important component of the company and of our business, and certainly how our brands engage [ph] – gauge (00:54:28) with consumers. At the same time, we're very focused on showing up when and where the consumers want to engage us, whether it's wholesale, whether it's direct mail, whether it's a social channel, whether it's our website or an app. Two things that I would point to our DTC business, and it's – alluded to it in an earlier question. Two things with DTC. A, we're trying to become less promotional, and trying to be more consistent, more premium, a very consistent expression to our consumers, and certainly increasing the full-price penetration, and just a better site experience.

I think the other thing that we haven't talked about in depth is we're also pivoting our marketing investment. And I think, for those of you that know sort of e-commerce businesses and how you invest up and down the funnel, I think historically we probably were invested too far down the funnel, focusing on conversion. And I think that, in the short term, feels good because you're driving conversion, driving revenue. At the same time, I think that has a knockdown effect over time relative to awareness for our brand. So, we've worked hard over the past year or so to really shift that spending up the funnel. And I think you're seeing that in both Merrell and Saucony, which is why you're seeing sort of record levels of search interest.

We think that is the right way to manage long-term brands. And when I talked very early in my tenure about becoming great global brand builders, that is part and parcel to that. But when you make that shift up the funnel and to become less promotional, it certainly does put pressure short term on the DTC business. And we're working our way through it. We think it's the absolute right thing to do for the business for the long term. At the same time, you're going to put pressure on short-term results. And again, I point back to the value of how we manage the business.

We have a very diversified portfolio, not dependent upon any one brand, any one region, any one channel. And that allows us to sort of navigate tricky situations like that in strategy and tactics. At the same time, navigate what can be a very global macro environment. So, that's how we're viewing it. A lot of effort is being placed there. I'd also point to the fact we've hired some great new talent to our DTC business to help us really become great

retailers. And we think if we're a great DTC business, both in stores and online, we're going to be better brand managers and ultimately a better business and better company.

Peter McGoldrick

Analyst, Stifel, Nicolaus & Co., Inc.

Very good. Thank you.

Q

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

Thank you. Thanks, Peter.

A

Operator: Our next question comes from the line of Sam Poser with Williams Trading. Please go ahead.

Sam Poser

Analyst, Williams Trading LLC

Thank you for taking my questions. Quick – I was just wondering, can you give us sort of the bridge on the DTC between the way you spoke about Merrell and Saucony, and then the balance of the way the DTC business ended up, as well as the domestic growth versus international? Can you give us sort of the bridge – can you provide the bridges on all of that?

Q

Taryn Miller

Chief Financial Officer, Wolverine World Wide, Inc.

When you're talking about US/international, you're speaking DTC, you're talking just in total for the company?

A

Sam Poser

Analyst, Williams Trading LLC

Well, I'm talking in total for the company with that, because your – the domestic business was up 1.7%, international was up 12.8%. But you were speaking up you – were talking about how strong Merrell and Saucony were there, and then the DTC business was only – was...

Q

Taryn Miller

Chief Financial Officer, Wolverine World Wide, Inc.

Roughly flat.

A

Sam Poser

Analyst, Williams Trading LLC

...was flat. And so – but again, you were talking about the DTC business for Merrell and Saucony. So, I'm trying to sort of figure out like how much were those up?

Q

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

Sam, I think you have to – Sam, when you talk about DTC, I think you also have to include the reset for Sweaty Betty in the US.

A

Sam Poser*Analyst, Williams Trading LLC*

Q

Right. I'm just trying to get a like – yeah. I'm trying to get the measure of how much that – like how much that cost you versus – sort of the bridge on how much Sweaty Betty was versus the other and then – and when you're talking about Merrell and Saucony being up direct to consumer, how much that was. Just trying to – for both DTC and total domestic, I'm trying to sort of sort that all out.

Taryn Miller*Chief Financial Officer, Wolverine World Wide, Inc.*

A

Yeah, I'll start with the – let me just start with the US versus international. So as we had called, international grew around 13% in the quarter and US grew around 2% in the quarter, in totality. Our largest brands, when you think of the US, the largest brands all grew. So, Merrell saw growth in the US. Saucony grew the US. Work Group grew. Sweaty Betty did decline in the US in the quarter, given the reset that we spoke to. I think when you think of Merrell, the hike share gains that we're seeing in the US and the category returning to growth, our new products coming through, like the Agility Peak 6 is doing very well and resonating. And sell-through, importantly, is strong and the inventory in the channel is clean.

I think when you look at the work that we've done across the brands, whether it be Merrell, Saucony, Work Group, in terms of that marketplace management and being able to get clean inventory for the new product to come through and sell at more full price, in the US, we are seeing that work across the board. So, that's a bit to the US versus international at a total level.

Sam Poser*Analyst, Williams Trading LLC*

Q

Okay. Okay. And then, all right, let me just move on. One last thing. On the narrower – how much have you narrowed your overall assortments over the last few years? And how much of that is helping sort of the margin structure of the business, if you...

[indiscernible] (01:00:17)

Christopher E. Hufnagel*President, Chief Executive Officer & Director, Wolverine World Wide, Inc.*

A

That's a good question. Yeah, a great question. I think we've worked really hard about the product line architecture, trying to tell fewer stories better, trying to focus on SKU productivity. And I point to Saucony as an example of that, really talking about the Core 4 and then the Endorphin franchise and how that supports there. I think those things have really worked well for us.

I think there was a period of time where we were making a lot of different shoes and marketing them and merchandising them and having pick and choose what they wanted. And I think good brands and good brand-builders take a very clear point of view on product line architecture and really narrow the assortment and try to tell fewer stories bigger.

And I think, to your point, Sam, I think that has worked – really think Saucony has helped lead that. I think Merrell has done a good job trying to work on telling fewer stories better. I think it's part of the work, frankly, we have to do – that we're beginning in Work Group in sort of how we think about that product line architecture and how we distribute and segment that business. But I think the thesis of your question is, is how much has that contributed to both, the turnaround of the organization, both in being able to grow the business, be – tell more compelling

marketing around fewer stories, and certainly the gross margin benefit that we've seen. I think that that's all been part of the story, Sam.

Sam Poser

Analyst, Williams Trading LLC

Q

But how much have you narrowed it? I mean, have you cut your SKU count by 20% or 5% or – in general? And where do you want to be when you think about that sort of holistically?

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

I think in some brands, we've taken a really strong haircut against the product line. At the same time, I think product lines are like cholesterol. They build up over time. And I think you have to keep pruning that over time and really being rigorous about that. That's part of the reason why we've added merchants to the organization. We have not historically been a merchant-led organization, but we've added merchandising talent to all of our brands to really think about that. And I think that's something that every single season we have clear SKU targets and SKU productivity, and every season I think we have to be relentless and rigorous on how we maximize the productivity of that line.

Sam Poser

Analyst, Williams Trading LLC

Q

Thanks very much.

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Thank you, Sam.

Operator: Our next question comes from the line of Mitch Kummetz with Seaport Research Partners. Please go ahead.

Mitch Kummetz

Analyst, Seaport Research Partners

Q

Yes. Thanks for taking my questions. I guess, I have two on Saucony. So, when you reported the fourth quarter, you mentioned on that call that US lifestyle was planned down for the year. I'm wondering if there's any change to that outlook. On today's call, you referenced better sell-through in US lifestyle, and I'm wondering if your outlook for Saucony US lifestyle has changed in the last three months. And then, on the international side of Saucony, again, on the last call, you talked about the expectation that lifestyle would grow faster than performance. And I was hoping you could just address where you're seeing the international lifestyle growth. How much of that is new doors versus growth in kind of like-for-like doors? So, those are my two questions.

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

A

Sure. Sure. I think, fundamentally, our perspective on US lifestyle hasn't changed dramatically from when we spoke to you in February. I will say that we are encouraged by the current sell-through rates that we're seeing as we work to manage that in the US, and we're encouraged by the continued market share gains we're seeing in that run lifestyle business. So, those things give us confidence in how we work to learn from where we were and how we manage that business going forward, both here in the US as we think about back half of 2026 and into

2027, and then obviously how we manage Europe. I think we're pleased with the lifestyle expansion in Europe that we're seeing right now. Obviously, learned from the US expansion.

At the same time, I also want to make sure that clear, I think the key city strategy for us actually started outside the US, and London was actually the first city where we began that. So, we've got a couple of years of investment in London around that brand, which has helped raise brand awareness. So, as you bring the lifestyle to market, I don't think we have that headwind of lower brand awareness that we have struggled with in some markets here in the US. I think, in total, the lifestyle story is we're pleased with the expansion. We've learned about marketplace management. I think the corrective actions that we've taken so far, we're encouraged by. But as we sit here today, we're pleased with the progress and pleased with the outlook.

Mitch Kummetz

Analyst, Seaport Research Partners

All right. That's helpful. Thank you.

Q

Christopher E. Hufnagel

President, Chief Executive Officer & Director, Wolverine World Wide, Inc.

Thanks, Mitch.

A

Operator: Ladies and gentlemen, that concludes our Q&A session and today's conference call. We would like to thank for your participation. You may now disconnect your lines. Have a pleasant day.

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