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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2019

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: 000-09068

WEYCO GROUP, INC.

(Exact name of registrant as specified in its charter)

WISCONSIN	39-0702200
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

333 W. Estabrook Boulevard
P. O. Box 1188
Milwaukee, Wisconsin 53201
(Address of principal executive offices)
(Zip Code)

(414) 908-1600
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock - $1.00 par value per share	WEYS	The Nasdaq Stock Market

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 _X_ 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 (Section 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 _X_ 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 _X_ Non-Accelerated Filer ___ Smaller Reporting Company _X_ Emerging Growth Company ___

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

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

As of October 31, 2019, there were 9,887,833 shares of common stock outstanding.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

The following unaudited consolidated condensed financial statements have been prepared by Weyco Group, Inc. (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. It is suggested that these consolidated condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's latest annual report on Form 10-K.

WEYCO GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED)

	September 30, 2019	December 31, 2018
	(Dollars in thousands)	
ASSETS:		
Cash and cash equivalents	$ 9,055	$ 22,973
Marketable securities, at amortized cost	6,543	1,525
Accounts receivable, net	56,827	51,533
Inventories	81,340	72,684
Prepaid expenses and other current assets	3,512	5,380
Total current assets	157,277	154,095
Marketable securities, at amortized cost	16,547	18,702
Deferred income tax benefits	1,182	1,277
Property, plant and equipment, net	30,496	28,707
Operating lease right-of-use assets	19,822	-
Goodwill	11,112	11,112
Trademarks	32,868	32,868
Other assets	23,569	23,283
Total assets	$ 292,873	$ 270,044
LIABILITIES AND EQUITY:		
Short-term borrowings	$ 16,862	$ 5,840
Accounts payable	6,343	12,764
Dividend payable	-	2,308
Operating lease liabilities	6,817	-
Accrued liabilities	12,488	14,306
Accrued income tax payable	1,290	912
Total current liabilities	43,800	36,130
Deferred income tax liabilities	3,541	3,724
Long-term pension liability	23,079	23,112
Operating lease liabilities	14,460	-
Other long-term liabilities	343	1,495
Total liabilities	85,223	64,461
Common stock	9,941	10,057
Capital in excess of par value	65,482	64,263
Reinvested earnings	153,933	152,835
Accumulated other comprehensive loss	(21,706)	(21,572)
Total equity	207,650	205,583
Total liabilities and equity	$ 292,873	$ 270,044

The accompanying notes to consolidated condensed financial statements (unaudited) are an integral part of these financial statements.

WEYCO GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(In thousands, except per share amounts)			
Net sales	$ 82,502	$ 78,375	$ 217,106	$ 208,789
Cost of sales	50,196	47,984	131,633	128,067
Gross earnings	32,306	30,391	85,473	80,722
Selling and administrative expenses	23,817	22,344	69,974	67,161
Earnings from operations	8,489	8,047	15,499	13,561
Interest income	210	252	663	739
Interest expense	(96)	(10)	(162)	(10)
Other income (expense), net	11	(195)	(242)	(414)
Earnings before provision for income taxes	8,614	8,094	15,758	13,876
Provision for income taxes	2,029	1,942	3,691	3,385
Net earnings	6,585	6,152	12,067	10,491
Net loss attributable to noncontrolling interest	-	(124)	-	(398)
Net earnings attributable to Weyco Group, Inc.	$ 6,585	$ 6,276	$ 12,067	$ 10,889
Weighted average shares outstanding				
Basic	9,912	10,114	9,933	10,167
Diluted	9,929	10,391	9,996	10,419
Earnings per share				
Basic	$ 0.66	$ 0.62	$ 1.21	$ 1.07
Diluted	$ 0.66	$ 0.60	$ 1.21	$ 1.05
Cash dividends declared (per share)	$ 0.24	$ 0.23	$ 0.71	$ 0.68
Comprehensive income	$ 5,990	$ 6,086	$ 11,933	$ 9,551
Comprehensive loss attributable to noncontrolling interest	-	(282)	-	(870)
Comprehensive income attributable to Weyco Group, Inc.	$ 5,990	$ 6,368	$ 11,933	$ 10,421

The accompanying notes to consolidated condensed financial statements (unaudited) are an integral part of these financial statements.

WEYCO GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
	(Dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 12,067	$ 10,491
Adjustments to reconcile net earnings to net cash (used for) provided by operating activities -		
Depreciation	2,478	2,842
Amortization	133	238
Bad debt expense	100	190
Deferred income taxes	(209)	1,353
Net foreign currency transaction (gains) losses	(105)	332
Share-based compensation expense	1,102	1,149
Pension contribution	-	(3,000)
Pension expense	785	522
Increase in cash surrender value of life insurance	(250)	(250)
Changes in operating assets and liabilities -		
Accounts receivable	(5,413)	(7,557)
Inventories	(8,622)	180
Prepaid expenses and other assets	1,731	2,756
Accounts payable	(6,418)	(2,928)
Accrued liabilities and other	(1,873)	(4,749)
Accrued income taxes	338	278
Net cash (used for) provided by operating activities	(4,156)	1,847
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	(14,641)	(7,819)
Proceeds from maturities of marketable securities	11,865	7,450
Life insurance premiums paid	(155)	(155)
Purchases of property, plant and equipment	(4,564)	(876)
Net cash used for investing activities	(7,495)	(1,400)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash dividends paid	(9,408)	(9,213)
Cash dividends paid to noncontrolling interest of subsidiary	-	(88)
Payment to acquire noncontrolling interest of subsidiary	-	(3,740)
Shares purchased and retired	(4,029)	(6,589)
Net proceeds from stock options exercised	161	4,308
Taxes paid related to the net share settlement of equity awards	(5)	(699)
Proceeds from bank borrowings	113,711	20,309
Repayments of bank borrowings	(102,689)	(12,261)
Net cash used for financing activities	(2,259)	(7,973)
Effect of exchange rate changes on cash and cash equivalents	(8)	(177)
Net decrease in cash and cash equivalents	$ (13,918)	$ (7,703)
CASH AND CASH EQUIVALENTS at beginning of period	22,973	23,453
CASH AND CASH EQUIVALENTS at end of period	$ 9,055	$ 15,750
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes paid, net of refunds	$ 3,385	$ 1,915
Interest paid	$ 162	$ 10

The accompanying notes to consolidated condensed financial statements (unaudited) are an integral part of these financial statements.

NOTES:

1. Financial Statements

In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments necessary to present fairly the Company's financial position, results of operations and cash flows for the periods presented. All such adjustments are of a normal recurring nature. The results of operations for the three and nine months ended September 30, 2019, may not necessarily be indicative of the results for the full year.

2. Recently Adopted Accounting Pronouncement

On January 1, 2019, the Company adopted Accounting Standards Update 2016-02, *Leases*, as amended (hereinafter referred to as "ASC 842"), which supersedes the lease accounting guidance under Topic 840. ASC 842 generally requires lessees to recognize lease liabilities and corresponding right-of-use ("ROU") assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements. The Company adopted the new guidance using the modified retrospective transition approach by applying the new standard to all leases existing at the date of initial application. The comparative information was not restated and continues to be reported in accordance with historical accounting under Topic 840. The Company elected to utilize certain practical expedients that were provided for transition relief. Accordingly, the Company did not reassess expired or existing contracts, lease classifications or related initial direct costs as part of its assessment process. Additionally, the Company elected not to apply the recognition requirements of ASC 842 to short-term leases.

The adoption of ASC 842 had a material impact on the Company's consolidated condensed balance sheet due to the recognition of ROU assets and lease liabilities. The Company recognized operating lease ROU assets and corresponding lease liabilities totaling $26.0 million and $27.8 million, respectively, on January 1, 2019. The operating lease ROU assets recorded on the adoption date were net of approximately $1.8 million in reclassifications of other accrued liabilities and long-term liabilities. The adoption did not impact the Company's beginning retained earnings, nor did it have a material impact on the Company's consolidated earnings or cash flows.

3. Update to Significant Accounting Policies

The Company adopted ASC 842 in the first quarter of 2019. As a result, the Company updated its significant accounting policies for leases, as discussed below. Refer to Note 2 for the impact of the adoption on the Company's consolidated condensed financial statements and Note 9 for additional information related to the Company's lease arrangements.

The Company leases retail shoe stores, primarily located in the U.S. and Australia, as well as several office and distribution facilities worldwide. The Company determines whether an arrangement is or contains a lease at contract inception. All of the Company's leases are classified as operating leases, which are included in the operating lease ROU assets and operating lease liabilities in the consolidated condensed balance sheets (unaudited). The Company has no finance leases.

ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

As the Company's leases generally do not provide an implicit rate, the Company used its incremental borrowing rate in determining the present value of lease payments. The incremental borrowing rate was a hypothetical rate based on an understanding of what the Company could borrow from a third-party lender, on a collateralized basis, over a similar term, and in an amount that approximates the value of the Company's future lease payments. The Company used a portfolio approach and applied a single discount rate to all of its leases.

Operating lease costs are recognized on a straight-line basis over the lease term and are included in selling and administrative expenses. Variable lease payments that do not depend on a rate or index, payments associated with non-lease components, and short-term rentals (leases with terms less than 12 months) are expensed as incurred.

4. Earnings Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(In thousands, except per share amounts)			
Numerator:				
Net earnings attributable to Weyco Group, Inc.	$ 6,585	$ 6,276	$ 12,067	$ 10,889
Denominator:				
Basic weighted average shares outstanding	9,912	10,114	9,933	10,167
Effect of dilutive securities:				
Employee share-based awards	17	277	63	252
Diluted weighted average shares outstanding	9,929	10,391	9,996	10,419
Basic earnings per share	$ 0.66	$ 0.62	$ 1.21	$ 1.07
Diluted earnings per share	$ 0.66	$ 0.60	$ 1.21	$ 1.05

Diluted weighted average shares outstanding for the three months ended September 30, 2019 excludes anti-dilutive share-based awards totaling 1,382,000 shares of common stock at a weighted average price of $26.56. Diluted weighted average shares outstanding for the nine months ended September 30, 2019 excludes anti-dilutive share-based awards totaling 696,000 shares of common stock at a weighted average price of $28.51. Diluted weighted average shares outstanding for the three months ended September 30, 2018 excludes anti-dilutive share-based awards totaling 151,000 shares of common stock at a weighted average price of $31.58. Diluted weighted average shares outstanding for the nine months ended September 30, 2018 excludes anti-dilutive share-based awards totaling 179,000 shares of common stock at a weighted average price of $29.78.

5. Investments

As noted in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018, all of the Company’s marketable securities are classified as held-to-maturity securities and reported at amortized cost pursuant to Accounting Standards Codification (“ASC”) 320, Investments – Debt and Equity Securities, as the Company has the intent and ability to hold all investments to maturity.

Below is a summary of the amortized cost and estimated market values of the Company’s marketable securities as of September 30, 2019, and December 31, 2018.

	September 30, 2019		December 31, 2018	
	Amortized Cost	Market Value	Amortized Cost	Market Value
	(Dollars in thousands)			
Municipal bonds:				
Current	$ 6,543	$ 6,550	$ 1,525	$ 1,532
Due from one through five years	8,621	8,883	9,752	9,861
Due from six through ten years	4,669	5,060	6,239	6,433
Due from eleven through twenty years	3,257	3,478	2,711	2,713
Total	$ 23,090	$ 23,971	$ 20,227	$ 20,539

The unrealized gains and losses on marketable securities at September 30, 2019, and at December 31, 2018, were as follows:

	September 30, 2019		December 31, 2018	
	Unrealized Gains	Unrealized Losses	Unrealized Gains	Unrealized Losses
	(Dollars in thousands)			
Municipal bonds	$ 881	$ -	$ 388	$ (76)

The estimated market values provided are level 2 valuations as defined by ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”). The Company reviewed its portfolio of investments as of September 30, 2019 and determined that no other-than-temporary market value impairment exists.

6. Intangible Assets

During the nine months ended September 30, 2019, there were no changes in the carrying value of the Company's indefinite-lived intangible assets (goodwill and trademarks). The Company's amortizable intangible assets, which were included within other assets in the Consolidated Condensed Balance Sheets (unaudited), consisted of the following:

		September 30, 2019			December 31, 2018		
	Weighted Average Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
			(Dollars in thousands)			(Dollars in thousands)	
Amortizable intangible assets							
Customer relationships	15	$ 3,500	$ (2,003)	$ 1,497	$ 3,500	$ (1,828)	$ 1,672
Total amortizable intangible assets		$ 3,500	$ (2,003)	$ 1,497	$ 3,500	$ (1,828)	$ 1,672

Amortization expense related to the intangible assets was approximately $58,000 in both the third quarters of 2019 and 2018. For the nine months ended September 30, amortization expense related to the intangible assets was approximately $175,000 in both 2019 and 2018.

7. Segment Information

The Company has two reportable segments: North American wholesale operations ("wholesale") and North American retail operations ("retail"). The chief operating decision maker, the Company's Chief Executive Officer, evaluates the performance of the Company's segments based on earnings from operations. Therefore, interest income or expense, other income or expense, and income taxes are not allocated to the segments. The "other" category in the tables below includes the Company's wholesale and retail operations in Australia, South Africa, Asia Pacific and Europe, which do not meet the criteria for separate reportable segment classification. Summarized segment data for the three and nine months ended September 30, 2019 and 2018, was as follows:

Three Months Ended September 30,	Wholesale	Retail	Other	Total
		(Dollars in thousands)		
2019				
Product sales	$ 67,193	$ 5,158	$ 9,521	$ 81,872
Licensing revenues	630	-	-	630
Net sales	$ 67,823	$ 5,158	$ 9,521	$ 82,502
Earnings (loss) from operations	$ 9,485	$ 365	$ (1,361)	$ 8,489
2018				
Product sales	$ 62,652	$ 4,942	$ 10,249	$ 77,843
Licensing revenues	532	-	-	532
Net sales	$ 63,184	$ 4,942	$ 10,249	$ 78,375
Earnings from operations	$ 7,611	$ 428	$ 8	$ 8,047

Nine Months Ended September 30,	Wholesale	Retail	Other	Total
		(Dollars in thousands)		
2019				
Product sales	$ 171,383	$ 16,124	$ 27,626	$ 215,133
Licensing revenues	1,973	-	-	1,973
Net sales	$ 173,356	$ 16,124	$ 27,626	$ 217,106
Earnings (loss) from operations	$ 16,903	$ 1,249	$ (2,653)	$ 15,499
2018				
Product sales	$ 160,814	$ 14,493	$ 31,685	$ 206,992
Licensing revenues	1,797	-	-	1,797
Net sales	$ 162,611	$ 14,493	$ 31,685	$ 208,789
Earnings (loss) from operations	$ 12,750	$ 856	$ (45)	$ 13,561

8. Employee Retirement Plans

The components of the Company's net periodic pension cost were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(Dollars in thousands)			
Service cost	$ 116	$ 126	$ 347	$ 427
Interest cost	615	554	1,845	1,652
Expected return on plan assets	(625)	(741)	(1,876)	(2,033)
Net amortization and deferral	156	157	469	476
Net periodic pension cost	$ 262	$ 96	$ 785	$ 522

The components of net periodic pension cost other than the service cost component are included in "other income (expense), net" in the Consolidated Condensed Statements of Earnings and Comprehensive Income (Unaudited).

9. Leases

The Company leases retail shoe stores, as well as several office and distribution facilities worldwide. The leases have original lease periods expiring between 2019 and 2033. Many leases include one or more options to renew. The Company does not assume renewals in its determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of the Company's operating lease costs were as follows (dollars in thousands):

	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Operating lease costs	$ 2,198	$ 6,590
Variable lease costs (1)	-	43
Total lease costs	$ 2,198	$ 6,633

(1) Variable lease costs primarily include percentage rentals based upon sales in excess of specified amounts.

Short-term lease costs, which were excluded from the above table, are not material to the Company's financial statements.

The following is a schedule of maturities of operating lease liabilities as of September 30, 2019 (dollars in thousands):

	Operating Leases
2019, excluding the nine months ended September 30, 2019	$ 2,039
2020	7,163
2021	5,562
2022	3,313
2023	2,279
Thereafter	2,941
Total lease payments	23,297
Less imputed interest	(2,020)
Present value of lease liabilities	$ 21,277

The operating lease liabilities are classified in the consolidated condensed balance sheet (unaudited) as follows (dollars in thousands):

	September 30, 2019
Operating lease liabilities - current	$ 6,817
Operating lease liabilities - non-current	14,460
Total	$ 21,277

The Company determined the present value of its lease liabilities using a weighted-average discount rate of 4.25%. As of September 30, 2019, the Company's leases have a weighted-average remaining lease term of 4.6 years.

The future minimum rental commitments under operating leases in effect as of December 31, 2018 having non-cancelable lease terms in excess of one year, as determined in accordance with Topic 840 (prior to the adoption of ASC 842), were as follows (dollars in thousands):

	Operating Leases	
2019	$	9,468
2020		7,529
2021		5,584
2022		3,278
2023		2,321
Thereafter		4,161
Total	$	32,341

Supplemental cash flow information related to the Company's operating leases is as follows (dollars in thousands):

	Three Months Ended September 30, 2019		Nine Months Ended September 30, 2019	
Cash paid for amounts included in the measurement of lease liabilities	$	2,278	$	6,803
Right-of-use assets obtained in exchange for new lease liabilities (noncash)	$	-	$	27,002

10. Share-Based Compensation Plans

During the three and nine months ended September 30, 2019, the Company recognized $371,000 and $1,102,000 respectively, of compensation expense associated with stock option and restricted stock awards granted in years 2015 through 2019. During the three and nine months ended September 30, 2018, the Company recognized $344,000 and $1,149,000, respectively, of compensation expense associated with stock option and restricted stock awards granted in years 2014 through 2018.

The following table summarizes the Company's stock option activity for the nine-month period ended September 30, 2019:

	Shares	Weighted Average Exercise Price		Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value*	
Outstanding at December 31, 2018	1,173,620	$	26.57			
Granted	192,650	$	23.45			
Exercised	(18,795)	$	27.75			
Forfeited or expired	(2,850)	$	31.80			
Outstanding at September 30, 2019	1,344,625	$	27.31	4.4	$	-
Exercisable at September 30, 2019	866,830	$	27.05	2.2	$	-

* The aggregate intrinsic value of outstanding and exercisable stock options is defined as the difference between the market value of the Company's stock on September 30, 2019 ($22.61) and the exercise price multiplied by the number of in-the-money outstanding and exercisable stock options. As of September 30, 2019, there were no in-the-money stock options outstanding, therefore the aggregate intrinsic value was zero.

The following table summarizes the Company's stock option exercise activity for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019		2018		2019		2018	
	(Dollars in thousands)							
Total intrinsic value of stock options exercised	$	-	$	654	$	88	$	3,704
Net proceeds from stock option exercises	$	-	$	260	$	161	$	4,308
Income tax benefit from the exercise of stock options	$	-	$	170	$	23	$	963

The following table summarizes the Company's restricted stock award activity for the nine-month period ended September 30, 2019:

	Shares of Restricted Stock	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value*
Non-vested at December 31, 2018	61,480	$ 30.74		
Issued	31,000	23.48		
Vested	(23,745)	24.63		
Non-vested at September 30, 2019	68,735	$ 28.04	3.0	$ 1,554,000

* The aggregate intrinsic value of non-vested restricted stock was calculated using the market value of the Company's stock on September 30, 2019 ($22.61) multiplied by the number of non-vested restricted shares outstanding.

11. Short-Term Borrowings

At September 30, 2019, the Company had a $60 million unsecured revolving line of credit with a bank expiring November 5, 2019. The line of credit bears interest at the London Interbank Offered Rate ("LIBOR") plus 0.75%. At September 30, 2019, outstanding borrowings were approximately $16.9 million at an interest rate of 2.77%. The highest balance on the line of credit during the nine months ended September 30, 2019 was approximately $18.1 million. Subsequent to September 30, 2019, the line of credit agreement was renewed on the same terms for another one-year period, expiring November 5, 2020.

12. Financial Instruments

At September 30, 2019, the Company had foreign exchange contracts outstanding to sell $7.0 million Canadian dollars at a price of approximately $5.3 million U.S. dollars. The Company's wholly-owned subsidiary, Florsheim Australia, had foreign exchange contracts outstanding to buy $3.5 million U.S. dollars at a price of approximately $4.9 million Australian dollars. Based on 2019 third quarter-end exchange rates, there were no significant unrealized gains or losses on the outstanding contracts.

The Company determines the fair value of foreign exchange contracts based on the difference between the foreign currency contract rates and the widely available foreign currency rates as of the measurement date. The fair value measurements are based on observable market transactions, and thus represent a level 2 valuation as defined by ASC 820.

13. Comprehensive Income

Comprehensive income for the three and nine months ended September 30, 2019 and 2018, was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(Dollars in thousands)			
Net earnings	$ 6,585	$ 6,152	$ 12,067	$ 10,491
Foreign currency translation adjustments	(711)	(182)	(481)	(1,292)
Pension liability, net of tax of $40, $41, $122 and $124, respectively	116	116	347	352
Total comprehensive income	$ 5,990	$ 6,086	$ 11,933	$ 9,551

The components of accumulated other comprehensive loss as recorded in the Consolidated Condensed Balance Sheets (Unaudited) were as follows:

	September 30, 2019	December 31, 2018
	(Dollars in thousands)	
Foreign currency translation adjustments	$ (7,382)	$ (6,901)
Pension liability, net of tax	(14,324)	(14,671)
Total accumulated other comprehensive loss	$ (21,706)	$ (21,572)

The following presents a tabular disclosure about changes in accumulated other comprehensive loss during the nine months ended September 30, 2019:

	Foreign Currency Translation Adjustments	Defined Benefit Pension Items	Total
Beginning balance, December 31, 2018	$ (6,901)	$ (14,671)	$ (21,572)
Other comprehensive loss before reclassifications	(481)	-	(481)
Amounts reclassified from accumulated other comprehensive loss	-	347	347
Net current period other comprehensive (loss) income	(481)	347	(134)
Ending balance, September 30, 2019	$ (7,382)	$ (14,324)	$ (21,706)

The following presents a tabular disclosure about reclassification adjustments out of accumulated other comprehensive loss during the nine months ended September 30, 2019:

	Amounts reclassified from accumulated other comprehensive loss for the nine months ended September 30, 2019	**Affected line item in the statement where net income is presented**
Amortization of defined benefit pension items		
Prior service cost	$ (47) (1)	Other expense, net
Actuarial losses	516 (1)	Other expense, net
Total before tax	469	
Tax benefit	(122)	
Net of tax	$ 347	

(1) These amounts were included in the net periodic pension cost. See Note 8 for additional details.

14. Equity

The following table reconciles the Company's equity for the nine months ended September 30, 2019:

	Common Stock	Capital in Excess of Par Value	Reinvested Earnings	Accumulated Other Comprehensive Loss
		(Dollars in thousands)		
Balance, December 31, 2018	$ 10,057	$ 64,263	$ 152,835	$ (21,572)
Net earnings	-	-	3,968	-
Foreign currency translation adjustments	-	-	-	130
Pension liability adjustment, net of tax	-	-	-	108
Cash dividends declared	-	-	(2,299)	-
Common stock issued under equity incentive plans, net of shares withheld for emloyee taxes and strike price	1	6	-	-
Issuance of restricted stock	1	(1)	-	-
Share-based compensation expense	-	366	-	-
Shares purchased and retired	(64)	-	(1,764)	-
Balance, March 31, 2019	$ 9,995	$ 64,634	$ 152,740	$ (21,334)
Net earnings	-	-	1,514	-
Foreign currency translation adjustments	-	-	-	100
Pension liability adjustment, net of tax	-	-	-	123
Cash dividends declared	-	-	(2,401)	-
Common stock issued under equity incentive plans, net of shares withheld for emloyee taxes and strike price	7	142	-	-
Share-based compensation expense	-	365	-	-
Balance, June 30, 2019	$ 10,002	$ 65,141	$ 151,853	$ (21,111)
Net earnings	-	-	6,585	-
Foreign currency translation adjustments	-	-	-	(711)
Pension liability adjustment, net of tax	-	-	-	116
Cash dividends declared	-	-	(2,395)	-
Issuance of restricted stock	30	(30)	-	-
Share-based compensation expense	-	371	-	-
Shares purchased and retired	(91)	-	(2,110)	-
Balance, September 30, 2019	$ 9,941	$ 65,482	$ 153,933	$ (21,706)

The following table reconciles the Company's equity for the nine months ended September 30, 2018:

	Common Stock	Capital in Excess of Par Value	Reinvested Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest
			(Dollars in thousands)		
Balance, December 31, 2017	$ 10,162	$ 55,884	$ 150,350	$ (17,859)	$ 7,122
Net earnings	-	-	2,987	-	(171)
Foreign currency translation adjustments	-	-	-	(85)	(34)
Pension liability adjustment, net of tax	-	-	-	118	-
Cash dividends declared	-	-	(2,257)	-	-
Cash dividends paid to noncontrolling interest	-	-	-	-	(88)
Common stock issued under equity incentive plans, net of shares withheld for emloyee taxes and strike price	108	2,776	-	-	-
Restricted stock forfeited	(2)	2	-	-	-
Share-based compensation expense	-	351	-	-	-
Balance, March 31, 2018	$ 10,268	$ 59,013	$ 151,080	$ (17,826)	$ 6,829
Net earnings	-	-	1,626	-	(103)
Foreign currency translation adjustments	-	-	-	(711)	(280)
Pension liability adjustment, net of tax	-	-	-	118	-
Cash dividends declared	-	-	(2,395)	-	-
Common stock issued under equity incentive plans, net of shares withheld for emloyee taxes and strike price	89	463	-	-	-
Issuance of restricted stock	2	(2)	-	-	-
Share-based compensation expense	-	454	-	-	-
Shares purchased and retired	(199)	-	(6,390)	-	-
Balance, June 30, 2018	$ 10,160	$ 59,928	$ 143,921	$ (18,419)	$ 6,446
Net earnings	-	-	6,276	-	(124)
Foreign currency translation adjustments	-	-	-	(24)	(158)
Pension liability adjustment, net of tax	-	-	-	116	-
Cash dividends declared	-	-	(2,323)	-	-
Purchase of noncontrolling interest	-	3,535	-	(1,111)	(6,164)
Common stock issued under equity incentive plans, net of shares withheld for emloyee taxes and strike price	21	152	-	-	-
Issuance of restricted stock	23	(23)	-	-	-
Restricted stock forfeited	(2)	2	-	-	-
Share-based compensation expense	-	344	-	-	-
Balance, September 30, 2018	$ 10,202	$ 63,938	$ 147,874	$ (19,438)	$ -

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

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements with respect to the Company's outlook for the future. These statements represent the Company's reasonable judgment with respect to future events and are subject to risks and uncertainties that could cause actual results to differ materially. Such statements can be identified by the use of words such as "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "is likely," "plans," "predicts," "projects," "should," "will," or variations of such words, and similar expressions. Forward-looking statements, by their nature, address matters that are, to varying degrees, uncertain. Therefore, the reader is cautioned that these forward-looking statements are subject to a number of risks, uncertainties or other factors that may cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, but are not limited to, the risk factors described under Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

GENERAL

The Company designs and markets quality and innovative footwear principally for men, but also for women and children, under a portfolio of well-recognized brand names including: Florsheim, Nunn Bush, Stacy Adams, BOGS, and Rafters. Inventory is purchased from third-party overseas manufacturers. The majority of foreign-sourced purchases are denominated in U.S. dollars.

The Company has two reportable segments, North American wholesale operations ("wholesale") and North American retail operations ("retail"). In the wholesale segment, the Company's products are sold to leading footwear, department, and specialty stores, as well as e-commerce retailers, primarily in the United States and Canada. The Company also has licensing agreements with third parties who sell its branded apparel, accessories and specialty footwear in the United States, as well as its footwear in Mexico and certain markets overseas. Licensing revenues are included in the Company's wholesale segment. The Company's retail segment consisted of 9 brick and mortar retail stores and e-commerce businesses in the United States. Sales in retail outlets are made directly to consumers by Company employees.

The Company's "other" operations include the Company's wholesale and retail businesses in Australia, South Africa, Asia Pacific (collectively, "Florsheim Australia") and Europe ("Florsheim Europe"). The majority of the Company's operations are in the United States, and its results are primarily affected by the economic conditions and the retail environment in the United States.

EXECUTIVE OVERVIEW

Third Quarter Highlights

Consolidated net sales for the third quarter of 2019 were $82.5 million, an increase of 5.0% compared to last year's third quarter net sales of $78.4 million. Earnings from operations increased 5% to $8.5 million in the third quarter of 2019, up from $8.0 million in the same period one year ago. Consolidated net earnings attributable to Weyco Group, Inc. rose 5% to $6.6 million in the third quarter of 2019, up from $6.3 million in last year's third quarter. Diluted earnings per share were $0.66 per share in the third quarter of 2019 and $0.60 per share in the third quarter of 2018.

The increase in consolidated net sales came from the Company's wholesale and retail segments. Wholesale net sales increased $4.6 million due to higher sales of the Florsheim and BOGS brands, partially offset by lower sales of the Stacy Adams and Nunn Bush brands. Retail net sales were up approximately $200,000 for the quarter due mainly to higher sales on the Company's websites. These increases were partially offset by lower sales in the Company's other businesses. Other net sales decreased approximately $700,000 for the quarter, due primarily to a 9% decline in net sales at Florsheim Australia caused mainly by the translation of the weaker Australian currency into U.S. dollars.

The increase in consolidated earnings from operations was attributable to performance of the Company's wholesale segment this quarter. Wholesale earnings from operations were up $1.9 million due mainly to higher sales and gross margins. This increase was largely offset by operating losses from the Company's other businesses, mainly at Florsheim Australia. Florsheim Australia's operating losses expanded this quarter as a result of lower sales, lower overall gross margins, and higher retail expenses. Retail segment earnings from operations were down slightly for the quarter, due to lower operating results at the Company's brick-and-mortar locations.

In August 2019, the U.S. government announced it would impose an additional 15% tariff on footwear sourced from China. The tariff on leather footwear, which primarily impacts the Company's Florsheim, Stacy Adams, and Nunn Bush brands, took effect on September 1, 2019. The tariff on rubber and other non-leather footwear, which primarily impacts the BOGS brand, is expected to take effect on December 15, 2019. In an effort to mitigate the overall impact of the tariff cost increases, the Company negotiated wholesale price increases with many of its customers and price reductions from many of its Chinese suppliers. While the tariff had a minimal impact on the Company's third quarter 2019 financial results, the ultimate future impact of the tariff on the Company's gross margins, results of operations, and overall financial statements is unknown at this time.

Year-to-Date Highlights

Consolidated net sales for the first nine months of 2019 were $217.1 million, up 4% from 2018 year-to-date net sales of $208.8 million. Consolidated earnings from operations rose 14% to $15.5 million in the first nine months of 2019, up from $13.6 million in the same period of 2018. Consolidated net earnings attributable to Weyco Group, Inc. were $12.1 million this year, up 11% compared to $10.9 million last year. Diluted earnings per share to date in 2019 were $1.21 per share versus $1.05 per share in the same period of 2018.

The increase in consolidated net sales came from the Company's wholesale and retail segments. Wholesale net sales increased $10.7 million due to higher sales of the Florsheim and BOGS brands, partially offset by lower sales of the Nunn Bush brand. Net sales of the Stacy Adams brand were flat year-over-year. Retail net sales increased $1.6 million for the year-to-date period due mainly to higher sales on the Company's websites. These increases were partially offset by lower sales from the Company's other businesses. Other net sales were down $4.1 million for the first nine months of 2019, compared to the same period of 2018, due primarily to an 11% decline in net sales at Florsheim Australia caused mainly by the translation of the weaker Australian currency into U.S. dollars.

The year-to-date increase in consolidated earnings from operations was due to higher operating earnings in both the wholesale and retail segments. Earnings from operations in the wholesale segment were up $4.2 million, due primarily to higher sales and gross margins. Earnings from operations in the retail segment were up approximately $400,000, due mainly to higher online sales volumes. These increases were partially offset by operating losses from the Company's other businesses, mainly at Florsheim Australia. Florsheim Australia's operating losses expanded in the first nine months of 2019, compared to the same period of 2018, due mainly to lower sales and lower overall gross margins.

Financial Position Highlights

At September 30, 2019, cash and marketable securities totaled $32.1 million and outstanding debt totaled $16.9 million. During the first nine months of 2019, the Company drew $11.0 million on its revolving line of credit. The Company paid dividends of $9.4 million, spent $4.0 million on purchases of Company stock, and used a net $4.2 million of cash in its operations, mainly to fund inventory purchases. The Company also had $4.6 million of capital expenditures.

On January 1, 2019, the Company adopted the new accounting standard on leases (ASC 842). The adoption of ASC 842 resulted in the recognition of ROU asset and lease liabilities totaling $26.0 million and $27.8 million, respectively, as of the adoption date. The prior year comparative information has not been restated and continues to be reported in accordance with historical accounting under Topic 840.

SEGMENT ANALYSIS

Net sales and earnings from operations for the Company's segments in the three and nine months ended September 30, 2019 and 2018, were as follows:

	Three Months Ended September 30,		%	Nine Months Ended September 30,		%
	2019	2018	Change	2019	2018	Change
	(Dollars in thousands)					
Net Sales						
North American Wholesale	$ 67,823	$ 63,184	7%	$ 173,356	$ 162,611	7%
North American Retail	5,158	4,942	4%	16,124	14,493	11%
Other	9,521	10,249	-7%	27,626	31,685	-13%
Total	$ 82,502	$ 78,375	5%	$ 217,106	$ 208,789	4%
Earnings (Loss) from Operations						
North American Wholesale	$ 9,485	$ 7,611	25%	$ 16,903	$ 12,750	33%
North American Retail	365	428	-15%	1,249	856	46%
Other	(1,361)	8	n/a	(2,653)	(45)	n/a
Total	$ 8,489	$ 8,047	5%	$ 15,499	$ 13,561	14%

North American Wholesale Segment

Net Sales

Net sales in the Company's North American wholesale segment for the three and nine months ended September 30, 2019 and 2018, were as follows:

North American Wholesale Segment Net Sales

	Three Months Ended September 30,		%	Nine Months Ended September 30,		%
	2019	2018	Change	2019	2018	Change
			(Dollars in thousands)			
North American Net Sales						
Stacy Adams	$ 16,080	$ 16,931	-5%	$ 51,733	$ 51,980	0%
Nunn Bush	11,962	12,168	-2%	32,716	36,020	-9%
Florsheim	20,447	16,814	22%	56,556	47,039	20%
BOGS/Rafters	18,699	16,701	12%	30,357	25,605	19%
Other	5	38	-87%	21	170	-88%
Total North American Wholesale	$ 67,193	$ 62,652	7%	$ 171,383	$ 160,814	7%
Licensing	630	532	18%	1,973	1,797	10%
Total North American Wholesale Segment	$ 67,823	$ 63,184	7%	$ 173,356	$ 162,611	7%

Net sales of the Stacy Adams brand were down for the quarter mainly with off-price retailers, partially offset by higher sales to e-commerce retailers. Nunn Bush's third quarter net sales were down primarily with department stores. For the first nine months of 2019, Nunn Bush's net sales were down with department stores and chain stores. Net sales of the Florsheim and BOGS/Rafters brands were up for the quarter and year-to-date periods, due to sales volume increases across most major distribution channels.

Licensing revenues consist of royalties earned on the sales of branded apparel, accessories and specialty footwear in the United States and on branded footwear in Mexico and certain overseas markets.

Earnings from Operations

Gross earnings for the North American wholesale segment were 35.9% of net sales in the third quarter of 2019, up from 34.4% of net sales in last year's third quarter. For the nine months ended September 30, 2019, wholesale gross earnings were 35.1% of net sales, compared to 33.7% of net sales in the same period of 2018. The improvement in gross margins mainly resulted from stable pricing from the Company's overseas suppliers and selective price increases. Wholesale earnings from operations were $9.5 million for the three months ended September 30, 2019, up 25% compared to $7.6 million in last year's third quarter. For the nine months ended September 30, 2019, earnings from operations in the wholesale segment were $16.9 million, up 33% from $12.8 million in the same period of 2018. The increases in operating earnings for the quarter and year-to-date periods were primarily due to higher sales and gross margins.

North American wholesale segment selling and administrative expenses include, and are primarily related to, distribution costs, salaries and commissions, advertising costs, employee benefit costs and depreciation. Wholesale selling and administrative expenses were $14.9 million in the third quarter of 2019 and $14.1 million in the third quarter of 2018. As a percent of net sales, wholesale selling and administrative expenses were flat at 22% in both the third quarters of 2019 and 2018. For the nine months ended September 30, wholesale selling and administrative expenses were $44.0 million, or 25% of net sales, in 2019, compared to $42.0 million, or 26% of net sales, in 2018.

The Company's cost of sales does not include distribution costs (e.g., receiving, inspection warehousing, shipping, and handling costs). Wholesale distribution costs were $3.1 million for both the third quarters of 2019 and 2018. For the nine-month periods ended September 30, 2019 and 2018, wholesale distribution costs were $9.2 million and $9.3 million, respectively. These costs were included in selling and administrative expenses. The Company's gross earnings may not be comparable to other companies, as some companies may include distribution costs in cost of sales.

North American Retail Segment

Net Sales

Net sales in the Company's retail segment were up 4% for the quarter and 11% for the first nine months of 2019, compared to the same periods last year. Same store sales, which include U.S. e-commerce sales, were up 3% for the quarter and 10% for the year-to-date period, compared to the same periods one year ago, primarily due to increased sales on the Company's websites.

Earnings from Operations

Retail earnings from operations declined $63,000 for the quarter. While operating earnings from the Company's e-commerce businesses increased, this increase was more than offset by lower operating results at the Company's brick-and-mortar locations. Retail gross earnings were 64.9% of net sales in the third quarter of 2019, compared to 65.6% of net sales in last year's third quarter.

Retail earnings from operations increased approximately $400,000 for the nine months ended September 30, 2019, compared to the same period in 2018, due mainly to higher online sales. For the nine months ended September 30, 2019, retail gross earnings were 65.0% of net sales as compared to 65.3% of net sales in 2018.

Selling and administrative expenses for the retail segment include, and are primarily related to, rent and occupancy costs, employee costs, advertising expense and freight. Retail selling and administrative expenses were $3.0 million, or 58% of net sales, in the third quarter of 2019, versus $2.8 million, or 57% of net sales, in last year's third quarter. For the nine months ended September 30, retail selling and administrative expenses were $9.2 million, or 57% of net sales, in 2019, compared to $8.6 million, or 59% of net sales, in 2018.

Other

The Company's other businesses include its wholesale and retail operations of Florsheim Australia and Florsheim Europe. Net sales of the Company's other businesses were $9.5 million in the third quarter of 2019, down 7% compared to $10.2 million in last year's third quarter. For the nine months ended September 30, 2019, other net sales were $27.6 million, down 13% from $31.7 million in the same period last year. The decreases in both periods were primarily due to lower net sales at Florsheim Australia, caused mainly by the translation of the weaker Australian currency into U.S. dollars. Florsheim Australia's net sales for the three and nine months ended September 30, 2019 were down 9% and 11%, respectively, compared to the same periods last year. In local currency, Florsheim Australia's net sales were down 3% for both the quarter and year-to-date periods, with lower sales mainly in its wholesale businesses.

Collectively, Florsheim Australia and Florsheim Europe had operating losses totaling $1.4 million in the third quarter of 2019, compared to operating earnings of $8,000 in the third quarter of 2018. This change was primarily due to lower sales, lower overall gross margins, and higher retail expenses. Third-quarter 2019 expenses included approximately $350,000 of one-time costs to exit an underperforming retail store in Australia. For the nine months ended September 30, 2019, Florsheim Australia and Florsheim Europe had operating losses totaling $2.7 million, compared to operating losses of $45,000 in the same period last year. This year-over-year change was primarily due to lower operating earnings in Florsheim Australia's wholesale and retail businesses, resulting mainly from lower sales and lower overall gross margins.

Other income and expense

Interest income was $210,000 and $252,000 for the three months ended September 30, 2019 and 2018, respectively. For the nine months ended September 30, interest income was $663,000 in 2019 and $739,000 in 2018. The decreases in 2019 were mainly due to less interest earned on the lower cash balances this year. Interest expense increased $86,000 for the quarter and $152,000 for the year-to-date period, compared to the same periods last year, due to higher average debt balances this year. The Company's effective tax rate for the quarter was 23.6%, compared to 24.0% for the same period of 2018. For the nine months ended September 30, 2019, the effective tax rate was 23.4% versus 24.4% in 2018.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of liquidity are its cash, short-term marketable securities and its revolving line of credit. During the first nine months of 2019, the Company's operations resulted in a $4.2 million net use of cash; the Company generated $1.8 million of cash from operating activities during the same period one year ago. The decrease between years was primarily due to changes in operating assets and liabilities, principally inventory. The Company increased its inventory levels in 2019 ahead of the dates when the 15% tariff on footwear sourced from China was imposed.

The Company paid cash dividends of $9.4 million and $9.3 million during the nine months ended September 30, 2019 and 2018, respectively.

The Company continues to repurchase its common stock under its share repurchase program when the Company believes market conditions are favorable. During the first nine months of 2019, the Company repurchased 154,710 shares for a total cost of $4.0 million. As of September 30, 2019, the Company had the authority to repurchase 510,300 shares under its previously announced stock repurchase program.

Capital expenditures totaled $4.6 million in the first nine months of 2019, the majority of which was due to the expansion of the Company's office space in its corporate headquarters. This project is scheduled to be complete in the first quarter of 2020. Management estimates that annual capital expenditures for 2019 will be between $5.5 million and $6.5 million, including the $4.6 million expended to date.

At September 30, 2019, the Company had a $60 million unsecured revolving line of credit with a bank expiring November 5, 2019. The line of credit bears interest at LIBOR plus 0.75%. At September 30, 2019, outstanding borrowings were approximately $16.9 million at an interest rate of 2.77%. The highest balance on the line of credit during the nine months ended September 30, 2019 was approximately $18.1 million. Subsequent to September 30, 2019, the line of credit agreement was renewed on the same terms for another one-year period, expiring November 5, 2020.

At September 30, 2019, approximately $1.5 million of cash and cash equivalents was held by the Company's foreign subsidiaries.

The Company will continue to evaluate the best uses for its available liquidity, including, among other uses, capital expenditures, continued stock repurchases and additional acquisitions.

The Company believes that available cash and marketable securities, cash provided by operations, and available borrowing facilities will provide adequate support for the cash needs of the business for at least one year, although there can be no assurances.

COMMITMENTS

Not applicable.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

The Company maintains disclosure controls and procedures designed to ensure that the information the Company must disclose in its filings with the Securities and Exchange Commission is recorded, processed, summarized and reported on a timely basis. The Company's Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective in bringing to their attention on a timely basis material information relating to the Company required to be included in the Company's periodic filings under the Exchange Act. Such officers have also concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective in accumulating and communicating information in a timely manner, allowing timely decisions regarding required disclosures.

There have been no significant changes in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 1A. Risk Factors.

There have been no material changes to the risk factors affecting the Company from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

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

In 1998, the Company's stock repurchase program was established. On several occasions since the program's inception, the Board of Directors has increased the number of shares authorized for repurchase under the program. In total, 7.5 million shares have been authorized for repurchase. The table below presents information pursuant to Item 703(a) of Regulation S-K regarding the repurchases of the Company's common stock by the Company in the three-month period ended September 30, 2019.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of the Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under the Program
07/01/2019 - 07/31/2019	22,963	$ 24.26	22,963	578,566
08/01/2019 - 08/31/2019	33,370	$ 24.26	33,370	545,196
09/01/2019 - 09/30/2019	34,896	$ 23.91	34,896	510,300
Total	91,229	24.13	91,229	

Item 5. Other Information

On November 4, 2019, the Company renewed its line of credit agreement with PNC Bank, N.A. for another one-year term that expires on November 5, 2020, on the same terms as the prior agreement. The line of credit bears interest at LIBOR plus 0.75%. The forgoing description does not purport to be complete and is qualified in its entirety by reference to the Line of Credit Renewal Letter with PNC Bank, N.A., a copy of which is filed as Exhibit 10.1 to this Form 10-Q.

Item 6. Exhibits.

Exhibit	Description	Incorporation Herein By Reference To	Filed Herewith
10.1	Line of Credit Renewal Letter with PNC Bank, N.A., dated November 4, 2019		X
31.1	Certification of Chief Executive Officer		X
31.2	Certification of Chief Financial Officer		X
32	Section 906 Certification of Chief Executive Officer and Chief Financial Officer		X
101	The following financial information from Weyco Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Condensed Balance Sheets (Unaudited); (ii) Consolidated Condensed Statements of Earnings and Comprehensive Income (Unaudited); (iii) Consolidated Condensed Statements of Cash Flows (Unaudited); and (iv) Notes to Consolidated Condensed Financial Statements, furnished herewith		X

SIGNATURES

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

WEYCO GROUP, INC.

Dated: November 7, 2019

/s/ John F. Wittkowske
John F. Wittkowske
Senior Vice President and Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION

I, Thomas W. Florsheim, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Weyco Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: November 7, 2019

/s/ Thomas W. Florsheim, Jr.
Thomas W. Florsheim, Jr.
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, John F. Wittkowske, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Weyco Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: November 7, 2019

/s/ John F. Wittkowske
John F. Wittkowske
Chief Financial Officer

EXHIBIT 32

CERTIFICATION OF PERIODIC FINANCIAL REPORTS

We, Thomas W. Florsheim, Jr., Chief Executive Officer, and John F. Wittkowske, Chief Financial Officer, of Weyco Group, Inc. each certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

(1) The Periodic Report on Form 10-Q for the quarter ended September 30, 2019 (the "Periodic Report"), to which this statement is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and

(2) The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Weyco Group, Inc.

Dated: November 7, 2019

/s/ Thomas W. Florsheim, Jr.
Thomas W. Florsheim, Jr.
Chief Executive Officer

/s/ John F. Wittkowske
John F. Wittkowske
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in type form within the electronic version of this written statement required by Section 906, has been provided to Weyco Group, Inc. and will be retained by Weyco Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

November 4, 2019

Weyco Group, Inc.
333 West Estabrook Boulevard
Glendale, Wisconsin 53212

Re: Renewal of Expiration Date for that certain $60,000,000.00 Working Cash® Line of Credit ("**Line of Credit**") extended by PNC Bank, National Association (the "**Bank**") to Weyco Group, Inc. (the "**Borrower**")

Ladies/Gentlemen:

We are pleased to inform you that the Line of Credit has been renewed. The Expiration Date of the Line of Credit, as set forth in that certain Committed Line of Credit Note executed and delivered by the Borrower to the Bank dated November 5, 2013 (the "**Note**") and/or that certain loan agreement governing the Line of Credit (the "**Loan Agreement**"), has been extended from November 5, 2019 to November 5, 2020, or such later date as may, in the Bank's sole discretion, be designated by the Bank by written notice from the Bank to the Borrower, effective on November 6, 2019. All sums due under the Note, the Loan Agreement or any related documents, instruments and agreements (collectively as amended from time to time, the "**Loan Documents**") shall be due and payable on the Expiration Date, as extended hereby. All other terms and conditions of the Loan Documents governing the Line of Credit remain in full force and effect.

It has been a pleasure working with you and I look forward to a continued successful relationship. Thank you again for your business.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

By: ____________________

Ghada Shalabi
Vice President

Form 7F-1 – Multistate Rev. 5/14