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

FORM 10-Q

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

For the quarterly period ended October 1, 2022

or

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

For the transition period from ________ to ________

Commission file number: 001-38854

KONTOOR BRANDS, INC.

(Exact name of registrant as specified in its charter)

North Carolina	83-2680248
(State or other jurisdiction of incorporation or organization)	*(I.R.S. employer identification number)*

400 N. Elm Street
Greensboro, North Carolina 27401
(Address of principal executive offices)

(336) 332-3400
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:		
Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, no par value	**KTB**	**New York Stock Exchange**

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

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

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

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

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

The number of shares of Common Stock of the registrant outstanding as of October 28, 2022 was55,465,639.

KONTOOR BRANDS, INC.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

KONTOOR BRANDS, INC.
Consolidated Balance Sheets
(Unaudited)

(In thousands, except share amounts)	September 2022	December 2021	September 2021
ASSETS			
Current assets			
Cash and cash equivalents	$ 58,053	$ 185,322	$ 215,442
Accounts receivable, net	234,569	289,800	269,874
Inventories	678,207	362,957	409,110
Prepaid expenses and other current assets	102,425	72,579	93,922
Total current assets	1,073,254	910,658	988,348
Property, plant and equipment, net	101,407	105,155	106,959
Operating lease assets	47,831	54,950	56,555
Intangible assets, net	13,242	14,638	14,975
Goodwill	209,012	212,213	212,503
Other assets	208,264	235,410	233,842
TOTAL ASSETS	**$ 1,653,010**	**$ 1,533,024**	**$ 1,613,182**
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	$ 7,093	$ 249	$ 254
Current portion of long-term debt	7,500	—	18,125
Accounts payable	306,278	214,204	244,681
Accrued liabilities	167,690	217,164	218,058
Operating lease liabilities, current	18,885	24,195	23,480
Total current liabilities	507,446	455,812	504,598
Operating lease liabilities, noncurrent	30,255	32,993	36,329
Other liabilities	82,417	104,764	114,088
Long-term debt	824,793	791,317	773,413
Commitments and contingencies			
Total liabilities	**1,444,911**	**1,384,886**	**1,428,428**
Equity			
Preferred Stock, no par value; shares authorized, 90,000,000; no shares outstanding at September 2022, December 2021 and September 2021	—	—	—
Common Stock, no par value; shares authorized, 600,000,000; shares outstanding of 55,464,569 at September 2022; 56,381,466 at December 2021 and 57,550,958 at September 2021	—	—	—
Additional paid-in capital	237,934	218,259	207,963
Retained earnings	62,448	22,635	70,926
Accumulated other comprehensive loss	(92,283)	(92,756)	(94,135)
Total equity	**208,099**	**148,138**	**184,754**
TOTAL LIABILITIES AND EQUITY	**$ 1,653,010**	**$ 1,533,024**	**$ 1,613,182**

See accompanying notes to unaudited consolidated financial statements.

KONTOOR BRANDS, INC.
Consolidated Statements of Operations
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended September 2022	Three Months Ended September 2021	Nine Months Ended September 2022	Nine Months Ended September 2021
Net revenues	**$ 606,521**	**$ 652,298**	**$ 1,899,836**	**$ 1,794,825**
Costs and operating expenses				
Cost of goods sold	342,460	362,735	1,064,190	978,558
Selling, general and administrative expenses	188,995	203,583	563,614	601,934
Total costs and operating expenses	**531,455**	**566,318**	**1,627,804**	**1,580,492**
Operating income	**75,066**	**85,980**	**272,032**	**214,333**
Interest expense	(8,858)	(7,156)	(25,115)	(26,588)
Interest income	263	345	1,028	1,024
Other expense, net	(2,219)	(676)	(5,187)	(1,073)
Income before income taxes	**64,252**	**78,493**	**242,758**	**187,696**
Income taxes	13,169	15,080	48,870	36,183
Net income	**$ 51,083**	**$ 63,413**	**$ 193,888**	**$ 151,513**
Earnings per common share				
Basic	$ 0.92	$ 1.10	$ 3.47	$ 2.63
Diluted	$ 0.90	$ 1.07	$ 3.40	$ 2.56
Weighted average shares outstanding				
Basic	55,428	57,648	55,830	57,535
Diluted	56,550	59,282	57,060	59,180

See accompanying notes to unaudited consolidated financial statements.

KONTOOR BRANDS, INC.
Consolidated Statements of Comprehensive Income
(Unaudited)

(In thousands)	Three Months Ended September 2022	Three Months Ended September 2021	Nine Months Ended September 2022	Nine Months Ended September 2021
Net income	**$ 51,083**	**$ 63,413**	**$ 193,888**	**$ 151,513**
Other comprehensive (loss) income				
Net change in foreign currency translation	(11,568)	(6,572)	(28,457)	(9,586)
Net change in defined benefit pension plans	6	4	17	67
Net change in derivative financial instruments	11,236	1,402	28,913	10,191
Total other comprehensive (loss) income, net of related taxes	**(326)**	**(5,166)**	**473**	**672**
Comprehensive income	**$ 50,757**	**$ 58,247**	**$ 194,361**	**$ 152,185**

See accompanying notes to unaudited consolidated financial statements.

KONTOOR BRANDS, INC.
Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	Nine Months Ended September 2022	Nine Months Ended September 2021
OPERATING ACTIVITIES		
Net income	$ 193,888	$ 151,513
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	27,827	26,675
Stock-based compensation	17,758	29,211
Provision for doubtful accounts	2,202	(130)
Other	8,536	7,601
Changes in operating assets and liabilities:		
Accounts receivable	37,673	(41,369)
Inventories	(323,449)	(70,648)
Accounts payable	98,556	78,381
Income taxes	(11,682)	9,506
Accrued liabilities	(33,473)	28,864
Other assets and liabilities	(5,107)	(10,252)
Cash provided by operating activities	**12,729**	**209,352**
INVESTING ACTIVITIES		
Property, plant and equipment expenditures	(13,091)	(6,642)
Capitalized computer software	(7,633)	(23,536)
Other	(990)	(1,778)
Cash used by investing activities	**(21,714)**	**(31,956)**
FINANCING ACTIVITIES		
Borrowings under revolving credit facility	76,000	—
Repayments under revolving credit facility	(36,000)	—
Repayments of term loans	—	(125,000)
Repurchases of Common Stock	(62,494)	(10,006)
Dividends paid	(77,021)	(69,068)
Shares withheld for taxes, net of proceeds from issuance of Common Stock	(12,643)	(2,209)
Other	7,002	(562)
Cash used by financing activities	**(105,156)**	**(206,845)**
Effect of foreign currency rate changes on cash and cash equivalents	(13,128)	(3,247)
Net change in cash and cash equivalents	**(127,269)**	**(32,696)**
Cash and cash equivalents – beginning of period	**185,322**	**248,138**
Cash and cash equivalents – end of period	**$ 58,053**	**$ 215,442**

See accompanying notes to unaudited consolidated financial statements.

KONTOOR BRANDS, INC.
Consolidated Statements of Equity
(Unaudited)

(In thousands, except per share amounts)	Common Stock Shares	Common Stock Amounts	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance, December 2021	**56,381**	**$ —**	**$ 218,259**	**$ 22,635**	**$ (92,756)**	**$ 148,138**
Net income	—	—	—	80,810	—	80,810
Stock-based compensation, net	387	—	6,462	(11,833)	—	(5,371)
Other comprehensive income	—	—	—	—	9,059	9,059
Dividends on Common Stock ($0.46 per share)	—	—	—	(26,033)	—	(26,033)
Repurchases of Common Stock	(492)	—	—	(22,513)	—	(22,513)
Balance, March 2022	**56,276**	**$ —**	**$ 224,721**	**$ 43,066**	**$ (83,697)**	**$ 184,090**
Net income	—	—	—	61,995	—	61,995
Stock-based compensation, net	109	—	7,320	(500)	—	6,820
Other comprehensive loss	—	—	—	—	(8,260)	(8,260)
Dividends on Common Stock ($0.46 per share)	—	—	—	(25,475)	—	(25,475)
Repurchases of Common Stock	(1,003)	—	—	(39,981)	—	(39,981)
Balance, June 2022	**55,382**	**$ —**	**$ 232,041**	**$ 39,105**	**$ (91,957)**	**$ 179,189**
Net income	—	—	—	51,083	—	51,083
Stock-based compensation, net	83	—	5,893	(2,227)	—	3,666
Other comprehensive loss	—	—	—	—	(326)	(326)
Dividends on Common Stock ($0.46 per share)	—	—	—	(25,513)	—	(25,513)
Balance, September 2022	**55,465**	**$ —**	**$ 237,934**	**$ 62,448**	**$ (92,283)**	**$ 208,099**

(In thousands, except per share amounts)	Common Stock Shares	Common Stock Amounts	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance, December 2020	**57,255**	**$ —**	**$ 172,297**	**$ 7,151**	**$ (94,807)**	**$ 84,641**
Net income	—	—	—	64,463	—	64,463
Stock-based compensation, net	259	—	14,472	(4,458)	—	10,014
Other comprehensive loss	—	—	—	—	(1,890)	(1,890)
Dividends on Common Stock ($0.40 per share)	—	—	—	(22,964)	—	(22,964)
Balance, March 2021	**57,514**	**$ —**	**$ 186,769**	**$ 44,192**	**$ (96,697)**	**$ 134,264**
Net income	—	—	—	23,637	—	23,637
Stock-based compensation, net	118	—	12,007	(698)	—	11,309
Other comprehensive income	—	—	—	—	7,728	7,728
Dividends on Common Stock ($0.40 per share)	—	—	—	(23,052)	—	(23,052)
Balance, June 2021	**57,632**	**$ —**	**$ 198,776**	**$ 44,079**	**$ (88,969)**	**$ 153,886**
Net income	—	—	—	63,413	—	63,413
Stock-based compensation, net	104	—	9,187	(3,508)	—	5,679
Other comprehensive loss	—	—	—	—	(5,166)	(5,166)
Dividends on Common Stock ($0.40 per share)	—	—	—	(23,052)	—	(23,052)
Repurchases of Common Stock	(185)	—	—	(10,006)	—	(10,006)
Balance, September 2021	**57,551**	**$ —**	**$ 207,963**	**$ 70,926**	**$ (94,135)**	**$ 184,754**

See accompanying notes to unaudited consolidated financial statements.

NOTE 1 — BASIS OF PRESENTATION

Description of Business

Kontoor Brands, Inc. ("Kontoor," the "Company," "we," "us" or "our") is a global lifestyle apparel company headquartered in the United States ("U.S."). The Company designs, produces, procures, markets and distributes apparel, footwear and accessories, primarily under the brand names *Wrangler®* and *Lee®*. The Company's products are sold in the U.S. through mass merchants, specialty stores, mid-tier and traditional department stores, company-operated stores and online. The Company's products are also sold internationally, primarily in the Europe and Asia-Pacific regions, through department, specialty, company-operated, concession retail and independently-operated partnership stores and online.

Fiscal Year

The Company operates and reports using a 52/53-week fiscal year ending on the Saturday closest to December 31 of each year. Accordingly, this Form 10-Q presents the third quarter of the Company's fiscal year ending December 31, 2022 ("fiscal 2022"), which is a 52-week fiscal year. For presentation purposes herein, all references to periods ended September 2022, December 2021 and September 2021 correspond to the fiscal periods ended October 1, 2022, January 1, 2022 and October 2, 2021, respectively.

Macroeconomic Environment Impact, Including COVID-19 Specific Considerations

Macroeconomic pressures including inflation, rising interest rates and recessionary concerns, as well as ongoing global supply chain disruptions and the novel coronavirus (“COVID-19”) pandemic, continue to adversely impact global economic conditions, as well as the Company's operations. Additionally, although we do not have any significant operations within Russia or Ukraine, the conflict in these regions has caused disruption in the surrounding areas and greater uncertainty in the global economy. The Company considered the impact of these developments on the assumptions and estimates used when preparing these quarterly financial statements including, but not limited to, our allowance for doubtful accounts, inventory valuations, liabilities for variable consideration and contract termination, deferred tax valuation allowances, fair value measurements including asset impairment evaluations, the effectiveness of the Company’s hedging instruments, and expected compliance with all applicable financial covenants in our Credit Agreement (as defined in Note 6 to the Company's financial statements). These assumptions and estimates may change as new events occur and additional information is obtained regarding the impact of macroeconomic conditions, global supply chain disruptions, COVID-19 and the Russia-Ukraine conflict. Such future changes may have an adverse impact on the Company's results of operations, financial position and liquidity.

Basis of Presentation - Interim Financial Statements

The accompanying unaudited interim financial statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X and do not include all of the information and notes required by generally accepted accounting principles in the U.S. ("GAAP") for complete financial statements. In the opinion of management, the accompanying financial statements contain all normal and recurring adjustments necessary to fairly state the financial position, results of operations and cash flows of the Company for the interim periods presented. Operating results for the three and nine months ended September 2022 are not necessarily indicative of results that may be expected for any other interim period or for fiscal 2022. The unaudited financial statements should be read in conjunction with the audited consolidated and combined financial statements included in the Company's 2021 Annual Report on Form 10-K for the fiscal year ended January 1, 2022, as filed with the Securities and Exchange Commission on March 2, 2022 ("2021 Annual Report on Form 10-K").

Recently Issued Accounting Standards

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-04, *“Facilitation of the Effects of Reference Rate Reform on Financial Reporting*,” which is intended to provide temporary optional expedients and exceptions for applying GAAP to contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. This guidance was effective upon issuance and the Company may adopt the guidance and apply it prospectively to contract modifications made or relationships entered into or evaluated any time from the issuance date through December 31, 2022. The Company will continue to evaluate the impact that adoption of this guidance would have on its financial statements and related disclosures, most notably the Company's credit facilities and interest rate swap agreements, which is not expected to be significant.

In September 2022, the Financial Accounting Standards Board issued Accounting Standards Update 2022-04, *"Disclosure of Supplier Finance Program Obligations,"* which requires entities that use supplier finance programs in connection with the purchase of goods and services to disclose key terms of the programs, outstanding confirmed amounts as of period end, a description of where those obligations are presented in the balance sheet and a rollforward of obligations. This guidance is effective for the Company beginning in the first quarter of 2023, except for the obligation rollforward requirement which is effective beginning in the first quarter of 2024, with early adoption permitted. The Company is currently evaluating the impact that adoption of this guidance will have on its financial statements and related disclosures in relation to certain of the Company's programs.

NOTE 2 — REVENUES

Contract Balances and Performance Obligations

The following table presents information about contract balances recorded in the Company's balance sheets:

(In thousands)	September 2022	December 2021	September 2021
Accounts receivable, net	$ 234,569	$ 289,800	$ 269,874
Contract assets [(a)]	6,599	3,093	3,702
Contract liabilities [(b)]	919	2,258	2,118

[(a)] Included within "prepaid expenses and other current assets" in the Company's balance sheets.
[(b)] Included within "accrued liabilities" in the Company's balance sheets.

For the three and nine months ended September 2022 and September 2021, revenue recognized that was included in contract liabilities as of December 2021 and December 2020, respectively, was not significant.

As of September 2022, the Company has contractual rights under its licensing agreements to receive $50.4 million of fixed consideration related to the future minimum guarantees through December 2028. As of September 2022, there were no arrangements with any transaction price allocated to remaining performance obligations other than (i) contracts for which the Company has applied the practical expedients and (ii) fixed consideration related to future minimum guarantees. For the three and nine months ended September 2022, revenue recognized from performance obligations satisfied, or partially satisfied, in prior periods was not significant. The variable consideration under these arrangements is not disclosed as a remaining performance obligation as the licensing arrangements qualify for the sales-based royalty exemption.

Disaggregation of Revenue

The following tables present revenues disaggregated by channel and geography. Revenues from licensing arrangements have been included within the U.S. or Non-U.S. Wholesale channels, based on the respective region where the licensee sells the product. Direct-to-Consumer revenues include sales at company-operated *Wrangler*® and *Lee*® branded full-price and outlet stores, digital sales at www.wrangler.com and www.lee.com and sales from international concession arrangements.

Other primarily includes other revenue sources, including sales and licensing of *Rock & Republic*® apparel. Other also included sales of third-party branded merchandise at company-owned outlet stores through the first quarter of 2021.

	Three Months Ended September 2022			
(In thousands)	Wrangler	Lee	Other	Total
Channel revenues				
U.S. Wholesale	$ 324,564	$ 84,122	$ 1,771	$ 410,457
Non-U.S. Wholesale	50,448	81,682	28	132,158
Direct-to-Consumer	31,149	32,661	96	63,906
Total	**$ 406,161**	**$ 198,465**	**$ 1,895**	**$ 606,521**
Geographic revenues				
U.S.	$ 351,624	$ 98,862	$ 1,867	$ 452,353
International	54,537	99,603	28	154,168
Total	**$ 406,161**	**$ 198,465**	**$ 1,895**	**$ 606,521**

	Three Months Ended September 2021			
(In thousands)	Wrangler	Lee	Other	Total
Channel revenues				
U.S. Wholesale	$ 344,277	$ 105,779	$ 2,226	$ 452,282
Non-U.S. Wholesale	48,558	86,494	446	135,498
Direct-to-Consumer	28,673	35,700	6	64,379
Other	—	—	139	139
Total	**$ 421,508**	**$ 227,973**	**$ 2,817**	**$ 652,298**
Geographic revenues				
U.S.	$ 368,507	$ 121,951	$ 2,371	$ 492,829
International	53,001	106,022	446	159,469
Total	**$ 421,508**	**$ 227,973**	**$ 2,817**	**$ 652,298**

	Nine Months Ended September 2022			
(In thousands)	Wrangler	Lee	Other	Total
Channel revenues				
U.S. Wholesale	$ 1,003,753	$ 341,125	$ 6,425	$ 1,351,303
Non-U.S. Wholesale	143,724	212,591	903	357,218
Direct-to-Consumer	89,051	102,022	242	191,315
Total	**$ 1,236,528**	**$ 655,738**	**$ 7,570**	**$ 1,899,836**
Geographic revenues				
U.S.	$ 1,078,998	$ 384,035	$ 6,667	$ 1,469,700
International	157,530	271,703	903	430,136
Total	**$ 1,236,528**	**$ 655,738**	**$ 7,570**	**$ 1,899,836**

	Nine Months Ended September 2021			
(In thousands)	Wrangler	Lee	Other	Total
Channel revenues				
U.S. Wholesale	$ 919,176	$ 309,673	$ 6,386	$ 1,235,235
Non-U.S. Wholesale	137,206	232,984	1,888	372,078
Direct-to-Consumer	75,249	111,478	19	186,746
Other	—	—	766	766
Total	**$ 1,131,631**	**$ 654,135**	**$ 9,059**	**$ 1,794,825**
Geographic revenues				
U.S.	$ 982,532	$ 356,362	$ 7,171	$ 1,346,065
International	149,099	297,773	1,888	448,760
Total	**$ 1,131,631**	**$ 654,135**	**$ 9,059**	**$ 1,794,825**

NOTE 3 — BUSINESS SEGMENT INFORMATION

The Company has two reportable segments:

- Wrangler — *Wrangler®* branded denim, apparel and accessories.
- Lee — *Lee®* branded denim, apparel and accessories.

The chief operating decision maker allocates resources and assesses performance based on a global brand view which determines the Company's operating segments. Operating segments are the basis for the Company's reportable segments.

In addition, we report an "Other" category in order to reconcile segment revenues and segment profit to the Company's operating results, but the Other category is not considered a reportable segment based on evaluation of aggregation criteria. Other primarily includes other revenue sources, including sales and licensing of *Rock & Republic®* apparel.

Accounting policies utilized for internal management reporting at the individual segments are consistent with those disclosed in the Company's 2021 Annual Report on Form 10-K. Corporate and other expenses and interest income and expense are not controlled by segment management and therefore are excluded from the measurement of segment profit.

The following table presents financial information for the Company's reportable segments and income before income taxes:

	Three Months Ended September		Nine Months Ended September	
(In thousands)	2022	2021	2022	2021
Segment revenues:				
Wrangler	$ 406,161	$ 421,508	$ 1,236,528	$ 1,131,631
Lee	198,465	227,973	655,738	654,135
Total reportable segment revenues	**604,626**	**649,481**	**1,892,266**	**1,785,766**
Other revenues	1,895	2,817	7,570	9,059
Total net revenues	**$ 606,521**	**$ 652,298**	**$ 1,899,836**	**$ 1,794,825**
Segment profit:				
Wrangler	$ 75,597	$ 77,184	$ 226,049	$ 214,001
Lee	26,703	42,969	101,837	112,583
Total reportable segment profit	**$ 102,300**	**$ 120,153**	**$ 327,886**	**$ 326,584**
Corporate and other expenses	(28,775)	(35,051)	(60,774)	(113,585)
Interest expense	(8,858)	(7,156)	(25,115)	(26,588)
Interest income	263	345	1,028	1,024
(Loss) profit related to other revenues	(678)	202	(267)	261
Income before income taxes	**$ 64,252**	**$ 78,493**	**$ 242,758**	**$ 187,696**

NOTE 4 — ACCOUNTS RECEIVABLE

Allowance for Doubtful Accounts

The Company reviews the estimates used to calculate the allowance for doubtful accounts on a quarterly basis.

The following table presents a rollforward of the allowance for doubtful accounts:

(In thousands)	Nine Months Ended September 2022	Nine Months Ended September 2021
Balance, December	**$ 11,705**	**$ 19,143**
Provisions for expected credit losses	2,116	(130)
Accounts receivable balances written off[1]	(1,069)	(6,526)
Other [2]	(1,197)	(633)
Balance, September	**$ 11,555**	**$ 11,854**

[1] Accounts receivable balances written off against the allowance were primarily due to the exit of our India business during 2021.
[2] Other primarily includes the impact of foreign currency translation and recoveries of amounts previously written off, none of which were individually significant.

Sale of Trade Accounts Receivable

The Company is party to an agreement with a financial institution to sell selected trade accounts receivable on a nonrecourse basis. Under this agreement, up to $77.5 million of the Company's trade accounts receivable may be sold to the financial institution and remain outstanding at any point in time. The Company removes the sold balances from "accounts receivable, net" in its balance sheet at the time of sale. The Company does not retain any interests in the sold trade accounts receivable but continues to service and collect outstanding trade accounts receivable on behalf of the financial institution.

During the nine months ended September 2022 and September 2021, the Company sold total trade accounts receivable of $1,016.0 million and $943.2 million, respectively. As of September 2022, December 2021 and September 2021, $197.8 million, $170.6 million and $197.7 million, respectively, of the sold trade accounts receivable had been removed from the Company's balance sheets but remained outstanding with the financial institution.

The funding fees charged by the financial institution for this program are reflected in the Company's statements of operations within "other expense, net" and were $1.4 million and $3.0 million for the three and nine months ended September 2022, respectively, and $0.5 million and $1.4 million for the three and nine months ended September 2021, respectively. Net proceeds of this program are reflected as operating activities in the Company's statements of cash flows.

NOTE 5 — INVENTORIES

The following table presents components of "inventories" recorded in the Company's balance sheets:

(In thousands)	September 2022	December 2021	September 2021
Finished products	$ 584,480	$ 293,427	$ 342,008
Work-in-process	37,823	32,346	29,596
Raw materials	55,904	37,184	37,506
Total inventories	**$ 678,207**	**$ 362,957**	**$ 409,110**

NOTE 6 — SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term Borrowings

At September 2022, December 2021 and September 2021, the Company had $24.3 million, $10.1 million and $10.1 million, respectively, of borrowing availability under international lines of credit with various banks, which are uncommitted and may be terminated at any time by either the Company or the banks. There was $6.9 million of outstanding balances under these arrangements at September 2022, and no outstanding balances at December 2021 and September 2021. In addition, short-term borrowings at September 2022, December 2021 and September 2021 included other debt of $0.2 million, $0.2 million and $0.3 million, respectively.

Long-term Debt

The following table presents the components of long-term debt as recorded in the Company's balance sheets:

(In thousands)	September 2022	December 2021	September 2021
Revolving Credit Facility	$ 40,000	$ —	$ —
Term Loan A	397,822	397,427	660,738
Term Loan B	—	—	130,800
4.125% Notes, due 2029	394,471	393,890	—
Total long-term debt	832,293	791,317	791,538
Less: current portion	(7,500)	—	(18,125)
Long-term debt, due beyond one year	**$ 824,793**	**$ 791,317**	**$ 773,413**

Credit Facilities

On November 18, 2021, the Company completed a refinancing pursuant to which it issued $400.0 million of Notes (as defined below) and amended and restated its Credit Agreement (the “Credit Agreement”). The Credit Agreement provides for (i) a five-year $400.0 million term loan A facility (“Term Loan A”), with mandatory repayments beginning in March 2023 and (ii) a five-year $500.0 million revolving credit facility (the “Revolving Credit Facility”) (collectively, the “Credit Facilities”) with the lenders and agents party thereto. The net proceeds from the offering of the Notes, together with $7.6 million of cash on hand, were used to repay $265.0 million of the principal amount outstanding under the then existing term loan A, and all of the $133.0 million principal amount outstanding under the then existing term loan B.

Term Loan A had an outstanding principal amount of $400.0 million at both September 2022 and December 2021, and at September 2021, the then existing term loan A had an outstanding principal amount of $665.0 million. These balances are reported net of unamortized deferred financing costs. As of September 2022, interest expense on Term Loan A was being recorded at an effective annual interest rate of 3.7%, including the amortization of deferred financing costs and the impact of the Company’s interest rate swap.

The Revolving Credit Facility may be used to borrow funds in both U.S. dollar and certain non-U.S. dollar currencies, and has a $75.0 million letter of credit sublimit. As of September 2022, the Company had $40.0 million of outstanding borrowings under the Revolving Credit Facility and $12.1 million of outstanding standby letters of credit issued on behalf of the Company, leaving $447.9 million available for borrowing against this facility.

The interest rate per annum applicable to the Credit Agreement is an interest rate benchmark elected by the Company based on the currency and term of the borrowing plus an applicable margin, as defined therein.

The Credit Agreement contains certain affirmative and negative covenants customary for financings of this type as well as customary events of default. In addition, the Credit Agreement contains financial covenants which require compliance with (i) a total leverage ratio not to exceed 4.50 to 1.00 as of the last day of any test period, with an allowance for up to two elections to increase the limit to 5.00 to 1.00 in connection with certain material acquisitions, and (ii) a consolidated interest coverage ratio as of the last day of any test period to be no less than 3.00 to 1.00. As of September 2022, the Company was in compliance with all financial covenants and expects to maintain compliance with the applicable financial covenants for at least one year from the issuance of these financial statements.

Senior Notes

On November 18, 2021, the Company entered into an indenture (the “Indenture”) by and among the Company and certain subsidiaries of the Company named as guarantors therein (the “Guarantors”), pursuant to which it issued $400.0 million of unsecured senior notes due November 2029 (the “Notes”) through a private placement pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended. The Notes bear interest at a fixed rate of 4.125% per annum, payable in cash in arrears on May 15 and November 15 of each year.

The Notes had an outstanding principal amount of $400.0 million at both September 2022 and December 2021. This balance is reported net of unamortized deferred financing costs. As of September 2022, interest expense on the Notes was being recorded at an effective annual interest rate of 4.3%, including the amortization of deferred financing costs.

The Notes are guaranteed on a senior unsecured basis by the Company’s existing and future domestic subsidiaries (other than certain excluded subsidiaries) that are borrowers under or guarantors of the Credit Facilities or certain other indebtedness. The Indenture governing the Notes contains customary negative covenants for financings of this type. The Indenture does not contain any financial covenants. As of September 2022, the Company was in compliance with the Indenture.

Refer to Note 10 in the Company's 2021 Annual Report on Form 10-K for additional information regarding the Company’s debt obligations.

Total cash paid for interest, net of amounts capitalized, was $18.7 million and $22.7 million during the nine months ended September 2022 and September 2021, respectively.

NOTE 7 — FAIR VALUE MEASUREMENTS

Certain assets and liabilities measured and reported at fair value are classified in a three-level hierarchy that prioritizes the inputs used in the valuation process. Categorization within the valuation hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The hierarchy is based on the observability and objectivity of the pricing inputs, as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Significant directly observable data (other than Level 1 quoted prices) or significant indirectly observable data through corroboration with observable market data. Inputs would normally be (i) quoted prices in active markets for similar assets or liabilities, (ii) quoted prices in inactive markets for identical or similar assets or liabilities or (iii) information derived from or corroborated by observable market data.
- Level 3 — Prices or valuation techniques that require significant unobservable data inputs. These inputs would normally be the Company's own data and judgments about assumptions that market participants would use in pricing the asset or liability.

Recurring Fair Value Measurements

The following tables present financial assets and financial liabilities that are measured and recorded in the Company's financial statements at fair value on a recurring basis:

		Fair Value Measurement Using		
(In thousands)	Total Fair Value	Level 1	Level 2	Level 3
September 2022				
Financial assets:				
Cash equivalents:				
Money market funds	$ 25,911	$ 25,911	$ —	$ —
Time deposits	2,230	2,230	—	—
Foreign currency exchange contracts	21,359	—	21,359	—
Interest rate swap agreements	11,494	—	11,494	—
Investment securities	41,950	41,950	—	—
Financial liabilities:				
Foreign currency exchange contracts	186	—	186	—
Deferred compensation	43,142	—	43,142	—

		Fair Value Measurement Using		
(In thousands)	Total Fair Value	Level 1	Level 2	Level 3
December 2021				
Financial assets:				
Cash equivalents:				
Money market funds	$ 110,050	$ 110,050	$ —	$ —
Time deposits	3,644	3,644	—	—
Foreign currency exchange contracts	7,321	—	7,321	—
Investment securities	57,613	57,613	—	—
Financial liabilities:				
Foreign currency exchange contracts	1,972	—	1,972	—
Interest rate swap agreements	6,052	—	6,052	—
Deferred compensation	58,791	—	58,791	—

The Company's cash equivalents include money market funds and short-term time deposits that approximate fair value based on Level 1 measurements. The fair value of derivative financial instruments, which consist of foreign currency exchange contracts and interest rate swap agreements, is determined based on observable market inputs (Level 2), including spot and forward exchange rates for foreign currencies and observable interest rate yield curves for interest rate swap agreements. Investment securities are held in the Company's deferred compensation plans as an economic hedge of the related deferred compensation liabilities and are comprised of mutual funds that are valued based on quoted prices in active markets (Level 1). Liabilities related to the Company's deferred compensation plans are recorded at amounts due to participants, based on the fair value of the participants' selection of hypothetical investments (Level 2).

Additionally, at September 2022, the carrying value of the Company's long-term debt was $832.3 million compared to a fair value of $751.0 million. At December 2021, the carrying value of the Company's long-term debt was $791.3 million compared to a fair value of $797.5 million. The fair value of long-term debt is a Level 2 estimate based on quoted market prices or values of comparable borrowings.

All other financial assets and financial liabilities are recorded in the Company's financial statements at cost. These other financial assets and financial liabilities include cash held as demand deposits, accounts receivable, short-term borrowings, accounts payable, and accrued liabilities. At September 2022 and December 2021, their carrying values approximated fair value due to the short-term nature of these instruments.

NOTE 8 — DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Summary of Derivative Financial Instruments

The Company enters into derivative contracts with external counterparties to hedge certain foreign currency transactions. The notional amount of all outstanding foreign currency exchange contracts was $292.8 million at September 2022, $297.4 million at December 2021 and $298.9 million at September 2021, consisting primarily of contracts hedging exposures to the euro, Mexican peso, Canadian dollar, British pound, Polish zloty and Swedish krona. Foreign currency exchange contracts have maturities up to 20 months.

During 2019, the Company entered into "floating to fixed" interest rate swap agreements to mitigate exposure to volatility in LIBOR rates on the Company's future interest payments. The notional amount of the interest rate swap agreements was $300.0 million at September 2022 and $350.0 million at both December 2021 and September 2021. Because these interest rate swap agreements meet the criteria for hedge accounting, all related gains and losses are deferred within accumulated other comprehensive loss ("AOCL") and are being amortized through April 18, 2024.

The Company's outstanding derivative financial instruments met the criteria for hedge accounting at the inception of the hedging relationship. At each reporting period, the Company assesses whether the hedging relationships continue to be highly effective in offsetting changes in cash flows of hedged items. If the Company determines that a specific hedging relationship has ceased to be highly effective, it would discontinue hedge accounting. All designated hedging relationships were determined to be highly effective as of September 2022. A limited number of foreign currency exchange contracts intended to hedge assets and liabilities are not designated as hedges for accounting purposes.

The following table presents the fair value of outstanding derivatives on an individual contract basis:

	Fair Value of Derivatives with Unrealized Gains			Fair Value of Derivatives with Unrealized Losses		
(In thousands)	**September 2022**	**December 2021**	**September 2021**	**September 2022**	**December 2021**	**September 2021**
Derivatives designated as hedging instruments:						
Foreign currency exchange contracts	$ 21,329	$ 7,321	$ 7,057	$ (186)	$ (1,972)	$ (2,545)
Interest rate swap agreements	11,494	—	—	—	(6,052)	(10,582)
Derivatives not designated as hedging instruments:						
Foreign currency exchange contracts	30	—	73	—	—	—
Total derivatives	**$ 32,853**	**$ 7,321**	**$ 7,130**	**$ (186)**	**$ (8,024)**	**$ (13,127)**

The Company records and presents the fair value of all derivative assets and liabilities in the Company's balance sheets on a gross basis, even though certain derivative contracts are subject to master netting agreements. If the Company were to offset and record the asset and liability balances of its derivative contracts on a net basis in accordance with the terms of its master netting agreements, the amounts presented in the Company's balance sheets would be adjusted from the current gross presentation to the net amounts.

The following table presents a reconciliation of gross to net amounts for derivative asset and liability balances:

(In thousands)	September 2022		December 2021		September 2021	
	Derivative Asset	Derivative Liability	Derivative Asset	Derivative Liability	Derivative Asset	Derivative Liability
Gross amounts presented in the balance sheet	$ 32,853	$ (186)	$ 7,321	$ (8,024)	$ 7,130	$ (13,127)
Gross amounts not offset in the balance sheet	(186)	186	(1,636)	1,636	(1,560)	1,560
Net amounts	**$ 32,667**	**$ —**	**$ 5,685**	**$ (6,388)**	**$ 5,570**	**$ (11,567)**

The following table presents the location of derivatives in the Company's balance sheets, with current or noncurrent classification based on maturity dates:

(In thousands)	September 2022	December 2021	September 2021
Prepaid expenses and other current assets	$ 18,523	$ 6,356	$ 6,440
Accrued liabilities	(134)	(1,623)	(2,110)
Other assets	14,330	965	690
Other liabilities	(52)	(6,401)	(11,017)

Cash Flow Hedges

The following tables present the pre-tax effects of cash flow hedges included in the Company's statements of operations and statements of comprehensive income:

(In thousands)	Gain (Loss) on Derivatives Recognized in AOCL			
	Three Months Ended September		Nine Months Ended September	
<u>**Cash Flow Hedging Relationships**</u>	2022	2021	2022	2021
Foreign currency exchange contracts	$ 12,414	$ 1,408	$ 26,654	$ 4,311
Interest rate swap agreements	5,327	(264)	15,881	1,213
Total	**$ 17,741**	**$ 1,144**	**$ 42,535**	**$ 5,524**

(In thousands)	Gain (Loss) Reclassified from AOCL into Income			
	Three Months Ended September		Nine Months Ended September	
<u>**Location of Gain (Loss)**</u>	2022	2021	2022	2021
Net revenues	$ (401)	$ 47	$ (794)	$ 247
Cost of goods sold	4,228	58	8,954	(2,775)
Other expense, net	168	(170)	67	(597)
Interest expense	346	(1,507)	(1,665)	(4,515)
Total	**$ 4,341**	**$ (1,572)**	**$ 6,562**	**$ (7,640)**

Derivative Contracts Not Designated as Hedges

Contracts that are not designated as hedges and are recorded at fair value in the Company's balance sheets primarily relate to derivatives contracts used by the Company to manage foreign currency exchange risk on certain accounts receivable and accounts payable. Gains or losses on the balance sheet contracts largely offset the net transaction gains or losses on the related assets and liabilities. In addition, a limited number of cash flow hedges were deemed ineffective and de-designated. Changes in the fair values of derivative contracts not designated as hedges are recognized directly in earnings.

The following table presents a summary of these derivatives included in the Company's statements of operations:

(In thousands)		Gain (Loss) on Derivatives Recognized in Income			
		Three Months Ended September		Nine Months Ended September	
Derivatives Not Designated as Hedges	**Location of Gain (Loss) on Derivatives Recognized in Income**	**2022**	**2021**	**2022**	**2021**
Foreign currency exchange contracts	Net revenues	$ —	$ —	$ —	$ (104)
	Cost of goods sold	13	18	84	4
	Other expense, net	—	205	—	325
Total		**$ 13**	**$ 223**	**$ 84**	**$ 225**

Other Derivative Information

There were no significant amounts recognized in earnings for the ineffective portion of any hedging relationships during the three and nine months ended September 2022 and September 2021.

At September 2022, AOCL included $27.3 million of pre-tax net deferred gains for foreign currency exchange contracts and interest rate swap agreements that are expected to be reclassified to earnings during the next 12 months. The amounts ultimately reclassified to earnings will depend on rates in effect when outstanding derivative contracts are settled.

NOTE 9 — CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE LOSS

Common Stock

The Company did not repurchase any shares of Common Stock during the three months ended September 2022. During the nine months ended September 2022, the Company repurchased 1,494,853 shares of Common Stock for $62.5 million, including commissions, under its share repurchase program authorized by the Company's Board of Directors. All shares reacquired in connection with the repurchase program are treated as authorized and unissued shares upon repurchase.

Accumulated Other Comprehensive Loss

The Company's comprehensive loss consists of net income and specified components of other comprehensive loss ("OCL"), which relate to changes in assets and liabilities that are not included in net income but are instead deferred and accumulated within a separate component of equity in the Company's balance sheets. The Company's comprehensive income is presented in the Company's statements of comprehensive income.

The following table presents deferred components of AOCL in equity, net of related taxes:

(In thousands)	**September 2022**	**December 2021**	**September 2021**
Foreign currency translation	$ (121,582)	$ (93,125)	$ (89,764)
Defined benefit pension plans	(2,160)	(2,177)	(1,822)
Derivative financial instruments	31,459	2,546	(2,549)
Accumulated other comprehensive loss	**$ (92,283)**	**$ (92,756)**	**$ (94,135)**

The following tables present changes in AOCL, net of related tax impact:

(In thousands)	Three Months Ended September 2022 Foreign Currency Translation	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
Balance, June 2022	**$ (110,014)**	**$ (2,166)**	**$ 20,223**	**$ (91,957)**
Other comprehensive income (loss) due to gains (losses) arising before reclassifications	(11,568)	—	15,078	3,510
Reclassifications to net income of previously deferred (gains) losses	—	6	(3,842)	(3,836)
Net other comprehensive income (loss)	(11,568)	6	11,236	(326)
Balance, September 2022	**$ (121,582)**	**$ (2,160)**	**$ 31,459**	**$ (92,283)**

(In thousands)	Three Months Ended September 2021 Foreign Currency Translation	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
Balance, June 2021	**$ (83,192)**	**$ (1,826)**	**$ (3,951)**	**$ (88,969)**
Other comprehensive income (loss) due to gains (losses) arising before reclassifications	(6,572)	—	434	(6,138)
Reclassifications to net income of previously deferred (gains) losses	—	4	968	972
Net other comprehensive income (loss)	(6,572)	4	1,402	(5,166)
Balance, September 2021	**$ (89,764)**	**$ (1,822)**	**$ (2,549)**	**$ (94,135)**

(In thousands)	Nine Months Ended September 2022 Foreign Currency Translation	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
Balance, December 2021	**$ (93,125)**	**$ (2,177)**	**$ 2,546**	**$ (92,756)**
Other comprehensive income (loss) due to gains (losses) arising before reclassifications	(28,457)	—	35,444	6,987
Reclassifications to net income of previously deferred (gains) losses	—	17	(6,531)	(6,514)
Net other comprehensive income (loss)	(28,457)	17	28,913	473
Balance, September 2022	**$ (121,582)**	**$ (2,160)**	**$ 31,459**	**$ (92,283)**

(In thousands)	Nine Months Ended September 2021 Foreign Currency Translation	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
Balance, December 2020	**$ (80,178)**	**$ (1,889)**	**$ (12,740)**	**$ (94,807)**
Other comprehensive income (loss) due to gains (losses) arising before reclassifications	(9,586)	—	4,631	(4,955)
Reclassifications to net income of previously deferred (gains) losses	—	67	5,560	5,627
Net other comprehensive income (loss)	(9,586)	67	10,191	672
Balance, September 2021	**$ (89,764)**	**$ (1,822)**	**$ (2,549)**	**$ (94,135)**

The following table presents reclassifications out of AOCL:

(In thousands)

Details About Accumulated Other Comprehensive Loss Reclassifications	Affected Line Item in the Financial Statements	Three Months Ended September		Nine Months Ended September	
		2022	2021	2022	2021
Defined benefit pension plans:					
Net change in deferred losses during the period	Selling, general and administrative expenses	$ (8)	$ (4)	$ (23)	$ (89)
Total before tax		(8)	(4)	(23)	(89)
Income taxes	Income taxes	2	—	6	22
Net of tax		(6)	(4)	(17)	(67)
Gains (losses) on derivative financial instruments:					
Foreign currency exchange contracts	Net revenues	$ (401)	$ 47	$ (794)	$ 247
Foreign currency exchange contracts	Cost of goods sold	4,228	58	8,954	(2,775)
Foreign currency exchange contracts	Other expense, net	168	(170)	67	(597)
Interest rate swap agreements	Interest expense	346	(1,507)	(1,665)	(4,515)
Total before tax		4,341	(1,572)	6,562	(7,640)
Income taxes	Income taxes	(499)	604	(31)	2,080
Net of tax		3,842	(968)	6,531	(5,560)
Total reclassifications for the period, net of tax		**$ 3,836**	**$ (972)**	**$ 6,514**	**$ (5,627)**

NOTE 10 — INCOME TAXES

The effective income tax rate for the nine months ended September 2022 was 20.1% compared to 19.3% in the 2021 period. The nine months ended September 2022 included a net discrete tax expense primarily related to the revaluation of deferred tax balances due to a change in tax jurisdiction, partially offset by benefits from stock-based compensation. The net discrete tax expense for the nine months ended September 2022 increased the effective income tax rate by 0.7%. The nine months ended September 2021 included a net discrete tax benefit primarily related to stock-based compensation which decreased the effective income tax rate by 0.7%. The effective tax rate without discrete items for the nine months ended September 2022 was 19.4% compared to 20.0% in the 2021 period. The decrease was primarily due to changes in our jurisdictional mix of earnings.

During the nine months ended September 2022, the amount of net unrecognized tax benefits and associated interest increased by $0.6 million to $14.1 million. Management believes that it is reasonably possible that the amount of unrecognized tax benefits may decrease by $0.2 million within the next 12 fiscal months due to settlements of audits and expiration of statutes of limitations, all of which would reduce income tax expense.

NOTE 11 — EARNINGS PER SHARE

The calculations of basic and diluted earnings per share ("EPS") are based on net income divided by the basic weighted average number of common shares and diluted weighted average number of common shares outstanding, respectively.

The following table presents the calculations of basic and diluted EPS:

	Three Months Ended September		Nine Months Ended September	
(In thousands, except per share amounts)	**2022**	**2021**	**2022**	**2021**
Net income	$ 51,083	$ 63,413	$ 193,888	$ 151,513
Basic weighted average shares outstanding	55,428	57,648	55,830	57,535
Dilutive effect of stock-based awards	1,122	1,634	1,230	1,645
Diluted weighted average shares outstanding	56,550	59,282	57,060	59,180
Earnings per share:				
Basic earnings per common share	$ 0.92	$ 1.10	$ 3.47	$ 2.63
Diluted earnings per common share	$ 0.90	$ 1.07	$ 3.40	$ 2.56

For the three and nine months ended September 2022 and September 2021, animmaterial number of anti-dilutive shares was excluded from the dilutive earnings per share calculation.

For the three and nine months ended September 2022, a total of0.4 million and 0.3 million shares, respectively, of performance-based restricted stock units ("PRSUs") were excluded from the calculations of diluted earnings per share as the units were not considered to be contingent outstanding shares. For the three and nine months ended September 2021, a total of 0.4 million and 0.3 million shares, respectively, of PRSUs were excluded from the calculations of diluted earnings per share as the units were not considered to be contingent outstanding shares.

NOTE 12 — LEASES

The Company enters into operating leases for retail stores, operational facilities, vehicles and certain equipment, with terms expiring at various dates through 2032. Most leases have fixed rentals, with many of the real estate leases requiring additional payments for real estate taxes and occupancy-related costs.

The following table presents supplemental cash flow and non-cash information related to operating leases:

	Nine Months Ended September	
(In thousands)	**2022**	**2021**
Cash paid for amounts included in the measurement of lease liabilities - operating cash flows	**$ 22,608**	**$ 27,815**
Right-of-use operating assets obtained in exchange for new operating leases - non-cash activity	**$ 12,780**	**$ 3,330**

NOTE 13 — RESTRUCTURING

The Company generally incurs restructuring charges related to cost optimization of business activities, primarily related to severance and employee-related benefits. During the third quarter of 2022, the Company approved plans to globalize our operating model and relocate our European headquarters to Geneva, Switzerland.

All of the $13.7 million of restructuring charges recognized during the three and nine months ended September 2022 were reflected within "selling, general and administrative expenses," and related to the globalization of the Company's operating model and relocation of the European headquarters. All of the $1.0 million of restructuring charges recognized during the nine months ended September 2021 were reflected within "selling, general and administrative expenses," and primarily related to previously approved initiatives.

All of the $13.7 million restructuring accrual reported in the Company's balance sheet at September 2022 is expected to be paid out within the next 12 months and was classified within "accrued liabilities." All of the $1.1 million restructuring accrual reported in the Company's balance sheet at December 2021 was expected to be paid out within the next 12 months and was classified within "accrued liabilities."

The following table presents the components of restructuring charges:

(In thousands)	Three Months Ended September		Nine Months Ended September	
	2022	2021	2022	2021
Severance and employee-related benefits	$ 13,688	$ —	$ 13,688	$ 992
Total restructuring charges	**$ 13,688**	**$ —**	**$ 13,688**	**$ 992**

The following table presents the restructuring costs by business segment:

(In thousands)	Three Months Ended September		Nine Months Ended September	
	2022	2021	2022	2021
Wrangler	$ —	$ —	$ —	$ 306
Lee	—	—	—	331
Corporate and other	13,688	—	13,688	355
Total	**$ 13,688**	**$ —**	**$ 13,688**	**$ 992**

The following table presents activity in the restructuring accrual for the nine-month period ended September 2022:

(In thousands)	Total
Accrual at December 2021	**$ 1,079**
Charges	13,688
Cash payments	(957)
Adjustments to accruals	145
Currency translation	(222)
Balance, September 2022	**$ 13,733**

NOTE 14 — SUBSEQUENT EVENT

On October 21, 2022, the Board of Directors declared a regular quarterly cash dividend of $0.48 per share of the Company's Common Stock. The cash dividend will be payable on December 19, 2022, to shareholders of record at the close of business on December 9, 2022.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. This section should be read in conjunction with the Consolidated Financial Statements and related Notes included in this Quarterly Report on Form 10-Q.

Description of Business

Kontoor Brands, Inc. ("Kontoor," the "Company," "we," "us" or "our") is a global lifestyle apparel company headquartered in the United States ("U.S."). The Company designs, produces, procures, markets and distributes apparel, footwear and accessories, primarily under the brand names *Wrangler®* and *Lee®*. The Company's products are sold in the U.S. through mass merchants, specialty stores, mid-tier and traditional department stores, company-operated stores and online. The Company's products are also sold internationally, primarily in the Europe, Middle East and Africa ("EMEA") and Asia-Pacific ("APAC") regions, through department, specialty, company-operated, concession retail and independently-operated partnership stores and online.

Fiscal Year and Basis of Presentation

The Company operates and reports using a 52/53-week fiscal year ending on the Saturday closest to December 31 of each year. Accordingly, this Form 10-Q presents the third quarter of the Company's fiscal year ending December 31, 2022 ("fiscal 2022"), which is a 52-week fiscal year. For presentation purposes herein, all references to periods ended September 2022, December 2021 and September 2021 correspond to the fiscal periods ended October 1, 2022, January 1, 2022 and October 2, 2021, respectively.

References to fiscal 2022 foreign currency amounts herein reflect the impact of changes in foreign exchange rates from the prior year comparable period and the corresponding impact on translating foreign currencies into U.S. dollars and on foreign currency-denominated transactions. The Company's most significant foreign currency translation exposure is typically driven by business conducted in euro-based countries, the Chinese yuan and the Mexican peso. However, the Company conducts business in other developed and emerging markets around the world with exposure to other foreign currencies.

Amounts herein may not recalculate due to the use of unrounded numbers.

Macroeconomic Environment Impact, Including COVID-19 Specific Considerations

Macroeconomic pressures including inflation, rising interest rates and recessionary concerns, as well as ongoing global supply chain disruptions and the novel coronavirus ("COVID-19") pandemic, continue to adversely impact global economic conditions, as well as the Company's operations. Additionally, although we do not have any significant operations within Russia or Ukraine, the conflict in these regions has caused disruption in the surrounding areas and greater uncertainty in the global economy.

Inflationary pressures increased key input costs and softened consumer demand beginning late in the second quarter of 2022 and continued through the third quarter of 2022. The rise in interest rates during the third quarter of 2022 also contributed to reduced consumer discretionary spending. These factors have contributed to retailer actions to reduce inventory levels resulting in reduced demand and corresponding lower shipments during the third quarter of 2022, and are expected to have some ongoing impact in the fourth quarter of 2022.

While global supply chain disruptions became less prevalent during the third quarter of 2022, port congestion and other transportation delays continued but were less impactful to our operations. During the third quarter of 2022, we reduced our use of air freight and utilized the increased availability of ocean freight. We continue to work with our customers and vendors, manage our on-hand inventory, meet ongoing customer demand and minimize supply chain impacts.

We experienced store closures, disruptions in distribution and restrictions on consumer mobility in certain regions of China during the latter part of the first quarter of 2022 and throughout the second and third quarters of 2022 due to COVID-19 and related restrictions, which had a significant impact on sales in APAC. We took actions to manage these impacts including the expansion of our credit lines in the region during the second quarter of 2022 to ensure sufficient liquidity. Although certain regions in China had generally returned to normal operations by the end of the second quarter of 2022, other regions experienced restrictions during the third quarter of 2022, and we expect lockdowns and restrictions in China to continue to impact store closures and consumer behavior during the fourth quarter of 2022.

While we anticipate continued disruption and volatility during the fourth quarter of 2022 and future periods, we believe that we are appropriately positioned to successfully manage through known operational challenges. We continue to closely monitor macroeconomic conditions, including consumer behavior and the impact of these factors on consumer demand.

Business Overview

We have undergone transformational change to improve operational performance, address internal and external factors and set the stage for long-term profitable growth. We have launched significant initiatives to refine a global go-to-market approach that will sustain our long-term commitment to total shareholder return, some of which were accelerated due to the COVID-19 environment.

We made significant investments to support the design and implementation of our global enterprise resource planning ("ERP") system and information technology infrastructure build-out, which was completed in 2021. In 2022, we continued to invest in areas such as digital and information technology that leverage our global ERP platform. Certain prior year comparisons are affected by ERP implementation costs incurred in 2021, including $17.8 million during the third quarter of 2021, as well as a shift in the timing of certain shipments from the third quarter to the second quarter of 2021 related to the Company's ERP implementation in EMEA. This timing shift will primarily have an impact on year-over-year quarterly comparisons but will not impact the full year.

We have now transitioned into our Horizon 2 multi-year strategic vision, "Catalyzing Growth" which outlines four growth catalysts: (i) expansion of our core U.S. Wholesale business, (ii) category extensions such as outdoor, tees and work, (iii) geographic expansion of our *Wrangler®* and *Lee®* brands, most notably in China, and (iv) channel expansion focused on the digital platforms in our U.S. Wholesale and Direct-to-Consumer channels. We are focused on driving brand growth and delivering long-term value to our stakeholders including our consumers, customers, shareholders, suppliers and communities around the world. To support our growth initiatives, we approved plans during the third quarter of 2022 to globalize our operating model and relocate our European headquarters to Geneva, Switzerland. During the third quarter of 2022, we incurred $13.7 million related to severance and employee-related benefits and $1.0 million of other costs associated with these actions. We do not expect material charges in future periods. Refer to Note 13 to the Company's financial statements for additional information related to restructuring charges. In addition to continued organic investments in our brands and capabilities, the options in our capital allocation strategy are to (i) pay down debt; (ii) provide for a superior dividend payout; (iii) effectively manage our share repurchase authorization and (iv) act on strategic investment opportunities that may arise.

THIRD QUARTER OF FISCAL 2022 SUMMARY

- **Net revenues** decreased 7% to $606.5 million compared to the three months ended September 2021, including a 2% unfavorable impact from foreign currency and declines in all channels as discussed below.
- **U.S. Wholesale revenues** decreased 9% compared to the three months ended September 2021, primarily due to lower shipments across the channel, including our digital wholesale business, driven by retailer actions to reduce inventory levels. U.S. Wholesale revenues represented 68% of total revenues in the current period.
- **Non-U.S. Wholesale revenues** decreased 2% compared to the three months ended September 2021, driven by a 10% unfavorable impact from foreign currency and a decline in our APAC business due to COVID-19 restrictions in China, partially offset by an increase in our EMEA business driven by a shift in the timing of certain shipments from the third quarter to the second quarter of 2021 due to the ERP implementation and growth in Non-U.S. Americas revenues due to higher sales in Mexico. Non-U.S. Wholesale revenues represented 22% of total revenues in the current period.
- **Direct-to-Consumer revenues** decreased 1% on a global basis compared to the three months ended September 2021, driven by a 4% unfavorable impact from foreign currency and a decline in retail store sales, partially offset by growth in our U.S. owned e-commerce sites. Direct-to-Consumer revenues represented 11% of total revenues in the current period.
- **Gross margin** decreased 90 basis points to 43.5% compared to the three months ended September 2021, primarily driven by increased product and ocean freight costs due to inflationary pressures, as well as higher provisions for inventory losses. These decreases were partially offset by benefits from strategic pricing, lower air freight costs, favorable channel and product mix and a shift in the timing of certain shipments from the third quarter to the second quarter of 2021 related to the Company's ERP implementation in EMEA.
- **Selling, general & administrative expenses** as a percentage of net revenues remained flat at 31.2%. Lower compensation-related expense and decreased costs related to demand creation were offset by ongoing investments in digital and information technology and increases in provisions for expected credit losses and distribution expense compared to the prior period. As previously noted, comparisons between periods are affected by costs incurred related to the globalization of the Company's operating model and relocation of the European headquarters in the current period and prior year costs related to the Company's global ERP implementation and information technology infrastructure build-out during the three months ended September 2021.
- **Net income** was $51.1 million compared to $63.4 million for the three months ended September 2021, due to the results discussed above.

ANALYSIS OF RESULTS OF OPERATIONS

Consolidated Statements of Operations

Net Revenues

The following table presents a summary of the changes in net revenues for the three and nine months ended September 2022 as compared to September 2021:

(In millions)	Three Months Ended September	Nine Months Ended September
Net revenues — 2021	**$ 652.3**	**$ 1,794.8**
Operations	(29.6)	135.2
Impact of foreign currency	(16.2)	(30.2)
Net revenues — 2022	**$ 606.5**	**$ 1,899.8**

Three Months Ended September 2022 Compared to the Three Months Ended September 2021

Net revenues decreased 7% due to declines in the Wrangler and Lee segments and a 2% unfavorable impact from foreign currency. This revenue decrease was primarily attributable to lower shipments across the U.S. Wholesale channel, including our U.S. digital wholesale business, driven by retailer actions to reduce inventory levels. Additionally, net revenues were impacted by a decline in our APAC business due to COVID-19 restrictions in China. These decreases were partially offset by an increase in our EMEA business driven by a shift in the timing of certain shipments from the third quarter to the second quarter of 2021 due to the ERP implementation in EMEA.

Nine Months Ended September 2022 Compared to the Nine Months Ended September 2021

Net revenues increased 6% due to growth in the Wrangler and Lee segments, including a 2% unfavorable impact from foreign currency. This revenue increase was attributable to growth in the U.S. driven by new business and digital wholesale, partially offset by a decline in our APAC business due to COVID-19 restrictions in China.

Additional details on revenues are provided in the section titled "Information by Business Segment."

Other Components of the Statements of Operations

The following table presents components of the Company's statements of operations as a percent of net revenues:

	Three Months Ended September		Nine Months Ended September	
(Dollars in thousands)	2022	2021	2022	2021
Net revenues	$ 606,521	$ 652,298	$ 1,899,836	$ 1,794,825
Gross profit (net revenues less cost of goods sold)	$ 264,061	$ 289,563	$ 835,646	$ 816,267
As a percentage of total net revenues	*43.5 %*	*44.4 %*	*44.0 %*	*45.5 %*
Selling, general and administrative expenses	$ 188,995	$ 203,583	$ 563,614	$ 601,934
As a percentage of total net revenues	*31.2 %*	*31.2 %*	*29.7 %*	*33.5 %*
Operating income	$ 75,066	$ 85,980	$ 272,032	$ 214,333
As a percentage of total net revenues	*12.4 %*	*13.2 %*	*14.3 %*	*11.9 %*

Three Months Ended September 2022 Compared to the Three Months Ended September 2021

Gross margin decreased 90 basis points primarily driven by increased product and ocean freight costs due to inflationary pressures, as well as higher provisions for inventory losses. These decreases were partially offset by benefits from strategic pricing, lower air freight costs, favorable channel and product mix and a shift in the timing of certain shipments from the third quarter to the second quarter of 2021 related to the Company's ERP implementation in EMEA.

Selling, general and administrative expenses as a percentage of net revenues remained flat at 31.2%. Lower compensation-related expense and decreased costs related to demand creation were offset by ongoing investments in digital and information technology and increases in provisions for expected credit losses and distribution expense compared to the prior period. During the three months ended September 2022, costs related to the globalization of the Company's operating model and relocation of the European headquarters were 2.4% of total net revenues. During the three months ended September 2021, costs related to the Company's global ERP implementation and information technology infrastructure build-out were 2.7% of total net revenues.

Nine Months Ended September 2022 Compared to the Nine Months Ended September 2021

Gross margin decreased 150 basis points primarily driven by increased product and ocean freight costs due to inflationary pressures and higher air freight for expedited shipments to meet demand during the first half of the year. These decreases were partially offset by benefits from strategic pricing.

Selling, general and administrative expenses as a percentage of net revenues decreased to 29.7% compared to 33.5%, primarily due to lower compensation-related expense, as well as decreased costs related to the Company's global ERP implementation and information technology infrastructure build-out, which were 3.8% of total net revenues for the nine months ended September 2021. These decreases were partially offset by costs related to the globalization of the Company's operating model and relocation of the European headquarters, which were 0.8% of total net revenues for the nine months ended September 2022, and increases in distribution expense in the current period.

The effective **income tax** rate for the nine months ended September 2022 was 20.1% compared to 19.3% in the 2021 period. The nine months ended September 2022 included a net discrete tax expense primarily related to the revaluation of deferred tax balances due to a change in tax jurisdiction, partially offset by benefits from stock-based compensation. The net discrete tax expense for the nine months ended September 2022 increased the effective income tax rate by 0.7%. The nine months ended September 2021 included a net discrete tax benefit primarily related to stock-based compensation which decreased the effective income tax rate by 0.7%. The effective tax rate without discrete items for the nine months ended September 2022 was 19.4% compared to 20.0% in the 2021 period. The decrease was primarily due to changes in our jurisdictional mix of earnings.

On August 16, 2022, the U.S. enacted H.R. 5376, which, among other things, implements a 15% minimum tax on book income of certain large corporations and a 1% excise tax on net stock repurchases. Based on our current analysis, these tax law changes are not expected to have a material impact on the Company’s financial statements.

Information by Business Segment

Management at each of the segments has direct control over and responsibility for corresponding net revenues and operating income, hereinafter termed "segment revenues" and "segment profit," respectively. Our management evaluates operating performance and makes investment and other decisions based on segment revenues and segment profit. Common costs for certain centralized functions are allocated to the segments as disclosed in the notes to the financial statements in the Company's 2021 Annual Report on Form 10-K.

The following tables present a summary of the changes in segment revenues and segment profit for the three and nine months ended September 2022 as compared to the three and nine months ended September 2021:

Segment Revenues:

(In millions)	Three Months Ended September		
	Wrangler	Lee	Total
Segment revenues — 2021	**$ 421.5**	**$ 228.0**	**$ 649.5**
Operations	(8.8)	(19.8)	(28.7)
Impact of foreign currency	(6.5)	(9.7)	(16.2)
Segment revenues — 2022	**$ 406.2**	**$ 198.5**	**$ 604.6**

(In millions)	Nine Months Ended September		
	Wrangler	Lee	Total
Segment revenues — 2021	**$ 1,131.6**	**$ 654.1**	**$ 1,785.8**
Operations	118.5	18.2	136.6
Impact of foreign currency	(13.6)	(16.6)	(30.1)
Segment revenues — 2022	**$ 1,236.5**	**$ 655.7**	**$ 1,892.3**

Segment Profit:

(In millions)	Three Months Ended September		
	Wrangler	Lee	Total
Segment profit — 2021	**$ 77.2**	**$ 43.0**	**$ 120.2**
Operations	(0.7)	(14.2)	(14.9)
Impact of foreign currency	(0.9)	(2.1)	(3.0)
Segment profit — 2022	**$ 75.6**	**$ 26.7**	**$ 102.3**

(In millions)	Nine Months Ended September		
	Wrangler	Lee	Total
Segment profit — 2021	**$ 214.0**	**$ 112.6**	**$ 326.6**
Operations	13.4	(8.0)	5.4
Impact of foreign currency	(1.3)	(2.7)	(4.1)
Segment profit — 2022	**$ 226.0**	**$ 101.8**	**$ 327.9**

The following sections discuss the changes in segment revenues and segment profit.

Wrangler

(Dollars in millions)	Three Months Ended September			Nine Months Ended September		
	2022	2021	Percent Change	2022	2021	Percent Change
Segment revenues	$ 406.2	$ 421.5	(3.6) %	$ 1,236.5	$ 1,131.6	9.3 %
Segment profit	$ 75.6	$ 77.2	(2.1) %	$ 226.0	$ 214.0	5.6 %
Operating margin	18.6 %	18.3 %		18.3 %	18.9 %	

Three Months Ended September 2022 Compared to the Three Months Ended September 2021

Global **revenues** for the *Wrangler®* brand decreased 4%, due to a 2% unfavorable impact from foreign currency and a decline in the U.S. Wholesale channel, partially offset by growth in the Direct-to-Consumer and Non-U.S. Wholesale channels.

- Revenues in the Americas region decreased 4%, primarily due to a decline in the U.S. Wholesale channel attributable to lower shipments in our digital wholesale business driven by retailer actions to reduce inventory levels, partially offset by growth in our Western business. The U.S. direct-to-consumer channel increased 12%, driven by growth in our owned e-commerce sites. Non-U.S. Americas wholesale revenues increased 9%, primarily due to new business growth in Mexico, partially offset by a 3% unfavorable impact from foreign currency.

- Revenues in the APAC region decreased 6%, driven by a 4% unfavorable impact from foreign currency and a decrease in our India business, where we have transitioned to a licensed model.

- Revenues in the EMEA region increased 1%, primarily due to an 18% unfavorable impact from foreign currency which was offset by a shift in the timing of shipments from the third quarter to the second quarter of 2021 due to the ERP implementation in EMEA and growth in the digital wholesale business.

Operating margin increased to 18.6%, compared to 18.3% for the 2021 period, primarily driven by benefits from strategic pricing, lower air freight costs, favorable product mix, decreased demand creation and digital spending and lower compensation-related expense. These decreases were partially offset by increased product and ocean freight costs due to inflationary pressures as well as higher provisions for inventory losses.

Nine Months Ended September 2022 Compared to the Nine Months Ended September 2021

Global **revenues** for the *Wrangler®* brand increased 9%, driven by growth in all channels, which includes a 1% unfavorable impact from foreign currency.

- Revenues in the Americas region increased 11%, primarily due to growth in the U.S. Wholesale channel which was driven by strength in our Western and Workwear businesses. The U.S. direct-to-consumer channel increased 19%, driven by growth in our owned e-commerce sites. Non-U.S. Americas wholesale revenues increased 33%, primarily due to new business growth in Mexico and the less significant impact of COVID-19 compared with the prior year period, partially offset by a 3% unfavorable impact from foreign currency.

- Revenues in the APAC region decreased 33%, driven by a 4% unfavorable impact from foreign currency and a decrease in our India business, where we have transitioned to a licensed model.

- Revenues in the EMEA region decreased 2%, primarily driven by a 12% unfavorable impact from foreign currency, partially offset by an increase in retail store sales.

Operating margin decreased to 18.3%, compared to 18.9% for the 2021 period, primarily driven by increased product and ocean freight costs due to inflationary pressures, higher distribution costs and increased demand creation and digital spending. These decreases were partially offset by benefits from strategic pricing and lower compensation-related expense.

Lee

(Dollars in millions)	Three Months Ended September					Nine Months Ended September				
	2022		2021		Percent Change	2022		2021		Percent Change
Segment revenues	$	198.5	$	228.0	(12.9)%	$	655.7	$	654.1	0.2 %
Segment profit	$	26.7	$	43.0	(37.9)%	$	101.8	$	112.6	(9.5) %
Operating margin		13.5 %		18.8 %			15.5 %		17.2 %	

Three Months Ended September 2022 Compared to the Three Months Ended September 2021

Global **revenues** for the *Lee*® brand decreased 13%, due to a 4% unfavorable impact from foreign currency and declines in all channels.

- Revenues in the Americas region decreased 14%, primarily due to a 20% decrease in the U.S. Wholesale channel. Decreases in the U.S. Wholesale channel were primarily due to lower shipments across the channel, including our digital wholesale business, driven by retailer actions to reduce inventory levels. The U.S. direct-to-consumer channel decreased 9%, driven by declines in retail store sales. Non-U.S. Americas wholesale revenues increased 38% primarily driven by higher sales in Mexico.

- Revenues in the APAC region decreased 25%, driven by a 5% unfavorable impact from foreign currency and declines in wholesale revenues in China due to COVID-19 restrictions.

- Revenues in the EMEA region increased 14%, primarily due to a shift in the timing of shipments from the third quarter to the second quarter of 2021 due to the ERP implementation in EMEA and growth in the digital wholesale business, partially offset by a 21% unfavorable impact from foreign currency and a decrease in retail store sales.

Operating margin decreased to 13.5%, compared to 18.8% for the 2021 period, primarily driven by increased product and ocean freight costs due to inflationary pressures, as well as higher provisions for inventory losses. These decreases were partially offset by benefits from strategic pricing, lower air freight costs and lower compensation-related expense.

Nine Months Ended September 2022 Compared to the Nine Months Ended September 2021

Global **revenues** for the *Lee*® brand remained flat, with growth in the U.S. Wholesale channel offset by a 3% unfavorable impact from foreign currency and declines in the Non-U.S. Wholesale and Direct-to-Consumer channels.

- Revenues in the Americas region increased 9%, primarily due to a 10% increase in the U.S. Wholesale channel, partially offset by a decrease in retail store sales. Increases in the U.S. Wholesale channel were driven by strength in the U.S. wholesale business, including U.S. digital wholesale. Non-U.S. Americas wholesale revenues increased 26% primarily due to higher sales in Mexico and the less significant impact of COVID-19 compared with the prior year period.

- Revenues in the APAC region decreased 21%, primarily due to declines in wholesale revenues and decreased retail store sales in China due to COVID-19 restrictions, and a 2% unfavorable impact from foreign currency.

- Revenues in the EMEA region decreased 2%, primarily due to a 13% unfavorable impact from foreign currency, partially offset by an increase in retail store sales.

Operating margin decreased to 15.5%, compared to 17.2% for the 2021 period, primarily driven by increased product and ocean freight costs due to inflationary pressures, higher air freight for expedited shipments to meet demand during the first half of the year and higher distribution costs. These decreases were partially offset by benefits from strategic pricing, lower compensation-related expense and lower retail store expenses.

Other

In addition, we report an "Other" category in order to reconcile segment revenues and segment profit to the Company's operating results, but the Other category is not considered a reportable segment based on evaluation of aggregation criteria. Other primarily includes other revenue sources, including sales and licensing of *Rock & Republic®* apparel.

	Three Months Ended September			Nine Months Ended September		
(Dollars in millions)	2022	2021	Percent Change	2022	2021	Percent Change
Revenues	$ 1.9	$ 2.8	(32.7)%	$ 7.6	$ 9.1	(16.4)%
Profit (loss)	$ (0.7)	$ 0.2	(435.6)%	$ (0.3)	$ 0.3	(202.3)%
Operating margin	(35.8)%	7.2 %		(3.5)%	2.9 %	

Reconciliation of Segment Profit to Income Before Income Taxes

The costs below are necessary to reconcile total reportable segment profit to income before taxes. Corporate and other expenses and interest income and expense are not controlled by segment management and therefore are excluded from the measurement of segment profit.

	Three Months Ended September			Nine Months Ended September		
(Dollars in millions)	2022	2021	Percent Change	2022	2021	Percent Change
Total reportable segment profit	**$ 102.3**	**$ 120.2**	**(14.9)%**	**$ 327.9**	**$ 326.6**	**0.4 %**
Corporate and other expenses	(28.8)	(35.1)	(17.9)%	(60.8)	(113.6)	(46.5)%
Interest expense	(8.9)	(7.2)	23.8 %	(25.1)	(26.6)	(5.5)%
Interest income	0.3	0.3	(23.8)%	1.0	1.0	0.4 %
(Loss) profit related to other revenues	(0.7)	0.2	(435.6)%	(0.3)	0.3	(202.3)%
Income before income taxes	**$ 64.3**	**$ 78.5**	**(18.1)%**	**$ 242.8**	**$ 187.7**	**29.3 %**

Three Months Ended September 2022 Compared to the Three Months Ended September 2021

Corporate and other expenses decreased $6.3 million, primarily due to decreased costs related to the Company's global ERP implementation and information technology infrastructure build-out and the exit of the transition service agreements with our former parent in August 2021. These decreases were partially offset by costs related to the globalization of the Company's operating model and relocation of the European headquarters.

Interest expense increased $1.7 million, primarily due to higher borrowing rates for long-term debt during the three months ended September 2022 compared to the three months ended September 2021.

Nine Months Ended September 2022 Compared to the Nine Months Ended September 2021

Corporate and other expenses decreased $52.8 million, primarily due to decreased costs related to the Company's global ERP implementation and information technology infrastructure build-out and the exit of the transition service agreements with our former parent in August 2021. These decreases were partially offset by costs related to the globalization of the Company's operating model and relocation of the European headquarters.

Interest expense decreased $1.5 million, primarily due to accelerated amortization of the original issue discount and debt issuance costs associated with early repayments on our Credit Facilities during the nine months ended September 2021, as well as lower average principal outstanding compared to the nine months ended September 2021, partially offset by higher borrowing rates for long-term debt during the nine months ended September 2022 compared to the nine months ended September 2021.

Liquidity and Capital Resources

The Company's ability to fund our operating needs is dependent upon our ability to generate positive long-term cash flow from operations and maintain our debt financing on acceptable terms. The Company continues to generate strong positive cash flows from operations and restructured its borrowing arrangements under more favorable terms, as discussed below. These debt obligations could restrict our future business strategies and could adversely impact our future results of operations, financial conditions or cash flows. We believe cash flows from operations will be able to support our short-term liquidity needs as well as any future liquidity and capital requirements, in combination with available cash balances and borrowing capacity from our revolving credit facility.

On November 18, 2021, the Company completed a refinancing pursuant to which it issued $400.0 million of unsecured 4.125% senior notes due 2029 (the "Notes") and amended and restated its Credit Agreement (the “Credit Agreement”). The Credit Agreement provides for (i) a five-year $400.0 million term loan A facility (“Term Loan A”), with mandatory repayments beginning in March 2023 and (ii) a five-year $500.0 million revolving credit facility (the “Revolving Credit Facility”) (collectively, the “Credit Facilities”) with the lenders and agents party thereto. The net proceeds from the offering of the Notes, together with $7.6 million of cash on hand, were used to repay $265.0 million of the principal amount outstanding under the Company's then existing term loan A, and all of the $133.0 million principal amount outstanding under the Company's then existing term loan B. Refer to Note 10 in the Company's 2021 Annual Report on Form 10-K and Note 6 to the Company's financial statements in this Form 10-Q for additional information regarding the Company’s debt obligations.

As of September 2022, the Company was in compliance with all applicable financial covenants under the Credit Agreement and expects to maintain compliance with the applicable financial covenants for at least one year from the issuance of these financial statements. If economic conditions significantly deteriorate for a prolonged period, this could impact the Company’s operating results and cash flows and thus our ability to maintain compliance with the applicable financial covenants. As a result, the Company could be required to seek new amendments to the Credit Agreement or secure other sources of liquidity, such as refinancing of existing borrowings, the issuance of debt or equity securities, or sales of assets. However, there can be no assurance that the Company would be able to obtain such additional financing on commercially reasonable terms or at all.

The Revolving Credit Facility may be used to borrow funds in both U.S. dollar and certain non-U.S. dollar currencies, and has a maximum borrowing capacity of $500.0 million and a $75.0 million letter of credit sublimit. The Company had $40.0 million of outstanding borrowings under the Revolving Credit Facility as of September 2022, primarily resulting from drawdowns taken to strengthen the Company's near-term cash position and provide additional funding for working capital needs.

The following table presents outstanding borrowings and available borrowing capacity under the Revolving Credit Facility and our cash and cash equivalents balances as of September 2022:

(In millions)	September 2022
Outstanding borrowings under the Revolving Credit Facility	$ 40.0
Available borrowing capacity under the Revolving Credit Facility [1]	$ 447.9
Cash and cash equivalents	$ 58.1

[1] Available borrowing capacity under the Revolving Credit Facility is net of $12.1 million of outstanding standby letters of credit issued on behalf of the Company under this facility.

At September 2022, the Company had $24.3 million of borrowing availability under international lines of credit with various banks, which are uncommitted and may be terminated at any time by either the Company or the banks. As of September 2022, short-term borrowings included $6.9 million outstanding under international lines of credit and $0.2 million of other debt.

The Company did not repurchase any shares of Common Stock during the three months ended September 2022. During the nine months ended September 2022, the Company repurchased 1,494,853 shares of Common Stock for $62.5 million, including commissions, under its share repurchase program authorized by the Company's Board of Directors. All shares reacquired in connection with the repurchase program are treated as authorized and unissued shares upon repurchase. Of the $200.0 million authorized for repurchase under the share repurchase program, $62.0 million remained available for repurchase as of September 2022.

During the nine months ended September 2022, the Company paid $77.0 million of dividends to its shareholders. On October 21, 2022, the Board of Directors declared a regular quarterly cash dividend of $0.48 per share of the Company's Common Stock. The cash dividend will be payable on December 19, 2022, to shareholders of record at the close of business on December 9, 2022.

The Company intends to continue to pay cash dividends in future periods. The declaration and amount of any future dividends will be dependent upon multiple factors, including our financial condition, earnings, cash flows, capital requirements, covenants associated with our debt obligations, legal requirements, regulatory constraints, industry practice and any other factors or considerations that our Board of Directors deems relevant.

We anticipate utilizing cash flows from operations to support continued investments in our brands, talent and capabilities, growth strategies, dividend payments to shareholders, repayment of our debt obligations over time and repurchases of Common Stock. Management believes that our cash balances and funds provided by operating activities, along with existing borrowing capacity and access to capital markets, taken as a whole, provide (i) adequate liquidity to meet all of our current and long-term obligations when due, (ii) adequate liquidity to fund capital expenditures and planned dividend payouts and (iii) flexibility to repurchase Common Stock and meet investment opportunities that may arise.

We currently expect capital expenditures to range from $30.0 million to $35.0 million in 2022, primarily to support manufacturing, distribution and information technology.

The following table presents our cash flows during the periods:

	Nine Months Ended September	
(In millions)	2022	2021
Cash provided (used) by:		
Operating activities	$ 12.7	$ 209.4
Investing activities	$ (21.7)	$ (32.0)
Financing activities	$ (105.2)	$ (206.8)

Operating Activities

During the nine months ended September 2022, cash provided by operating activities was $12.7 million as compared to $209.4 million in the prior year period. The decrease was primarily due to unfavorable changes in working capital accounts, primarily related to inventory and accrued liabilities, partially offset by favorable changes in accounts receivable, net income and accounts payable.

Investing Activities

During the nine months ended September 2022, cash used by investing activities decreased $10.3 million as compared to the prior year period, primarily due to declines in capitalized computer software in the current year period.

Financing Activities

During the nine months ended September 2022, cash used by financing activities was $105.2 million as compared to $206.8 million in the prior year period, primarily due to $125.0 million of term loan repayments made by the Company during the nine months ended September 2021. Cash used during the nine months ended September 2022 included $62.5 million of Common Stock repurchases partially offset by $40.0 million of net borrowings under the Revolving Credit Facility as compared to $10.0 million of Common Stock repurchases and no borrowings during the nine months ended September 2021.

Contractual Obligations and Other Commercial Commitments

The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Contractual Obligations" included in the Company's 2021 Annual Report on Form 10-K provided a summary of our contractual obligations and commercial commitments at the end of 2021 that would require the use of funds. As of September 2022, there have been no material changes in the amounts disclosed in the 2021 Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

We have chosen accounting policies that management believes are appropriate to accurately and fairly report our operating results and financial position in conformity with Generally Accepted Accounting Principles. We apply these accounting policies in a consistent manner. Significant accounting policies are summarized in Note 1 to the consolidated and combined financial statements included in the 2021 Annual Report on Form 10-K.

The application of these accounting policies requires that we make estimates and assumptions about future events and apply judgments that affect the reported amounts of assets, liabilities, net revenues, expenses, contingent assets and liabilities, and related disclosures. These estimates, assumptions and judgments are based on historical experience, current trends and other factors believed to be reasonable under the circumstances. Management evaluates these estimates and assumptions on an ongoing basis. Because our business cycle is relatively short (i.e., from the date that inventory is received until that inventory is sold and the trade accounts receivable is collected), actual results related to most estimates are known within a few months after any balance sheet date. If actual results ultimately differ from previous estimates, the revisions are included in results of operations when the actual amounts become known. Refer to Note 1 to the Company's financial statements in this Form 10-Q for considerations of macroeconomic pressures, COVID-19 and other recent developments.

The accounting policies that involve the most significant estimates, assumptions and management judgments used in preparation of the financial statements, or are the most sensitive to change from outside factors, are discussed within "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates" in the 2021 Annual Report on Form 10-K. There have been no material changes in these policies disclosed in the 2021 Annual Report on Form 10-K.

Recently Issued and Adopted Accounting Standards

Refer to Note 1 to the Company's financial statements in this Form 10-Q for additional information regarding recently issued and adopted accounting standards.

Cautionary Statement on Forward-looking Statements

From time to time, the Company may make oral or written statements, including statements in this quarterly report, that constitute “forward-looking statements” within the meaning of the federal securities laws. These include statements concerning plans, objectives, projections and expectations relating to the Company’s operations or economic performance and assumptions related thereto. Forward-looking statements are made based on management’s expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. Forward-looking statements are not guarantees, and actual results could differ materially from those expressed or implied in the forward-looking statements. In addition, the forward-looking statements in this report are made as of the date of this filing, and the Company does not undertake, and expressly disclaims any duty, to update such statements, whether as a result of new information, new developments, or otherwise, except to the extent that disclosure may be required by law.

Potential risks and uncertainties that could cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied by forward-looking statements in this report include, but are not limited to: risks associated with the COVID-19 pandemic, which could continue to result in closed factories and stores, reduced workforces, supply chain interruption, and reduced consumer traffic and purchasing; the level of consumer demand for apparel; intense industry competition; the Company’s ability to gauge consumer preferences and product trends, and to respond to constantly changing markets; the ability to accurately forecast demand for products; the Company’s ability to maintain the images of its brands; increasing pressure on margins; e-commerce operations through the Company’s direct-to-consumer business; the financial difficulty experienced by the retail industry; possible goodwill and other asset impairment; reliance on a small number of large customers; the ability to implement the Company’s business strategy; the stability of manufacturing facilities and foreign suppliers; fluctuations in wage rates and the price, availability and quality of raw materials and contracted products; the reliance on a limited number of suppliers for raw material sourcing and the ability to obtain raw materials on a timely basis or in sufficient quantity or quality; disruption to distribution systems; seasonality; unseasonal or severe weather conditions; operational difficulties and additional expenses related to the Company’s design and implementation of its enterprise resource planning software system; the Company's and its vendors’ ability to maintain the strength and security of information technology systems; the risk that facilities and systems and those of third-party service providers may be vulnerable to and unable to anticipate or detect data security breaches and data or financial loss; ability to properly collect, use, manage and secure consumer and employee data; foreign currency fluctuations; the impact of climate change and related legislative and regulatory responses; legal, regulatory, political and economic risks; changes to trade policy, including tariff and import/export regulations; compliance with anti-bribery, anti-corruption and anti-money laundering laws by the Company and third-party suppliers and manufacturers; changes in tax laws and liabilities; the costs of compliance with or the violation of national, state and local laws and regulations for environmental, consumer protection, employment, privacy, safety and other matters; the Company’s ability to maintain effective internal controls; continuity of members of management; labor relations; the ability to protect trademarks and other intellectual property rights; the ability of the Company’s licensees to generate expected sales and maintain the value of the Company’s brands; disruption and volatility in the global capital and credit markets and its impact on the Company’s ability to obtain short-term or long-term financing on favorable terms; the Company maintaining satisfactory credit ratings; restrictions on the Company’s business relating to its debt obligations; volatility in the price and trading volume of the Company’s common stock; anti-takeover provisions in the Company’s organizational documents; the failure to declare future cash dividends; and fluctuations in the amount and frequency of our share repurchases. Many of the foregoing risks and uncertainties will continue to be exacerbated by the COVID-19 pandemic and any continued worsening of the global business and economic environment as a result.

More information on potential factors that could affect the Company's financial results are described in detail in the Company’s 2021 Annual Report on Form 10-K and in other reports and statements that the Company files with the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the Company's market risk exposures set forth under Item 7A in our 2021 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

(a) *Disclosure Controls and Procedures*. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive and principal financial officers, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13(a)-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")). Based on such evaluation, our principal executive and principal financial officers concluded that our disclosure controls and procedures were effective and operating to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

(b) *Internal Control Over Financial Reporting.* There have been no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various claims and lawsuits arising in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on our results of operations or financial condition.

ITEM 1A. RISK FACTORS

Careful consideration of the risk factors set forth under Part I, Item 1A, "Risk Factors," of our 2021 Annual Report on Form 10-K should be made. There have been no material changes to the risk factors from those disclosed in Part I, Item 1A of our 2021 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Third quarter fiscal 2022	Total number of shares purchased	Weighted average price paid per share	Total number of shares purchased as part of publicly announced program [1]	Dollar value of shares that may yet be purchased under the program
July 3 - July 30	—	$ —	—	$ 62,044,756
July 31 - August 27	—	—	—	62,044,756
August 28 - October 1	—	—	—	62,044,756
Total	**—**	**$ —**	**—**	

[1] The Company has a share repurchase program which authorizes the repurchase of up to $200.0 million of the Company's outstanding Common Stock through open market or privately negotiated transactions. The program does not have an expiration date but may be suspended, modified or terminated at any time without prior notice.

ITEM 6. EXHIBITS

10.43	Kontoor Brands Executive Deferred Savings Plan II (2020 Restatement)
31.1	Certification of Scott H. Baxter, President, Chief Executive Officer and Chair of the Board, pursuant to 15 U.S.C. Section 10A, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Rustin Welton, Executive Vice President and Chief Financial Officer, pursuant to 15 U.S.C. Section 10A, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Scott H. Baxter, President, Chief Executive Officer and Chair of the Board, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Rustin Welton, Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

Our SEC file number for documents filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended, is 001-38854.

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.

KONTOOR BRANDS, INC.
(Registrant)

Date: November 4, 2022

By: /s/ Rustin Welton
Rustin Welton
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Denise Sumner
Denise Sumner
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.43

KONTOOR BRANDS EXECUTIVE DEFERRED SAVINGS PLAN II

Kontoor Brands, Inc. adopted this Kontoor Brands Executive Deferred Savings Plan II (the "Plan") to provide benefits for the eligible senior executive employees of Kontoor Brands, Inc. and its affiliated employers, and to accept a spin-off of the accounts of such eligible senior executive employees and their respective beneficiaries from the VF EDSP II effective as of the spinoff of Kontoor Brands, Inc. from VF Corporation. This Plan was as initially effective May 23, 2019. The Plan is hereby restated effective January 1, 2020.

The Plan permits senior executive employees, who are among a select group of management or highly-compensated employees of Kontoor Brands, Inc. or a Participating Employer, to defer compensation in excess of the maximum amount permitted to be taken into account under the Kontoor Brands 401k Savings Plan and be credited with Matching Deferrals.

The intention of Kontoor Brands, Inc. is that the Plan be at all times maintained on an unfunded basis for federal income tax purposes under the Internal Revenue Code of 1986, as amended ("Code"), administered as a "top hat" plan exempt from the substantive requirements of the Employee Retirement Income Security Act of 1974, as amended, and operated in accordance with the requirements of section 409A of the Code.

SECTION I
DEFINITIONS

Unless otherwise required by the context, the terms used herein shall have the meanings as set forth below:

1. "**Accrued Benefit**" means the sum of a Participant's Basic Deferrals and the vested portion of the Participating Employer's Matching Deferrals and Company Retirement Deferrals. In the case of any Participant who also was a participant in the VF EDSP I, a Participant's Accrued Benefit shall also include any Matching Deferrals that, as of December 31, 2004, were not vested under the VF EDSP I.

2. "**Basic Deferral**" means that percentage of a Participant's Earnings elected to be deferred under the terms of this Plan.

3. "**Beneficiary**" means the individual or entity named pursuant to the Plan to receive benefit payments hereunder in the event of the death of the Participant. Each Beneficiary designation by a Participant in effect under the VF EDSP II (including a beneficiary designation under the VF EDSP I that was recognized under the terms of the VF EDSP II) on May 22, 2019 will be recognized and maintained immediately after the transfer of his or her account from the VF EDSP II to the Plan and shall remain until a new designation is made by the Participant and becomes effective.

4. "**Change of Control**" means, for purposes of vesting under Article III, the same as it does in the Company's change of control agreements with its senior management in place at the relevant time; provided, however, that if there is ever a time that the Company no longer has any such agreements in place with its senior management, then the Committee shall determine the meaning of "Change of Control." Notwithstanding the foregoing, for purposes of benefit entitlement under Article VI and payment rights under Article VII, when used in connection with a Participating Employer (including the Company), "Change of Control" means the same as "change in the ownership or effective control of a corporation" under Code section 409A.

5. "**Code**" means, the Internal Revenue Code of 1986, as amended.

6. **"Code Section 409A"** means, collectively, Section 409A of the Code and any Treasury regulations and guidance issued thereunder.

7. **"Committee"** means the Kontoor Brands, Inc. Retirement Plans Committee, as appointed from time to time by the Vice President – Chief Human Resources Officer of the Company.

8. **"Company"** means Kontoor Brands, Inc., a North Carolina corporation.

9. **"Company Controlled Group"** shall include the Company and each related company or business which is part of the same controlled group under Code sections 414(b) or 414(c); provided that in applying Code sections 1563(a)(1) – (a)(3) for purposes of determining a controlled group of corporations under Code section 414(b) and in applying Treasury Regulation section 1.414(c)-2 for purposes of determining whether trades or businesses are under common control under Code section 414(c), the phrase "at least 50 percent" is used instead of "at least 80 percent."

10. **"Company Retirement Deferral"** means the additional deferral amount credited to a Participant by a Participating Employer under the terms of Subsection 3 of Section III of this Plan.

11. **"Deferrals"** means, collectively, a Participant's Basic, Matching, and Company Retirement Deferrals under the Plan (and, unless specified otherwise, shall include any gains or losses attributable thereto).

12. **"Earnings"** means the Participant's salary and any cash bonus payments made to a Participant by a Participating Employer in the relevant year under a Participating Employer's performance-based incentive compensation plans. For purposes of the Plan, Earnings shall be determined without regard to any salary or bonus deferrals or reductions which may be made by a Participant pursuant to section 401(k) or section 125 of the Code. However, earnings shall not include: (i) any reimbursement for expenses paid to a Participant by a Participating Employer; (ii) any payments or contributions made by a Participating Employer to a plan or arrangement, on behalf of a Participant, which results in imputed income to the Participant for federal income tax purposes; or (iii) any compensation attributable to stock incentives such as stock option exercises, restricted stock, or restricted stock units. The Committee may, in its discretion and from time to time, identify additional forms of compensation to be included in or excluded from the Participant's Earnings.

13. **"Initial Eligibility Date"** means the earliest date on which a newly eligible employee may participate in the Plan. For periods before January, 1, 2020, the Initial Eligibility Date of an employee shall be the earlier of: (a) the date on which the employee completes a three (3) consecutive month period of employment with a Participating Employer in which the employee is credited with 250 or more hours of service, (b) the date on which the employee completes a twelve (12) consecutive month period of employment with a Participating Employer in which the employee is credited with 1,000 or more hours of service or (c) in the case of a Transferred Employee who was a participant in the VF EDSP II, on May 22, 2019. On and after January 1, 2020, the Initial Eligibility Date shall be the first of the month following the date the individual becomes an eligible employee. Notwithstanding the foregoing, the Initial Eligibility Date may not be earlier than the date the employee is notified, in writing, by the Participating Employer of the material terms of the Plan.

14. **"Matching Deferral"** means the additional deferral amount credited to a Participant by a Participating Employer under the terms of Subsection 2 of Section III of this Plan. In addition, in the case of any Participant who also was a participant in the VF EDSP I, the term "Matching Deferral" shall include any matching deferrals (and any gains and losses credited thereon) that, as of December 31, 2004, were not vested under the VF EDSP I.

15. **"Participant"** means an eligible employee who participates in this Plan in accordance with its provisions.

16. **"Participating Employer"** means the Company and each related company or business within the Company Controlled Group the eligible employees of which are designated by the Committee to participate in this Plan with respect to Basic and Matching Deferrals, and/or Company Retirement Deferrals (if such deferrals are provided).

17. **"Performance-Based Compensation"** shall have the meaning as set forth under Code section 409A.

18. **"Plan"** means the Kontoor Brands Executive Deferred Savings Plan II as it may be amended subsequently from time to time.

19. **"Plan Year"** means the calendar year.

20. **"Service"** means the vesting service as is recognized for the Participant under the Kontoor Brands 401k Savings Plan.

21. **"Severance from Service"** shall have the same meaning as the term "separation from service" as set forth under Code section 409A. Notwithstanding the foregoing, a Severance from Service does not occur if a Participant is transferred to another Participating Employer or any member of the Company Controlled Group.

22. **"Specified Employee"** means as of any given date, the fifty (50) highest paid officers (except to the extent that there are fewer than fifty (50) officers, in which case the group shall include all officers) and any other individual that is considered a "specified employee" under Code Section 409A, and provided further that such group of officers and individuals shall be determined from a listing of same drawn from the Company Controlled Group, and compiled as of the end of such preceding Plan Year.

23. **"Spouse"** means the person to whom the Participant is legally married at the time relevant to any determination under the Plan.

24. **"Total Disability"** means a physical or mental impairment that qualifies a Participant for disability benefits under a long-term disability benefits plan maintained by the Participant's Participating Employer and/or eligibility for disability benefits under the Social Security Act; provided that such impairment would also qualify as a "disability" as defined in Code section 409A. All determinations of Total Disability for purposes of this Plan shall be based on the fact that the Participant is in receipt of disability payments under either or both the above-referenced disability benefits plans.

25. **"Transferred Employees"** means those employees of the Company who participated in the VF EDSP II on May 22, 2019, and whose accounts in the VF EDSP II were transferred to the Plan.

26. **"VF EDSP I"** means the VF Executive Deferred Savings Plan.

27. **"VF EDSP II"** means the VF Executive Deferred Savings Plan II.

SECTION II
ELIGIBILITY

1. **Requirements**. An individual shall be eligible to elect to contribute Basic Deferrals and be credited with Matching Deferrals if he or she is working for a Participating Employer in a capacity

classified by the Participating Employer as that of an employee with a base salary of $250,000 or above.

An employee shall be eligible to participate only if the employee is so notified, in writing, by the Participating Employer of the material terms of the Plan.

2. **Participation**. Participation in this Plan by an eligible employee is voluntary with respect to the right to elect to contribute Basic Deferrals and be credited with Matching Deferrals.

3. **Termination of Participation**. In the event that a Participant ceases to be an eligible employee, the Participant's Basic Deferral election shall remain in effect through the end of the Plan Year in which the Participant remains employed but has ceased to be an eligible employee, and thereafter, the Participant shall make no further Basic Deferrals unless and until the Participant again becomes an eligible employee.

SECTION III
DEFERRALS

1. **Basic Deferrals**.

(a) **Election**. A Participant may elect to defer any portion of his or her Earnings ("Basic Deferral Election") by directing his or her Participating Employer to reduce his or her Earnings by an amount authorized by the Participant in the form and manner designated by the Committee.

(i) Amount of deferral. A Participant may not elect to defer an amount under this Plan that would, (A) with regard to annual salary, result in a reduction of his or her annual salary below fifty percent (50%) of annual salary for any payroll period, or (B) with regard to bonuses that constitute Performance-Based Compensation, exceed seventy-five percent (75%) of any cash bonus payment that qualifies as Earnings;

(ii) Timing of deferral.

(A) With respect to deferrals of Earnings other than Performance-Based Compensation, a Participant's Basic Deferral Election shall be made no later than the December immediately preceding the Plan Year to which the election relates;

(B) With respect to deferrals of Earnings that are Performance-Based Compensation, a Participant's Basic Deferral Election shall be made no later than six (6) months preceding the end of the performance period to which the Performance-Based Compensation relates;

(C) Notwithstanding the foregoing, with respect to an individual who is first eligible to participate in the Plan, such individual may submit a Basic Deferral Election within the first thirty (30) days after the individual's Initial Eligibility Date with respect to Earnings comprised of: (A) salary to be paid for services to be performed after the Basic Deferral Election is submitted, and (B) Performance-Based Compensation, if so permitted by the Committee at the time, provided that such election shall be prorated in accordance with Code section 409A.

Any election made by a Participant to defer any portion of his or her Earnings paid by a participating employer under the VF EDSP II during 2019 shall also apply to his or her compensation paid by a Participating Employer under this Plan on and after May 23, 2019 and during the remainder of 2019.

(b) **Vesting**. A Participant shall have a nonforfeitable right to his or her Basic Deferrals.

(c) **Change of Election**. The percentage or amount of Earnings designated by a

(c) **Change of Election**. The percentage or amount of Earnings designated by a Participant as a Basic Deferral for any given Plan Year shall continue in effect for such Plan Year, notwithstanding any change in Earnings. In the event a Participant is on a bona fide leave of absence with the Participating Employer's consent, or in military service in conformity with the Participating Employer's policies, such Participant's Basic Deferrals shall continue if Earnings are being continued by the Participating Employer and if the Participant has Earnings. If Earnings are not being continued or if the Participant does not have Earnings, then, upon the Participant's return to employment, his or her Basic Deferrals will be resumed, but no additional deferrals will be required or permitted to make up for amounts not deferred during periods of no or insufficient Earnings.

(d) **Manner of Deferral**. A Participant's Basic Deferral election shall apply only to Earnings that constitute Earnings at the time such amounts are otherwise payable to the Participant. In the discretion of the Committee, a Participant's deferral election may identify the particular forms of compensation to be included for purposes of such election.

2. **Matching Deferrals**.

(a) **Amount**. The Company will credit Matching Deferrals in an amount equal to one hundred percent (100%) on six percent (6%) of Basic Deferrals that are made on Earnings in excess of the Code section 401(a)(17) compensation limit for such Plan Year.

Following the end of the 2015 and 2016 Plan Years, an additional deferral ("Transitional Deferral") was credited to each eligible employee of a participating employer under the VF EDSP II: (i) who was eligible for the VF EDSP II on December 31, 2014, (ii) who remained employed by the participating employer and eligible to participate as of the end of the applicable Plan Year (2015 and 2016), and (iii) whose Earnings for the Plan Year were below $208,334. The Transitional Deferral was equal to the excess, if any, of $12,500 over the product of the employee's Earnings for the Plan Year and six percent (6%) (i.e., $12,500 – (Earnings x 6%). Such Transitional Deferrals were credited as Matching Deferrals and shall be subject to the same vesting, forfeiture, and other provisions applicable to Matching Deferrals, except as otherwise provided herein.

(b) **Vesting**. A Participant shall become vested in his or her Matching Deferrals at the rate of one-sixtieth (1/60th) per month of Service. Notwithstanding the foregoing, a Participant shall become 100% vested in his or her Matching Deferrals if, prior to his or her Severance from Service the Participant attains age sixty-five (65), incurs a Total Disability, dies, or a Change of Control of the Company occurs.

(c) **Forfeitures**. A Participant shall forfeit, upon his or her Severance from Service prior to becoming vested in accordance with Subsection 2(b) of this Section III, any right to Matching Deferrals in which he or she is not vested.

3. **Company Retirement Deferrals**.

(a) **Amount**. A Participant who also was a participant in the VF EDSP II may have been credited with an additional deferral amount ("Company Retirement Deferral") under the terms of the VF EDSP II in effect at such time.

A Participant was eligible for Company Retirement Deferrals under the VF EDSP II only if he or she began employment with the a participating employer under the VF EDSP II on or after January 1, 2005 (or earlier, if determined by the applicable committee under the VF EDSP II) and was either not covered by the VF Corporation Pension Plan or not eligible to actively participate in the VF Corporation Pension Plan. Notwithstanding the foregoing, no Company Retirement Deferrals were credited under the VF EDSP II after 2014.

(b) **Vesting**. A Participant shall become vested in his or her Company Retirement Deferrals at the rate of one-sixtieth (1/60th) per month of Service. Notwithstanding the foregoing, a Participant shall become 100% vested in his or her Company Retirement Deferrals if, prior to his or her Severance from Service, the Participant attains age sixty-five (65), incurs a Total Disability, dies, or a Change of Control of the Company occurs.

(c) **Forfeitures**. A Participant shall forfeit upon his or her Severance from Service prior to becoming vested in accordance with Subsection 3(b) of this Section III, any right to Company Retirement Deferrals in which he or she is not vested.

(d) **Other Participating Employer Deferrals**. A Participating Employer may, in its discretion and from time to time, and with the consent of the Company, credit a Participant's Account with different or additional amounts of Company Retirement Deferrals for any reason as determined by the Participating Employer. Notwithstanding any provision herein to the contrary, the Committee may, with respect to such amounts, establish such terms and conditions as it deems appropriate.

SECTION IV
INVESTMENT

1. **Investment Election**. A Participant may elect, pursuant to procedures established by the Committee and subject to applicable limitations herein, that his or her Basic, Matching, and Company Retirement Deferrals be credited with gains and losses as if such Deferrals had been invested (in increments of at least one percent (1%)) in one or more of the investment funds offered under the Plan, as may be determined by the Committee from time to time. Each investment direction by a Participant in effect under the VF EDSP II on May 22, 2019 will be recognized and maintained immediately after the transfer of his or her account from the VF EDSP II to the Plan and shall remain until a new direction is made by the Participant and becomes effective.

2. **Change of Investment Election**. A Participant may elect, pursuant to procedures established by the Committee and subject to applicable limitations herein, a change with respect to his or her previously-made investment election.

SECTION V
RECORDS

The Committee shall create and maintain, or may direct a third party to create and maintain, adequate records, in book entry form, for each Participant of Basic, Matching, and Company Retirement Deferrals. Each Participant shall, to the extent permitted by the Committee, have electronic access to the status of his or her account balance and vested percentage.

SECTION VI
PLAN BENEFITS

1. **Severance from Service**. Upon a Participant's Severance from Service, he or she shall be entitled to his or her Accrued Benefit payable in accordance with Section VII.

2. **Death**. In the event of the death of a Participant prior to Severance from Service, the Participant's Beneficiary shall be entitled to a benefit equal to the Participant's Accrued Benefit payable in accordance with Section VII. In the event of the death of a Participant after a Severance from Service, the Participant's Beneficiary shall be entitled to that part, if any, of the Participant's Accrued Benefit which has not yet been paid to the Participant payable in accordance with Section VII.

3. **Total Disability**. In the event a Participant incurs a Total Disability prior to Severance from Service, the Participant shall be entitled to his or her Accrued Benefit payable in accordance with Section VII.

4. **Change of Control**. In the event a Participant's Participating Employer undergoes a Change of Control prior to a Participant's Severance from Service, the Participant shall be entitled to his or her Accrued Benefit payable in accordance with Section VII.

5. **Beneficiary**. Each Participant may designate a Beneficiary (along with alternate beneficiaries) to whom, in the event of the Participant's death, any benefit is payable hereunder. Each Participant has the right to change any designation of Beneficiary and such change automatically revokes any prior designation. A designation or change of Beneficiary must be in writing on forms supplied by the Committee and any change of Beneficiary shall not become effective until filed with the Committee; provided, however, that the Committee shall not recognize the validity of any designation received after the death of the Participant. The interest of any Beneficiary who dies before the Participant shall terminate unless otherwise provided. If a Beneficiary is not validly designated, or is not living or cannot be found at the date of payment, any amount payable pursuant to this Plan shall be paid to the Spouse of the Participant if living at the time of payment, otherwise in equal shares to such of the children of the Participant as may be living at the time of payment; provided, however, that if there is no surviving Spouse or child at the time of payment, such payment shall be made to the estate of the Participant.

SECTION VII
PAYMENT OF BENEFITS

1. **Normal Form**. The normal form for the payment of a Participant's Accrued Benefit shall be a lump-sum payment in cash payable to the Participant not earlier than the first business day of the month occurring three full calendar months following the event giving rise to the distribution and not later than the close of the Plan Year during which such three month period ends or any such later date as may be permitted under Code section 409A.

2. **Installments**. Notwithstanding the foregoing, a Participant may elect in the form and manner designated by the Committee, that payment of his or her Basic Deferrals for a Plan Year be made in annual installments over a period of not more than ten (10) years with such payments commencing not earlier than the first business day of the month occurring three full calendar months following the event giving rise to the distribution and not later than the close of the Plan Year during which such three month period ends or any such later date as may be permitted under Code section 409A. Such election must be made to the Committee at the same time that the Participant makes his or her Basic Deferral Elections for such Plan Year in accordance with Subsection 1 of Section III. Any such installment payment election with respect to salary deferred by a Participant for a Plan Year shall also apply with respect to the Matching Deferrals credited on account of such salary deferrals, any Company Retirement Deferrals credited on behalf of the Participant for the Plan Year, and any Transitional Deferrals for the Plan Year. Any such installment payment election with respect to Performance-Based Compensation deferred by a Participant for a Plan Year shall also apply with respect to the Matching Deferrals credited on account of such Performance-Based Compensation deferral for the Plan Year. A Participant's installment payment elections in effect under the VF EDSP II shall continue to apply with respect to the portions of his account under the Plan attributable to deferred compensation under the VF EDSP II corresponding to those elections.

3. **Death**.

(a) If a Participant dies prior to a Severance from Service, his or her Accrued Benefit shall be distributed to his or her Beneficiary in a lump-sum payment in cash in accordance with

Subsection 1 of this Section VII unless the Participant has elected an installment form of distribution in accordance with Subsection 2 of this Section VII, in which case, distribution to the Beneficiary shall be made in accordance with such election.

(b) If a Participant dies after a Severance from Service, his or her Accrued Benefit shall be distributed to his or her Beneficiary in the same form and at the same time as it would have been paid to the Participant had he or she survived.

Payment under Subsections 3(a) and 3(b) shall commence not earlier than the first business day of the month occurring three full calendar months following the event giving rise to the distribution and not later than the close of the Plan Year during which such three month period ends or any such later date as may be permitted under Code section 409A.

4. **Change of Control**.

(a) In the event of a Change of Control of a Participant's Participating Employer (other than the Company), his or her Accrued Benefit shall be distributed in a lump sum payment in accordance with Subsection 1 of this Section VII unless the Participant has elected an installment form of distribution in accordance with Subsection 2 of this Section VII, in which case, distribution to the Participant shall be made in accordance with such election.

(b) In the event of a Change of Control of the Company, all Accrued Benefits under the Plan (regardless of whether or not in pay status) shall be distributed in a lump sum payment as soon as practicable and in accordance with procedures determined by the Committee.

5. **Specified Employee Restrictions**. During any period in which the stock of any member of the Company Controlled Group is publicly traded on an established securities market, in the event benefits become payable to a Participant who is a Specified Employee due to the Participant's Severance from Service, distribution of the Participant's Accrued Benefit shall not commence any earlier than six (6) months following the Participant's Severance from Service. Any payment that would have been made during such six (6) month period shall be retained in the Plan as part of the Participant's Accrued Benefit (and credited with any applicable earnings and losses) and paid as soon as administratively feasible following the end of the six (6) month period.

SECTION VIII
HARDSHIP WITHDRAWALS

Distribution may be made to a Participant of some or all of his or her Accrued Benefit (excluding any Company Retirement Deferrals) in the event of an unforeseeable emergency. The Participant shall file a written request with the Committee, and the Committee shall determine in its sole discretion, if an unforeseeable emergency exists, based on the facts of each case. For this purpose, "unforeseeable emergency" shall have the meaning as set forth under Code section 409A.

SECTION IX
FUNDING STATUS

This Plan is unfunded. All obligations hereunder shall constitute an unsecured promise of the Company to pay a Participant's benefit out of the general assets of the Company, subject to all of the terms and conditions of the Plan, as amended from time to time, and applicable law. A Participant shall have no greater right to benefits provided hereunder than that of any unsecured general creditor of the Company.

SECTION X
ADMINISTRATION

1. **Powers and Responsibilities**. The Plan shall be administered by the Committee which shall have the following powers and responsibilities.

(a) to construe the Plan, make factual determinations, decide all benefit requests made by a Participant or any other person, correct defects, and take any and all similar actions considered by the Committee to be necessary to administer the Plan, with any such determinations under or interpretations of the Plan made in good faith by the Committee to be final and conclusive for all purposes;

(b) determine the investment options which may be utilized under the Plan, including any default option to be utilized if a Participant makes no investment request;

(c) to designate a related company or business as a Participating Employer and to revoke such status if, in the Committee's discretion, such action is in the best interest of the Company; and

(d) to take all other actions and do all other things which are considered by the Committee to be necessary to the administration of the Plan.

2. **Actions Conclusive**. The Committee shall have complete discretion in carrying out its powers and responsibilities under the Plan, and its exercise of discretion hereunder shall be final and conclusive.

3. **Delegation**. The Committee may, in writing, delegate some or all of its powers and responsibilities to any other person or entity.

4. **Meetings**. The Committee may hold meetings upon such notice, at such time or times, and at such place or places as it may determine. The majority of the members of the Committee at the time in office shall constitute a quorum for the transaction of business at all meetings and a majority vote of those present and constituting a quorum at any meeting shall be required for action. The Committee may also act by written consent of a majority of its members.

5. **Rules of Administration**. The Committee may adopt such rules for administration of the Plan as is considered desirable, provided they do not conflict with the Plan.

6. **Agents**. The Committee may retain such counsel, and actuarial, medical, accounting, clerical and other services as it may require to carry out the provisions and purposes of the Plan.

7. **Reliance**. The Committee shall be entitled to rely upon all tables, valuations, certificates, and reports furnished by any duly appointed auditor, or actuary, upon all certificates and reports made by

any investment manager, or any duly appointed accountant, and upon all opinions given by any duly appointed legal counsel.

8. **Liability and Indemnification**. No member of the Committee shall be personally liable by virtue of any instrument executed by the member, or on the member's behalf, as a member of the Committee. Neither the Company nor a Participating Employer, nor any of their respective officers or directors, nor any member of the Committee, shall be personally liable for any action or inaction with respect to any duty or responsibility imposed upon such person by the terms of the Plan except when the same is finally judicially determined to be due to the self dealing, willful misconduct or recklessness of such person. The Company shall indemnify and hold harmless its officers, directors, and those of any Participating Employer, and each member of the Committee against any and all claims, losses, damages, expenses (including attorneys' fees and the advancement thereof), and liability (including, in each case, amounts paid in settlement), arising from any action or failure to act regarding the Plan, to the greatest extent permitted by applicable law. The foregoing right of indemnification shall be in addition to any other rights to which any such person may be entitled.

9. **Conflict of Interest**. If any Participant is a member of the Committee, he or she shall not participate as a member of the Committee in any determination under the Plan relating specifically to his or her Basic, Matching, or Company Retirement Deferrals.

SECTION XI
MODIFICATION AND TERMINATION

The Company reserves the right to terminate this Plan at any time or to modify, amend or suspend it from time to time, such right to include, without limitation, the right to distribute any and all Accrued Benefits following a termination of the Plan. Any such termination, modification, amendment or suspension shall be effective at such date as the Company may determine and may be effective as to all Participating Employers, or as to one or more Participating Employers, and their respective employees. The Company shall notify all affected Participants of any such termination, modification, amendment or suspension and, in appropriate circumstances as determined by the Company, shall also notify the relevant Participating Employers. A termination, modification, amendment or suspension may affect Participants generally, by class or individually, and may apply irrespective of whether they are past, current or future Participants; provided, however, that any such action may not eliminate or reduce the Accrued Benefit of any Participant as of the effective date of such action.

SECTION XII
GENERAL PROVISIONS

1. **No Employment Right**. Nothing contained herein shall be deemed to give any employee the right to be retained in the service of the Company or a Participating Employer, as applicable, or to interfere with the rights of any such employer to discharge any employee at any time.

2. **Interest Not Assignable**. It is a condition of this Plan, and all rights of each Participant shall be subject thereto, that no right or interest of any Participant under this Plan or in his or her credited Deferrals shall be assignable or transferable in whole or in part, either directly or by operation of law or otherwise, including without limitation, execution, levy, garnishment, attachment, pledge, bankruptcy, or in any other manner, subject, however, to applicable law, but excluding devolution by death or mental incompetency, and no right or interest of any Participant under this Plan or in his or her credited Deferrals shall be liable for or subject to any obligation or liability of such Participant, subject, however, to applicable law.

3. **Taxes and Withholding**. All Deferrals and payments under the Plan shall be subject to such taxes and other withholdings (federal, state or local) as may be due thereon, and the determination of the Committee as to withholding with respect to Deferrals and payments shall be binding upon the Participant and each Beneficiary.

4. **Sale of Assets**. The sale of all or substantially all of the assets of the Company, or a merger, consolidation or reorganization of the Company wherein the Company is not the surviving corporation, or any other transaction which, in effect, amounts to a sale of the Company or voting control thereof, shall not terminate this Plan or any related agreements and the obligations created hereunder or thereby and the same shall be binding upon the successors and assigns of the Company.

5. **Legal Incapacity**. If a Participant or Beneficiary entitled to receive any benefits hereunder is deemed by the Committee or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, the benefits will be paid to such persons as the Committee designates or to the duly appointed guardian.

6. **Governing Law**. This Plan shall be governed by and construed in accordance with the laws of North Carolina, notwithstanding the conflict of law rules applicable therein.

7. **Compliance with Code Section 409A**. Notwithstanding any other provision of the Plan to the contrary, the Plan shall be administered in accordance with all applicable requirements of Code section 409A and the regulations or guidance issued with regard thereto, and any distribution, acceleration or election feature that could result in the early inclusion in gross income shall be deemed restricted or limited to the extent necessary to avoid such result.

Pursuant to its authority under Section XI of the Plan, the Company, as evidenced by the signature of its authorized officer below, hereby amends and restates the Plan effective as of January 1, 2020 for the stated purposes set forth herein and this Plan shall, on and after such effective date, be applicable to all Participating Employers and their respective employees until such time as the Company may, in its discretion, further amend or take any other authorized action with respect to the Plan.

KONTOOR BRANDS, INC.

Scott Shoener

Scott Shoener
Vice President – Chief Human Resources Officer

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 15 U.S.C. SECTION 10A, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott H. Baxter, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kontoor Brands, 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.

November 4, 2022

/s/ Scott H. Baxter
Scott H. Baxter
President, Chief Executive Officer and Chair of the Board

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 15 U.S.C. SECTION 10A, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rustin Welton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kontoor Brands, 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.

November 4, 2022

/s/ Rustin Welton
Rustin Welton
Executive Vice President and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Kontoor Brands, Inc. (the “Company”) on Form 10-Q for the period ending October 1, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Scott H. Baxter, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

November 4, 2022

/s/ Scott H. Baxter
Scott H. Baxter
President, Chief Executive Officer and Chair of the Board

Exhibit 32.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Kontoor Brands, Inc. (the "Company") on Form 10-Q for the period ending October 1, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rustin Welton, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

November 4, 2022

/s/ Rustin Welton
Rustin Welton
Executive Vice President and Chief Financial Officer