

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 June 29, 2019

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-38854

**KONTOOR BRANDS, INC.**

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of incorporation or organization)

83-2680248

(I.R.S. employer identification number)

400 N. Elm Street

Greensboro, North Carolina

(Address of principal executive offices)

27401

(Zip Code)

(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, no par value, of the registrant outstanding as of July 27, 2019 was 56,879,295.

KONTOOR BRANDS, INC.  
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PART I — FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS (UNAUDITED)

KONTOOR BRANDS, INC.  
Consolidated and Combined Balance Sheets  
(Unaudited)

(in thousands)	June 2019	December 2018	June 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and equivalents	\$ 76,687	\$ 96,776	\$ 86,356
Accounts receivable, less allowance for doubtful accounts of \$11,102 at June 2019, \$10,549 at December 2018 and \$7,345 at June 2018	254,049	252,966	262,525
Due from former parent, current	—	547,690	553,976
Notes receivable from former parent	—	517,940	546,740
Inventories	538,168	473,812	491,836
Other current assets	79,397	52,014	45,202
<b>Total current assets</b>	<b>948,301</b>	<b>1,941,198</b>	<b>1,986,635</b>
Due from former parent, noncurrent	—	611	—
Property, plant and equipment, net	131,727	138,449	142,263
Operating lease assets	90,416	—	—
Intangible assets, net	50,953	53,059	55,263
Goodwill	213,761	214,516	216,080
Other assets	153,044	110,632	120,439
<b>TOTAL ASSETS</b>	<b>\$ 1,588,202</b>	<b>\$ 2,458,465</b>	<b>\$ 2,520,680</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings	\$ 2,829	\$ 3,215	\$ 5,062
Current portion of long-term debt	7,500	—	—
Accounts payable	159,214	134,129	136,620
Due to former parent, current	—	16,140	59,424
Notes payable to former parent	—	269,112	269,112
Accrued liabilities	177,582	194,228	166,881
Operating lease liabilities, current	34,439	—	—
<b>Total current liabilities</b>	<b>381,564</b>	<b>616,824</b>	<b>637,099</b>
Operating lease liabilities, noncurrent	58,594	—	—
Other liabilities	86,189	118,189	115,894
Long-term debt	979,687	—	—
Commitments and contingencies	—	—	—
<b>Total liabilities</b>	<b>1,506,034</b>	<b>735,013</b>	<b>752,993</b>
<b>Equity</b>			
Common stock, no par value	—	—	—
Additional paid-in capital	134,621	—	—
Former parent investment	—	1,868,634	1,908,986
Retained earnings	21,235	—	—
Accumulated other comprehensive loss	(73,688)	(145,182)	(141,299)
<b>Total equity</b>	<b>82,168</b>	<b>1,723,452</b>	<b>1,767,687</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,588,202</b>	<b>\$ 2,458,465</b>	<b>\$ 2,520,680</b>

See accompanying notes to unaudited consolidated and combined financial statements.

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

	Three Months Ended June		Six Months Ended June	
	2019	2018	2019	2018
<small>(in thousands, except per share amounts)</small>				
<b>Net revenues</b>	<b>\$ 609,746</b>	<b>\$ 663,856</b>	<b>\$ 1,258,090</b>	<b>\$ 1,333,519</b>
<b>Costs and operating expenses</b>				
Cost of goods sold	374,177	396,785	775,202	779,206
Selling, general and administrative expenses	182,049	191,337	404,173	386,171
<b>Total costs and operating expenses</b>	<b>556,226</b>	<b>588,122</b>	<b>1,179,375</b>	<b>1,165,377</b>
<b>Operating income</b>	<b>53,520</b>	<b>75,734</b>	<b>78,715</b>	<b>168,142</b>
Interest income from former parent, net	1,423	1,660	3,762	3,311
Interest expense	(7,638)	(416)	(7,736)	(781)
Interest income	1,408	1,386	2,831	2,668
Other expense, net	(1,370)	(1,241)	(2,341)	(2,438)
<b>Income before income taxes</b>	<b>47,343</b>	<b>77,123</b>	<b>75,231</b>	<b>170,902</b>
Income taxes	9,357	16,665	21,832	30,748
<b>Net income</b>	<b>\$ 37,986</b>	<b>\$ 60,458</b>	<b>\$ 53,399</b>	<b>\$ 140,154</b>
<b>Earnings per common share</b>				
Basic	\$ 0.67	\$ 1.07	\$ 0.94	\$ 2.47
Diluted	\$ 0.67	\$ 1.07	\$ 0.94	\$ 2.47
<b>Weighted average shares outstanding</b>				
Basic	56,648	56,648	56,648	56,648
Diluted	56,920	56,648	56,779	56,648

See accompanying notes to unaudited consolidated and combined financial statements.

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

	Three Months Ended June		Six Months Ended June	
	2019	2018	2019	2018
(in thousands)				
<b>Net income</b>	<b>\$ 37,986</b>	<b>\$ 60,458</b>	<b>\$ 53,399</b>	<b>\$ 140,154</b>
<b>Other comprehensive income, net of taxes</b>				
Foreign currency translation				
Gains (losses) arising during the period	4,686	(28,518)	5,444	(18,817)
Defined benefit pension plans				
Current period actuarial gains (losses)	(14)	—	(14)	—
Derivative financial instruments				
Gains (losses) arising during the period	(2,058)	—	(2,058)	—
Reclassification to net income for (gains) losses realized	(362)	—	(362)	—
<b>Total other comprehensive income (loss), net of taxes</b>	<b>2,252</b>	<b>(28,518)</b>	<b>3,010</b>	<b>(18,817)</b>
<b>Comprehensive income</b>	<b>\$ 40,238</b>	<b>\$ 31,940</b>	<b>\$ 56,409</b>	<b>\$ 121,337</b>

See accompanying notes to unaudited consolidated and combined financial statements.

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

(in thousands)	Six Months Ended June	
	2019	2018
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 53,399	\$ 140,154
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation and amortization	16,025	16,089
Stock-based compensation	11,473	5,552
Provision for doubtful accounts	2,985	375
Other	(1,068)	(1,594)
Changes in operating assets and liabilities:		
Accounts receivable	4,355	(17,425)
Inventories	(69,655)	(60,721)
Due from former parent	548,301	(332,361)
Accounts payable	43,331	(36,564)
Income taxes	5,692	(4,286)
Accrued liabilities	230	20,009
Due to former parent	(16,065)	21,393
Other assets and liabilities	(18,852)	(15,619)
<b>Cash provided (used) by operating activities</b>	<b>580,151</b>	<b>(264,998)</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(9,300)	(13,035)
Repayments of notes receivable from former parent	517,940	1,000
Other, net	1,081	5,050
<b>Cash provided (used) by investing activities</b>	<b>509,721</b>	<b>(6,985)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt	1,050,000	—
Debt issuance costs	(12,993)	—
Principal payments of long-term debt	(50,000)	—
Repayment of notes payable from former parent	(269,112)	—
Net transfers (to) from former parent	(1,814,682)	279,859
Other, net	(14,169)	675
<b>Cash (used) provided by financing activities</b>	<b>(1,110,956)</b>	<b>280,534</b>
Effect of foreign currency rate changes on cash and cash equivalents	995	(3,006)
<b>Net change in cash and cash equivalents</b>	<b>(20,089)</b>	<b>5,545</b>
<b>Cash and cash equivalents – beginning of period</b>	<b>96,776</b>	<b>80,811</b>
<b>Cash and cash equivalents – end of period</b>	<b>\$ 76,687</b>	<b>\$ 86,356</b>

See accompanying notes to unaudited consolidated and combined financial statements.

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

(in thousands)	Common Stock		Additional Paid-in Capital	Former Parent Investment	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amounts					
<b>Balance, December 2018</b>	—	\$ —	\$ —	\$ 1,868,634	\$ —	\$ (145,182)	\$ 1,723,452
Adoption of new accounting standard (ASU 2016-02)	—	—	—	(2,713)	—	—	(2,713)
Net income	—	—	—	15,413	—	—	15,413
Foreign currency translation	—	—	—	—	—	758	758
Net transfers to former parent	—	—	—	(157,928)	—	—	(157,928)
<b>Balance, March 2019</b>	—	\$ —	\$ —	\$ 1,723,406	\$ —	\$ (144,424)	\$ 1,578,982
Net income	—	—	—	16,751	21,235	—	37,986
Stock-based compensation, net	—	—	1,879	—	—	—	1,879
Foreign currency translation	—	—	—	—	—	4,686	4,686
Defined benefit pension plans	—	—	—	—	—	(14)	(14)
Derivative financial instruments	—	—	—	—	—	(2,420)	(2,420)
Net transfers to former parent	—	—	—	(1,607,415)	—	68,484	(1,538,931)
Transfer of former parent investment to additional paid-in capital	—	—	132,742	(132,742)	—	—	—
Issuance of common stock	56,648	—	—	—	—	—	—
<b>Balance, June 2019</b>	<b>56,648</b>	<b>\$ —</b>	<b>\$ 134,621</b>	<b>\$ —</b>	<b>\$ 21,235</b>	<b>\$ (73,688)</b>	<b>\$ 82,168</b>

(in thousands)	Common Stock		Additional Paid-in Capital	Former Parent Investment	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amounts					
<b>Balance, December 2017</b>	—	\$ —	—	\$ 1,480,375	\$ —	\$ (122,482)	\$ 1,357,893
Adoption of new accounting standard (ASU 2014-09)	—	—	—	3,047	—	—	3,047
Net income	—	—	—	79,696	—	—	79,696
Foreign currency translation	—	—	—	—	—	9,701	9,701
Net transfers from former parent	—	—	—	113,445	—	—	113,445
<b>Balance, March 2018</b>	—	\$ —	\$ —	\$ 1,676,563	\$ —	\$ (112,781)	\$ 1,563,782
Net income	—	—	—	60,458	—	—	60,458
Foreign currency translation	—	—	—	—	—	(28,518)	(28,518)
Net transfers from former parent	—	—	—	171,965	—	—	171,965
<b>Balance, June 2018</b>	—	\$ —	\$ —	\$ 1,908,986	\$ —	\$ (141,299)	\$ 1,767,687

See accompanying notes to unaudited consolidated and combined financial statements.

**NOTE 1 — BASIS OF PRESENTATION**Description of Business

Kontoor Brands, Inc. ("Kontoor," the "Company," "we," "us" or "our") is a global denim and casual apparel company headquartered in the United States ("U.S."). The Company designs, produces, procures, markets and distributes apparel primarily under the brand names *Wrangler*<sup>®</sup> and *Lee*<sup>®</sup>. 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 Europe and Asia, through department, specialty, company-operated, concession retail and independently operated partnership stores and online. *VF Outlet*<sup>™</sup> stores carry *Wrangler*<sup>®</sup> and *Lee*<sup>®</sup> branded products, as well as merchandise that is specifically purchased for sale in these stores.

Spin-Off Transaction

On May 22, 2019, VF Corporation ("VF" or "former parent") completed the spin-off of its Jeans business, which included the *Wrangler*<sup>®</sup>, *Lee*<sup>®</sup> and *Rock & Republic*<sup>®</sup> brands, as well as the *VF Outlet*<sup>™</sup> business. The spin-off transaction (the "Separation") was effected through a pro-rata distribution to VF shareholders of one share of Kontoor common stock for every seven shares of VF common stock held on the record date of May 10, 2019. Kontoor began to trade as a separate public company (NYSE: KTB) on May 23, 2019.

The Company incurred \$1.05 billion of indebtedness under a newly structured third-party debt issuance, the proceeds of which were used primarily to finance a cash transfer to VF in connection with the Separation.

The Company entered into several agreements with VF that govern the relationship of the parties following the Separation, including the Separation and Distribution Agreement, the Tax Matters Agreement, the Transition Services Agreement, the Kontoor Intellectual Property License Agreement, the VF Intellectual Property License Agreement and the Employee Matters Agreement. Under the terms of the Transition Services Agreement, the Company and VF agreed to provide each other certain transitional services including information technology, information management, human resources, employee benefits administration, supply chain, facilities, and other limited finance and accounting related services for periods up to 18 months. The Company has also entered into certain commercial arrangements with VF. Revenues, expenses and operating expense reimbursements under these agreements are recorded within the reportable segments or within the corporate and other expenses line item, in the reconciliation of segment profit in Note 12, based on the nature of the arrangements.

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 second quarter of the Company's fiscal year ended December 28, 2019 ("fiscal 2019"). For presentation purposes herein, all references to periods ended June 2019, December 2018 and June 2018 correspond to the fiscal periods ended June 29, 2019, December 29, 2018 and June 30, 2018, respectively.

Basis of Presentation - Unaudited Consolidated and Combined Financial Statements

The Company's financial statements for periods through the Separation date of May 22, 2019 are combined financial statements prepared on a carve-out basis as discussed below. The Company's financial statements for the period from May 23, 2019 through June 29, 2019 are consolidated financial statements based on the reported results of Kontoor Brands, Inc. as a standalone company. Accordingly, the second quarter of 2019 included consolidated and combined financial statements, whereas all prior periods included combined financial statements.

The Company's unaudited consolidated and combined financial statements for all periods presented are referred to throughout this document as "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 United States of America ("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. The financial statements may not be indicative of the Company's future performance and do not necessarily reflect what the financial position, results of operations, and cash flows would have been had it operated as an independent company for all periods presented. Additionally, operating results for the three and six months ended June 2019 are not necessarily indicative of results that may be expected for any other interim period or for fiscal 2019. The unaudited financial statements should be read in conjunction with the audited combined financial statements for the fiscal year ended December 29, 2018 included in our Registration Statement on Form 10, as amended and filed with the Securities and Exchange Commission on April 30, 2019 ("2018 Form 10").

Basis of Presentation - Prior to the Separation

Through the Separation date, the Company's combined financial statements are prepared on a "carve-out" basis. These accompanying unaudited combined financial statements reflect the historical financial position, results of operations and cash flows of the Company for the periods presented, through the Separation date, as historically managed within VF. The unaudited combined financial statements have been derived from the consolidated financial statements and accounting records of VF.

The combined statements of income include costs for certain centralized functions and programs provided and administered by VF that are charged directly to the Company. These centralized functions and programs include, but are not limited to, information technology, human resources, accounting shared services, supply chain and insurance.

In addition, for purposes of preparing these combined financial statements on a "carve-out" basis under U.S. GAAP, a portion of VF's total corporate expenses are allocated to the Company. These expense allocations include the cost of corporate functions and resources provided by or administered by VF including, but not

limited to, executive management, finance, accounting, legal, human resources, and related benefit costs associated with such functions, such as stock-based compensation and pension. Allocations also include the cost of operating VF's corporate headquarters located in Greensboro, North Carolina.

Costs are allocated to the Company based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional revenues, cost of goods sold or square footage, as applicable. Management considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to, or benefit received by, the Company during the periods presented. However, the allocations may not reflect the expenses that would have been incurred if the Company had been a standalone company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure.

## NOTE 2 — RECENTLY ADOPTED AND ISSUED ACCOUNTING STANDARDS

### Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "*Leases (Topic 842)*," an update that requires entities to record most leased assets and liabilities on the balance sheet, and also retains a dual model approach for assessing lease classification and recognizing expense. The FASB subsequently issued updates to provide clarification on specific topics, including adoption guidance, practical expedients and interim transition disclosure requirements. This guidance was adopted by the Company during the first quarter of fiscal 2019 utilizing the optional transition method, which resulted in a \$2.7 million cumulative effect adjustment to beginning retained earnings for fiscal 2019. The adoption of these standards did not have a significant impact on the Company's statement of income and statement of cash flows. Refer to Note 3 of the Company's financial statements for additional information.

In August 2017, the FASB issued ASU 2017-12, "*Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*," an update that amends and simplifies certain aspects of hedge accounting rules to better portray the economic results of risk management activities in the financial statements. The FASB has subsequently issued updates to the standard to provide additional guidance on specific topics. This guidance was adopted by the Company during the first quarter of fiscal 2019 and did not have a significant impact on the Company's financial statements.

In February 2018, the FASB issued ASU 2018-02, "*Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*," an update that addresses the effect of the change in the U.S. federal corporate income tax rate due to the enactment of the Tax Act on items within accumulated other comprehensive income (loss). This guidance was adopted by the Company during the first quarter of fiscal 2019 and did not have a significant impact on the Company's financial statements.

The combined financial statements include certain assets and liabilities that have historically been held at the VF corporate level but are specifically identifiable or otherwise attributable to the Company. VF's third-party long-term debt and the related interest expense have not been allocated to the Company for any of the periods presented as the Company was not the legal obligor of such debt.

All intracompany transactions are eliminated. All transactions between the Company and VF are included in these financial statements. For those transactions between the Company and VF that were historically settled in cash, the Company has reflected such balances in the balance sheets as "due from former parent" or "due to former parent." The aggregate net effect of transactions between the Company and VF that were not historically settled in cash are reflected in the balance sheets within "former parent investment" and in the statements of cash flows within "net transfers to former parent."

In July 2018, the FASB issued ASU 2018-09, "*Codification Improvements*," an update that provides technical corrections, clarifications and other improvements across a variety of accounting topics. The transition and effective date guidance is based on the facts and circumstances of each update; however, many of them became effective for the Company at the beginning of fiscal 2019. The adoption of this guidance did not have a significant impact on the Company's financial statements.

### Recently Issued Accounting Standards

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*," which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. This guidance will be effective for the Company beginning in fiscal 2020. Early adoption is permitted. The Company is currently evaluating the impact that adoption of this guidance will have on the consolidated and combined financial statements. The adoption of this guidance is not expected to have a significant impact on the Company's financial statements.

In August 2018, the FASB issued ASU 2018-13, "*Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*," an update that modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. This guidance will be effective for the Company beginning in fiscal 2020. Early adoption is permitted. The Company is currently evaluating the impact that adoption of this guidance will have on its financial statement disclosures. The adoption of this guidance is not expected to have a significant impact on the Company's financial statements.

In August 2018, the FASB issued ASU 2018-14, "*Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*," an update that modifies

the disclosure requirements for employers who sponsor defined benefit pension or other postretirement plans. This guidance will be effective for the Company beginning in fiscal 2020. Early adoption is permitted. The Company is currently evaluating the impact that adoption of this guidance will have on its financial statement disclosures. The adoption of this guidance is not expected to have a significant impact on the Company's financial statements.

In August 2018, the FASB issued ASU 2018-15, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract," an

### NOTE 3 — LEASES

The Company enters into operating leases for offices, operational facilities, retail locations, vehicles and other assets that expire at various dates through 2031. Leases for real estate typically have initial terms ranging from 3 to 15 years, generally with renewal options. Leases for equipment typically have initial terms ranging from 2 to 7 years. Most leases have fixed rentals, with many of the real estate leases requiring additional payments for real estate taxes and occupancy-related costs. These lease terms may include optional renewals, terminations or purchases, which are considered in the Company's assessments when such options are reasonably certain to be exercised.

For retail real estate leases, the Company does not typically include renewal options in the underlying lease term. For non-retail real estate leases, when renewal options are reasonably certain to be exercised, the Company includes the renewal options in the underlying lease term, up to a maximum of ten years. Renewals for all other leases are determined on a lease-by-lease basis.

Upon adoption of ASU 2016-02, the Company elected the package of practical expedients permitted under the new lease standard, which allows the Company to not reassess whether a contract contains a lease, how the lease is classified, and if initial direct costs can be capitalized. The Company elected to combine non-lease components with the related lease components for real estate, vehicles and other significant asset arrangements. The Company treats the combined items as a single lease component for accounting purposes. Lastly, the Company elected not to recognize a right-of-use asset and related lease liability for leases with a lease term of 12 months or less for all classes of underlying assets.

update that aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This guidance will be effective for the Company beginning in fiscal 2020. Early adoption is permitted. The Company is currently evaluating the impact that adoption of this guidance will have on the consolidated and combined financial statements. The adoption of this guidance is not expected to have a significant impact on the Company's financial statements.

Certain of the Company's leases contain fixed, indexed, or market-based escalation clauses which impact future payments. Certain arrangements contain variable payment provisions, such as payments based on sales volumes or amounts and mileage, or excess mileage. The Company's leases typically contain customary covenants and restrictions.

The Company determines whether a contract is a lease at inception. This typically requires more judgment in storage and service arrangements where the Company must determine whether its rights to specific physical or production capacity may represent substantially all of the available capacity.

The Company measures right-of-use assets and related lease liabilities based on the present value of remaining lease payments, including in-substance fixed payments, the current payment amount when payments depend on an index or rate (e.g., inflation adjustments, market renewals), and the amount the Company believes is probable to be paid to the lessor under residual value guarantees, when applicable. Lease contracts may include fixed payments for non-lease components, such as maintenance, which are included in the measurement of lease liabilities for certain asset classes based on the Company's election to combine lease and non-lease components.

As applicable borrowing rates are not typically implied within our lease arrangements, the Company discounts lease payments based on its estimated incremental borrowing rate at lease commencement, or modification, which is based on the Company's estimated credit rating, the lease term at commencement and the contract currency of the lease arrangement.

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The following table presents the lease-related assets and liabilities recorded in the Company's balance sheet:

(in thousands)	June 2019
<b>Assets</b>	
Operating lease assets, noncurrent	\$ 90,416
<b>Total lease assets</b>	<b>\$ 90,416</b>
<b>Liabilities</b>	
Operating lease liabilities, current	\$ 34,439
Operating lease liabilities, noncurrent	58,594
<b>Total lease liabilities</b>	<b>\$ 93,033</b>
<b>Weighted-average remaining lease term (in years)</b>	
Operating leases	4.08
<b>Weighted-average discount rate</b>	
Operating leases	2.46%

**Lease costs**

The following table presents certain information related to the lease costs for operating leases:

(in thousands)	Three Months Ended June 2019	Six Months Ended June 2019
Operating lease cost	\$ 11,343	\$ 18,956
Short-term lease cost (excluding leases of one month or less)	1,015	1,506
Variable lease cost	735	3,551
<b>Total lease costs</b>	<b>\$ 13,093</b>	<b>\$ 24,013</b>

Rent expense associated with operating leases for the three and six months ended June 2018 totaled approximately \$10.6 million and \$21.2 million, respectively.

**Other information**

The following table presents supplemental cash flow information related to leases:

(in thousands)	Six Months Ended June 2019
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>	
Operating cash flows impact - operating leases	\$ 22,950
<b>Right-of-use assets obtained in exchange for new operating leases</b>	<b>\$ 23,446</b>

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The following table reconciles maturities of operating lease liabilities as of June 2019 to the lease liabilities reflected in the Company's balance sheet:

(in thousands)	Lease Obligations
2019 (excluding the six months ended June 2019)	\$ 29,732
2020	29,141
2021	17,358
2022	8,285
2023	5,379
Thereafter	9,647
<b>Total future minimum lease payments</b>	<b>99,542</b>
Less: amounts related to imputed interest	(6,509)
<b>Present value of future minimum lease payments</b>	<b>93,033</b>
Less: operating lease liabilities, current	(34,439)
<b>Operating lease liabilities, noncurrent</b>	<b>\$ 58,594</b>

As of June 2019, the Company has entered into approximately \$1.3 million of operating lease arrangements, on an undiscounted basis, that have not yet commenced. The Company continuously monitors and may negotiate contract amendments that include extensions or modifications to existing leases.

The following table presents the future minimum lease payments during the noncancelable lease terms as presented under ASC 840:

(in thousands)	December 2018
2019	\$ 33,562
2020	29,246
2021	17,810
2022	7,932
2023	4,353
Thereafter	4,582
<b>Total future minimum lease payments</b>	<b>\$ 97,485</b>

#### NOTE 4 — REVENUES

The Company recognizes revenue when performance obligations under the terms of a contract with the customer are satisfied based on the transfer of control of promised goods or services. The transfer of control typically occurs at a point in time based on consideration of when the customer has (i) an obligation to pay for, (ii) physical possession of, (iii) legal title to, (iv) risks and rewards of ownership of and (v) accepted the goods or services. The timing of revenue recognition within the wholesale channels occurs either on shipment or delivery of goods based on contractual terms with the customer. The timing of revenue recognition in the direct-to-consumer channels generally occurs at the point of sale within Company-operated or concession retail stores and either on shipment or delivery of goods for e-commerce transactions based on contractual terms with the customer. For finished products shipped directly to customers from our suppliers, the Company's promise to the customer is a performance obligation to provide the specified goods and the Company has discretion in establishing pricing, and thus the Company is the principal in the arrangement and revenue is recognized on a gross basis at the transaction price.

The duration of contractual arrangements with our customers in the wholesale and direct-to-consumer channels is typically less than one year. Payment terms with customers are generally

between 30 and 60 days. The Company does not adjust the promised amount of consideration for the effects of a significant financing component as it is expected, at contract inception, that the period between the transfer of the promised good or service to the customer and the customer payment for the good or service will be one year or less.

The amount of revenue recognized in the wholesale and direct-to-consumer channels reflects the expected consideration to be received for providing the goods or services to the customer, which includes estimates for variable consideration. Variable consideration includes allowances for trade terms, sales incentive programs, discounts, markdowns, chargebacks and product returns. Estimates of variable consideration are determined at contract inception and reassessed at each reporting date, at a minimum, to reflect any changes in facts and circumstances. The Company utilizes the expected value method in determining its estimates of variable consideration, based on evaluations of specific product and customer circumstances, historical and anticipated trends and current economic conditions.

Revenue from the sale of gift cards is deferred and recorded as a contract liability until the gift card is redeemed by the customer, factoring in breakage as appropriate, which considers whether the

Company has a legal obligation to remit the value of the unredeemed gift card to any jurisdiction under unclaimed property regulations.

The *VF Outlet*™ stores maintain customer loyalty programs where customers earn rewards from qualifying purchases, which are redeemable for discounts on future purchases or other rewards. For its customer loyalty programs, the Company estimates the standalone selling price of the loyalty rewards and allocates a portion of the consideration for the sale of products to the loyalty points earned. The deferred amount is recorded as a contract liability, and is recognized as revenue when the points are redeemed or when the likelihood of redemption is remote.

The Company has elected to treat all shipping and handling activities as fulfillment costs and recognize the costs as "selling, general and administrative expenses" at the time the related revenue is recognized. Shipping and handling costs billed to customers are included in "net revenues." Sales taxes and value added taxes collected from customers and remitted directly to governmental authorities are excluded from the transaction price.

The Company has licensing agreements for its symbolic intellectual property, most of which include minimum guaranteed royalties. Royalty income is recognized as earned over the respective license term based on the greater of minimum guarantees or the licensees' sales of licensed products at rates specified in the licensing contracts. Royalty income related to the minimum guarantees is recognized using a measure of progress with variable amounts recognized only when the cumulative earned royalty exceeds the minimum guarantees. As of June 2019, the Company expects to recognize \$77.4 million of fixed consideration related to the future minimum guarantees in effect under its licensing agreements and expects such amounts to be recognized over time through December 2029. The variable consideration is not disclosed as a remaining performance obligation as the licensing arrangements qualify for the sales-based royalty exemption.

The Company has applied the practical expedient to recognize incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that otherwise would have been recognized is one year or less.

### Performance Obligations

Disclosure is required for the aggregate transaction price allocated to performance obligations that are unsatisfied at the end of a reporting period, unless the optional practical expedients are applicable. The Company elected the practical expedients to not disclose the transaction price allocated to remaining performance obligations for i) variable consideration related to sales-based royalty arrangements and ii) contracts with an original expected duration of one year or less.

As of June 2019, there were no arrangements with transaction price allocated to remaining performance obligations other than (i) contracts for which the Company has applied the practical expedients discussed above and (ii) fixed consideration related to future minimum guarantees.

For the three and six months ended June 2019, revenue recognized from performance obligations satisfied, or partially satisfied, in prior periods was not material.

### Contract Balances

Accounts receivable represent the Company's unconditional right to receive consideration from a customer and are recorded at net invoiced amounts, less an estimated allowance for doubtful accounts.

Contract assets are rights to consideration in exchange for goods or services that have been transferred to a customer when that right is conditional on something other than the passage of time. Once the Company has an unconditional right to consideration under a contract, amounts are invoiced and contract assets are reclassified to "accounts receivable." The Company's primary contract assets relate to sales-based royalty arrangements.

Contract liabilities are recorded when a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional, before the transfer of a good or service to the customer, and thus represent the Company's obligation to transfer the good or service to the customer at a future date. The Company's primary contract liabilities relate to gift cards, loyalty programs and sales-based royalty arrangements.

The following table provides information about accounts receivable, contract assets and contract liabilities recorded in the Company's balance sheets:

(in thousands)	June 2019	December 2018	June 2018
Accounts receivable, net	\$ 254,049	\$ 252,966	\$ 262,525
Contract assets <sup>(a)</sup>	2,529	2,841	1,387
Contract liabilities <sup>(b)</sup>	2,787	2,311	3,215

(a) Included in "other current assets" in the Company's balance sheets.

(b) Included in "accrued liabilities" in the Company's balance sheets.

The Company recognized revenue that was previously included in the contract liability balances of \$0.2 million and \$1.5 million for the three and six months ended June 2019, respectively, and \$0.3 million and \$1.5 million for the three and six months ended June 2018, respectively. The changes in the contract asset and contract liability balances primarily result from the timing differences between the Company's satisfaction of performance obligations and the customer's payment.

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**Disaggregation of Revenue**

The following tables disaggregate our revenues by channel and geography, which provides a meaningful depiction of how the nature, timing and uncertainty of revenues are affected by economic factors. Revenues from licensing arrangements have been included within the U.S. or Non-U.S. Wholesale channels, based on the respective region covered by the agreement. Branded Direct-to-Consumer revenues include the distribution of our products via concession retail locations internationally, *Wrangler*® and *Lee*® branded full-price stores globally and Company-owned outlet stores globally. The Branded Direct-to-Consumer channel also includes our branded products sold in our U.S.-based *VF Outlet*™ stores and our products that are marketed and distributed online via [www.wrangler.com](http://www.wrangler.com) and [www.lee.com](http://www.lee.com). The Other channel includes (i) sales of VF-branded and third-party branded merchandise in our *VF Outlet*™ stores, (ii) sales to VF for products manufactured in our plants and use of our transportation fleet and (iii) revenues from fulfilling a transition services agreement related to VF's sale of its *Nautica*® brand business in mid-2018.

Three Months Ended June 2019				
(in thousands)	Wrangler	Lee	Other	Total
<b>Channel revenues</b>				
U.S. Wholesale	\$ 299,040	\$ 108,757	\$ 4,710	\$ 412,507
Non-U.S. Wholesale	40,569	56,845	633	98,047
Branded Direct-To-Consumer	24,383	41,306	14	65,703
Other	—	—	33,489	33,489
<b>Total</b>	<b>\$ 363,992</b>	<b>\$ 206,908</b>	<b>\$ 38,846</b>	<b>\$ 609,746</b>
<b>Geographic revenues</b>				
U.S.	\$ 317,831	\$ 130,795	\$ 38,002	\$ 486,628
International	46,161	76,113	844	123,118
<b>Total</b>	<b>\$ 363,992</b>	<b>\$ 206,908</b>	<b>\$ 38,846</b>	<b>\$ 609,746</b>

Three Months Ended June 2018				
(in thousands)	Wrangler	Lee	Other	Total
<b>Channel revenues</b>				
U.S. Wholesale	\$ 311,222	\$ 100,674	\$ 7,094	\$ 418,990
Non-U.S. Wholesale	59,624	73,076	26	132,726
Branded Direct-To-Consumer	26,899	44,023	27	70,949
Other	—	—	41,191	41,191
<b>Total</b>	<b>\$ 397,745</b>	<b>\$ 217,773</b>	<b>\$ 48,338</b>	<b>\$ 663,856</b>
<b>Geographic revenues</b>				
U.S.	\$ 329,166	\$ 122,655	\$ 48,312	\$ 500,133
International	68,579	95,118	26	163,723
<b>Total</b>	<b>\$ 397,745</b>	<b>\$ 217,773</b>	<b>\$ 48,338</b>	<b>\$ 663,856</b>

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Six Months Ended June 2019				
(in thousands)	Wrangler	Lee	Other	Total
<b>Channel revenues</b>				
U.S. Wholesale	\$ 575,865	\$ 209,616	\$ 11,435	\$ 796,916
Non-U.S. Wholesale	109,224	157,741	633	267,598
Branded Direct-To-Consumer	48,838	81,082	14	129,934
Other	—	—	63,642	63,642
<b>Total</b>	<b>\$ 733,927</b>	<b>\$ 448,439</b>	<b>\$ 75,724</b>	<b>\$ 1,258,090</b>
<b>Geographic revenues</b>				
U.S.	\$ 611,700	\$ 249,915	\$ 74,880	\$ 936,495
International	122,227	198,524	844	321,595
<b>Total</b>	<b>\$ 733,927</b>	<b>\$ 448,439</b>	<b>\$ 75,724</b>	<b>\$ 1,258,090</b>

Six Months Ended June 2018				
(in thousands)	Wrangler	Lee	Other	Total
<b>Channel revenues</b>				
U.S. Wholesale	\$ 575,008	\$ 210,933	\$ 14,658	\$ 800,599
Non-U.S. Wholesale	135,630	180,937	26	316,593
Branded Direct-To-Consumer	52,090	87,864	27	139,981
Other	—	—	76,346	76,346
<b>Total</b>	<b>\$ 762,728</b>	<b>\$ 479,734</b>	<b>\$ 91,057</b>	<b>\$ 1,333,519</b>
<b>Geographic revenues</b>				
U.S.	\$ 608,806	\$ 251,619	\$ 91,031	\$ 951,456
International	153,922	228,115	26	382,063
<b>Total</b>	<b>\$ 762,728</b>	<b>\$ 479,734</b>	<b>\$ 91,057</b>	<b>\$ 1,333,519</b>

#### NOTE 5 — SALE OF ACCOUNTS RECEIVABLE

On April 1, 2019, the Company entered into an agreement with a financial institution to sell selected trade accounts receivable on a recurring, nonrecourse basis. Under this agreement, up to \$377.5 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" in its balance sheets at the time of sale. The Company does not retain any interests in the sold accounts receivable.

Prior to April 1, 2019, the Company had a separate agreement with VF, pursuant to which the Company's trade accounts receivable were sold as part of VF's agreement with a financial institution. Under this agreement, the Company did not retain any interests in the sold accounts receivable but continued to service and collect outstanding accounts receivable on behalf of VF. Prior to the Separation, the amount due from VF for these sales was separately reflected in the Company's balance sheets within "due from former parent." Refer to Note 15 of the financial statements for additional information.

During the six months ended June 2019 and 2018, the Company sold total trade accounts receivable of \$518.7 million and \$526.6 million, respectively. As of June 2019, \$188.2 million of the sold accounts receivable had been removed from the Company's balance sheets but remained outstanding with the financial institution.

As of December 2018 and June 2018, \$544.9 million and \$553.4 million, respectively, of the sold trade accounts receivable had been removed from "accounts receivable" and reflected in the Company's balance sheets within "due from former parent."

The funding fees charged by the financial institution for these programs are reflected in the Company's statements of income within "other expense, net" and were \$1.5 million and \$2.9 million for the three and six months ended June 2019, respectively, and \$1.4 million and \$2.4 million for the three and six months ended June 2018, respectively. Net proceeds of these programs are reflected as operating activities in the Company's statements of cash flows.

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**NOTE 6 — INVENTORIES**

(in thousands)	June 2019	December 2018	June 2018
Finished products	\$ 457,508	\$ 396,345	\$ 412,365
Work-in-process	35,680	37,466	40,642
Raw materials	44,980	40,001	38,829
<b>Total inventories</b>	<b>\$ 538,168</b>	<b>\$ 473,812</b>	<b>\$ 491,836</b>

**NOTE 7 — SHORT-TERM BORROWINGS AND LONG-TERM DEBT**

**Credit Facilities**

On May 17, 2019, the Company entered into a \$1.55 billion senior secured credit facility, the proceeds of which were used primarily to finance a cash transfer to VF in connection with the Separation. This facility consists of a five-year \$750 million term loan A facility ("Term Loan A"), a seven-year \$300 million term loan B facility ("Term Loan B") and a five-year \$500 million revolving credit facility (the "Revolving Credit Facility") (collectively, the "Credit Facilities") with the lenders and agents party thereto.

The Credit Facilities are subject to certain affirmative and negative covenants customary for financings of this type, including maintenance of a consolidated earnings before interest, taxes, depreciation and amortization to consolidated interest ratio. If the Company fails in the performance of any covenants, the lenders may terminate their obligation to make advances and declare any outstanding obligations to be immediately due and payable. As of June 2019, the Company was in compliance with all covenants.

**Short-term borrowings**

(in thousands)	June 2019	December 2018	June 2018
International borrowing arrangements	\$ 2,829	\$ 3,215	\$ 5,062
Revolving Credit Facility	—	—	—
<b>Short-term borrowings</b>	<b>\$ 2,829</b>	<b>\$ 3,215</b>	<b>\$ 5,062</b>

The Company has \$49.0 million of international lines of credit with various banks, which are uncommitted and may be terminated at any time by either the Company or the banks. Total outstanding balances under these arrangements were \$2.8 million, \$3.2 million and \$5.1 million at June 2019, December 2018 and June 2018, respectively.

fee are subject to adjustments based on the Company's credit ratings.

Borrowings under the Revolving Credit Facility are priced at a credit spread of 175 basis points over the appropriate LIBOR benchmark for each currency, or 75 basis points over the base rate for each currency, at the Company's election. The Company is also required to pay a facility fee to the lenders, currently equal to 30 basis points of the undrawn amount of the facility. The credit spread and facility

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. The Revolving Credit Facility had \$1.3 million of outstanding standby letters of credit issued on behalf of the Company as of June 2019, leaving \$498.7 million available for borrowing against this facility. We expect to utilize the borrowing capacity under the Revolving Credit Facility from time to time to provide working capital and funds for general corporate purposes.

**Long-term Debt**

(in thousands)	June 2019
Term Loan A	\$ 694,166
Term Loan B	293,021
Total long-term debt	987,187
Less current portion	7,500
<b>Long-term debt, due beyond one year</b>	<b>\$ 979,687</b>

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The interest rate per annum applicable to Term Loan A is either 75 basis points over the base rate or 175 basis points over the applicable LIBOR benchmark, at the Company's election.

Additionally, the interest rate per annum applicable to Term Loan B is either a base rate plus margin of 3.25% or LIBOR plus a margin of 4.25%, at the Company's election. The LIBOR rate for both loans is subject to a "floor" of 0.0%. Interest payments are due quarterly on both Term Loan A and Term Loan B.

Term Loan A and Term Loan B balances will begin amortizing in escalating quarterly installments in the third quarter of fiscal 2019. Additionally, the Company has the option to repay these loans at its discretion, and repaid \$50 million of Term Loan A during the quarter ended June 2019.

Term Loan A had an outstanding principal amount of \$700.0 million at June 2019 and is recorded net of unamortized debt issuance costs. Interest expense on this facility is recorded at an effective annual interest rate of 4.3%, including original issue discount and debt issuance costs.

Term Loan B had an outstanding principal amount of \$300.0 million at June 2019 and is recorded net of unamortized original issue discount and debt issuance costs. Interest expense on this facility is recorded at an effective annual interest rate of 6.8%, including original issue discount and debt issuance costs.

## NOTE 8 — PENSION PLANS

Prior to the Separation, certain Company employees participated in U.S. and international defined benefit pension plans sponsored by VF (the "Shared Plans"), which included participants of other VF operations. The Company accounted for its participation in the Shared Plans as a multi-employer benefit plan. Accordingly, net pension costs specifically related to Company employees were reflected in the Company's statements of income and the Company

did not record an asset or liability in relation to the funded or unfunded status of the Shared Plans.

At the Separation, approximately \$11.0 million of net pension obligations related to international employees were transferred to the Company, along with \$1.1 million of related other comprehensive loss. The net pension costs for these plans are included in the table below.

The Company recognized the following net pension costs:

	Three Months Ended June		Six Months Ended June	
	2019	2018	2019	2018
(in thousands)				
Service cost	\$ 681	\$ 1,701	\$ 1,017	\$ 3,067
Non-service components	(2,201)	(266)	(3,166)	(2,361)
Curtailement losses	—	3,502	—	3,502
Settlement losses	—	67	—	67
<b>Net pension (benefit) costs</b>	<b>\$ (1,520)</b>	<b>\$ 5,004</b>	<b>\$ (2,149)</b>	<b>\$ 4,275</b>

The service cost component of net pension costs is reflected in the Company's statements of income within "cost of goods sold" and "selling, general and administrative expenses." The non-service

components of net pension cost are reflected in the Company's statements of income within "selling, general and administrative expenses."

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**NOTE 9 — ACCUMULATED OTHER COMPREHENSIVE LOSS**

The Company's comprehensive income 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 deferred components of OCL are reported, net of related taxes, in accumulated OCL in equity, as follows:

(in thousands)	June 2019	December 2018	June 2018
Foreign currency translation	\$ (81,841)	\$ (145,182)	\$ (141,299)
Defined benefit pension plans	(1,072)	—	—
Derivative financial instruments	9,225	—	—
<b>Accumulated other comprehensive income (loss)</b>	<b>\$ (73,688)</b>	<b>\$ (145,182)</b>	<b>\$ (141,299)</b>

The changes in accumulated OCL, net of related taxes, were as follows:

Three Months Ended June 2019				
(in thousands)	Foreign Currency Translation	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
<b>Balance, March 2019</b>	\$ (144,424)	\$ —	\$ —	\$ (144,424)
Other comprehensive income (loss) before reclassifications	4,686	(14)	(2,058)	2,614
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	(362)	(362)
Net other comprehensive income (loss)	4,686	(14)	(2,420)	2,252
Net transfers to former parent	57,897	(1,058)	11,645	68,484
<b>Balance, June 2019</b>	<b>\$ (81,841)</b>	<b>\$ (1,072)</b>	<b>\$ 9,225</b>	<b>\$ (73,688)</b>

Three Months Ended June 2018				
(in thousands)	Foreign Currency Translation	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
<b>Balance, March 2018</b>	\$ (112,781)	\$ —	\$ —	\$ (112,781)
Other comprehensive income (loss) before reclassifications	(28,518)	—	—	(28,518)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	—
Net other comprehensive income (loss)	(28,518)	—	—	(28,518)
<b>Balance, June 2018</b>	<b>\$ (141,299)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (141,299)</b>

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Six Months Ended June 2019

(in thousands)	Foreign Currency Translation	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
<b>Balance, December 2018</b>	\$ (145,182)	\$ —	\$ —	\$ (145,182)
Other comprehensive income (loss) before reclassifications	5,444	(14)	(2,058)	3,372
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	(362)	(362)
Net other comprehensive income (loss)	5,444	(14)	(2,420)	3,010
Net transfers to former parent	57,897	(1,058)	11,645	68,484
<b>Balance, June 2019</b>	<b>\$ (81,841)</b>	<b>\$ (1,072)</b>	<b>\$ 9,225</b>	<b>\$ (73,688)</b>

Six Months Ended June 2018

(in thousands)	Foreign Currency Translation	Defined Benefit Pension Plans	Derivative Financial Instruments	Total
<b>Balance, December 2017</b>	\$ (122,482)	\$ —	\$ —	\$ (122,482)
Other comprehensive income (loss) before reclassifications	(18,817)	—	—	(18,817)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	—
Net other comprehensive income (loss)	(18,817)	—	—	(18,817)
<b>Balance, June 2018</b>	<b>\$ (141,299)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (141,299)</b>

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Reclassifications out of accumulated OCL are as follows:

(in thousands)

Details About Accumulated Other Comprehensive Income (Income) Components	Affected Line Item in the Consolidated Statements of Income	Three Months Ended June		Six Months Ended June	
		2019	2018	2019	2018
Gains (losses) on derivative financial instruments:					
Foreign exchange contracts	Net sales	\$ (96)	\$ —	\$ (96)	\$ —
Foreign exchange contracts	Cost of goods sold	415	—	415	—
Foreign exchange contracts	Other income (expense), net	43	—	43	—
Total before tax		362	—	362	—
Tax benefit		—	—	—	—
Net of tax		362	—	362	—
<b>Total reclassifications for the period, net of tax</b>		<b>\$ 362</b>	<b>\$ —</b>	<b>\$ 362</b>	<b>\$ —</b>

## NOTE 10 — STOCK-BASED COMPENSATION

Prior to the Separation, certain Company employees participated in the VF amended and restated 1996 Stock Compensation Plan. At the Separation date, certain VF share-based awards were converted to approximately 2.4 million of the Company's options,

performance and non-performance based restricted stock units and restricted stock awards. Unamortized expense for these awards was approximately \$7.7 million at the Separation date and will be amortized over the remaining vesting periods of the awards.

## NOTE 11 — INCOME TAXES

Prior to the Separation, our operations were historically included in VF's U.S. combined federal and state income tax returns. For the periods prior to the Separation, the income tax expense and deferred tax balances that are presented in these financial statements were calculated on a carve-out basis, which applied the accounting guidance as if the Company filed its own tax returns in each jurisdiction and included tax losses and tax credits that may not reflect tax positions taken by VF. Certain tax attributes reported by the Company on a carve-out basis were not transferred to the Company as part of the Separation. These attributes primarily related to losses in certain Central America and South America ("CASA") jurisdictions.

The effective income tax rate for the six months ended June 2019 was 29.0% compared to 18.0% in the 2018 period. Effective with the Separation, the Company established a corporate legal entity structure that is subject to U.S. corporate income tax on a standalone basis. Tax expense for the six-month period is based on five months of combined financial statements prepared on a carve-out basis using VF information and one month of the consolidated results of the Company on a standalone basis.

The six months ended June 2019 included a net discrete tax expense of \$0.7 million, comprised of \$3.8 million of net tax expense primarily related to an increase in unrecognized tax benefits and interest and \$3.1 million of tax benefit related to stock compensation. The \$0.7 million net discrete tax expense in these months ended June 2019 increased the effective income tax rate by 0.9%.

The effective tax rate for the six months ended June 2018 included a net discrete tax benefit of \$6.5 million, which included \$5.1 million of net tax benefits related to the realization of previously unrecognized tax benefits and interest and \$1.4 million of tax benefit related to stock compensation. The \$6.5 million net discrete tax benefit in the 2018 period decreased the effective income tax rate by 3.8%.

## NOTE 12 — REPORTABLE SEGMENT INFORMATION

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

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

In addition, we report an "Other" category for purposes of reconciliation of revenues and profit, but the Other category is not

Without discrete items, the effective income tax rate for the six months ended June 2019 increased by 6.3% compared with the 2018 period primarily due to losses incurred in the periods prior to the Separation for certain CASA jurisdictions for which no related tax benefit was recognized.

The Company will file a consolidated U.S. federal income tax return, as well as separate and combined income tax returns in numerous state and international jurisdictions. The Company has not filed its initial consolidated U.S. federal income tax return and therefore there are no open IRS examinations. However, the Company is currently subject to examination by various U.S. state and international tax authorities where existing legal entities were transferred to the Company as part of the Separation. Management regularly assesses the potential outcomes of both ongoing and future examinations for the current and prior years and has concluded that the Company's provision for income taxes is adequate. Management does not anticipate that ongoing audits or negotiations will conclude during the next 12 months.

During the six months ended June 2019, the amount of net unrecognized tax benefits and associated interest decreased by \$39.0 million to \$12.3 million. The decrease in net unrecognized tax benefits was primarily related to reserves that were presented in the prior periods on a carve-out basis but were not transferred to the Company as part of the Separation. Management believes that it is reasonably possible that the amount of unrecognized income tax benefits and interest may decrease during the next 12 months by approximately \$0.5 million related to the completion of examinations and other settlements with tax authorities and the expiration of statutes of limitations, which would reduce income tax expense. The Company accounts for interest and penalties related to unrecognized tax benefits as a component of tax expense.

considered a reportable segment. Other includes sales (i) of VF-branded products and third-party branded merchandise at VF Outlet™ stores, (ii) of Rock and Republic® branded apparel, (iii) to VF for products manufactured in our plants and use of our transportation fleet and, (iv) from fulfillment of a transition services agreement associated with VF's sale of its Nautica® brand business in mid-2018.

Accounting policies utilized for internal management reporting at the individual segments are consistent with those included in Note 1 of the combined financial statements of our 2018 Form 10, except as noted below.

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The Company's statements of income include costs for certain centralized functions and programs provided and administered by VF that are charged directly to VF's businesses, including the Company. These centralized functions and programs include, but are not limited to, information technology, human resources, accounting shared services, supply chain, insurance, and the related benefits. These historical allocations have been included in the measurement of segment profit below.

In addition, for purposes of preparing these financial statements on a "carve-out" basis, we have allocated a portion of VF's total corporate expenses to the Company. These expense allocations include the cost of corporate functions and resources provided by

or administered by VF including, but not limited to, executive management, finance, accounting, legal, human resources, and related benefit costs associated with such functions. Allocations also include the cost of operating VF's corporate headquarters located in Greensboro, North Carolina. These additional allocations are reported as corporate and other expenses in the table below.

Corporate and other expenses, net interest income from former parent, interest income, and interest expense are not controlled by segment management and therefore are excluded from the measurement of segment profit.

Financial information for the Company's reportable segments is as follows:

	Three Months Ended June		Six Months Ended June	
	2019	2018	2019	2018
<small>(in thousands)</small>				
Segment revenues:				
Wrangler	\$ 363,992	\$ 397,745	\$ 733,927	\$ 762,728
Lee	206,908	217,773	448,439	479,734
Other	38,846	48,338	75,724	91,057
<b>Total segment revenues</b>	<b>\$ 609,746</b>	<b>\$ 663,856</b>	<b>\$ 1,258,090</b>	<b>\$ 1,333,519</b>
Segment profit:				
Wrangler	\$ 56,980	\$ 67,670	\$ 80,645	\$ 130,616
Lee	13,747	18,065	31,380	54,054
Other	1,805	1,363	(1,280)	(387)
<b>Total segment profit</b>	<b>\$ 72,532</b>	<b>\$ 87,098</b>	<b>\$ 110,745</b>	<b>\$ 184,283</b>
Corporate and other expenses	(20,382)	(12,605)	(34,371)	(18,579)
Interest income from former parent, net	1,423	1,660	3,762	3,311
Interest expense	(7,638)	(416)	(7,736)	(781)
Interest income	1,408	1,386	2,831	2,668
<b>Income before income taxes</b>	<b>\$ 47,343</b>	<b>\$ 77,123</b>	<b>\$ 75,231</b>	<b>\$ 170,902</b>

**NOTE 13 — FAIR VALUE MEASUREMENTS**

Financial assets and financial liabilities measured and reported at fair value are classified in a three-level hierarchy that prioritizes the inputs used in the valuation process. A financial instrument's 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.

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

(in thousands)	Total Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
<b>June 2019</b>				
Financial assets:				
Cash equivalents:				
Money market funds	\$ 5,385	\$ 5,385	\$ —	\$ —
Time deposits	3,391	3,391	—	—
Derivative financial instruments	855	—	855	—
Investment securities	61,799	58,343	3,456	—
Financial liabilities:				
Derivative financial instruments	3,972	—	3,972	—
Deferred compensation	61,799	—	61,799	—

(in thousands)	Total Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
<b>December 2018</b>				
Financial assets:				
Cash equivalents:				
Money market funds	\$ 21,687	\$ 21,687	\$ —	\$ —
Time deposits	2,518	2,518	—	—
Investment securities	46,666	46,666	—	—
Financial liabilities:				
Deferred compensation	46,666	—	46,666	—

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 exchange forward contracts, is determined based on observable market inputs (Level 2). Investment securities are held in the Company's deferred compensation plans as an economic hedge of the related deferred compensation liabilities.

These investments are primarily comprised of mutual funds (Level 1) that are valued based on quoted prices in active markets. 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.

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Additionally, at June 2019, the carrying value of the Company's long-term debt, inclusive of the current portion, was \$987.2 million compared to a fair value of \$990.6 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, due from former parent, notes

receivable from former parent, short-term borrowings, accounts payable, due to former parent, notes payable to former parent and accrued liabilities. At June 2019 and December 2018, carrying value approximated fair value for the aforementioned financial assets and liabilities due to the short-term nature of these instruments. The Company did not transfer any assets or liabilities among the levels of the fair value hierarchy during the six months ended June 2019 or the fiscal year ended December 2018.

#### NOTE 14 — RESTRUCTURING

The Company typically incurs restructuring charges related to cost optimization of business activities. Of the \$1.7 million and \$24.6 million of restructuring charges recognized during the three and six months ended June 2019, respectively, the Company recognized \$1.7 million and \$13.8 million in "selling, general and administrative expenses" during the three and six months ended June 2019, respectively, and \$10.8 million in "cost of goods sold" during the six months ended June 2019.

The Company did not incur significant incremental costs related to the previously approved initiatives during the three and six months ended June 2019. All of the \$12.8 million total restructuring accrual reported in the Company's balance sheet at June 2019 is expected to be paid out within the next 12 months and is classified within "accrued liabilities."

The components of the restructuring charges are as follows:

(in thousands)	Three Months Ended June 2019	Six Months Ended June 2019
Severance and employee-related benefits	\$ 1,746	\$ 14,903
Asset impairments	—	1,596
Inventory write-downs	—	4,403
Other	—	3,660
<b>Total restructuring charges</b>	<b>\$ 1,746</b>	<b>\$ 24,562</b>

Restructuring costs by business segment are as follows:

(in thousands)	Three Months Ended June 2019	Six Months Ended June 2019
Wrangler	\$ 1,191	\$ 17,613
Lee	461	6,685
Other	94	264
<b>Total</b>	<b>\$ 1,746</b>	<b>\$ 24,562</b>

The activity in the restructuring accrual for the six-month period ended June 2019 is as follows:

(in thousands)	Severance	Other	Total
<b>Accrual at December 2018</b>	<b>\$ 23,249</b>	<b>\$ —</b>	<b>\$ 23,249</b>
Charges	14,903	3,660	18,563
Cash payments	(18,951)	(839)	(19,790)
Adjustments to accruals	83	—	83
Currency translation	(58)	(197)	(255)
Adjustment at Separation	(6,384)	(2,624)	(9,008)
<b>Accrual at June 2019</b>	<b>\$ 12,842</b>	<b>\$ —</b>	<b>\$ 12,842</b>

## NOTE 15 — TRANSACTIONS WITH FORMER PARENT

Prior to the Separation, the Company's financial statements were prepared on a carve-out basis and were derived from the consolidated financial statements and accounting records of VF. The following discussion summarizes activity between the Company and VF.

### *Allocation of General Corporate Expenses*

Prior to the Separation, the Company's statements of income included expenses for certain centralized functions and other programs provided and administered by VF that were charged directly to the Company. In addition, for purposes of preparing these financial statements on a carve-out basis, the Company was allocated a portion of VF's total corporate expenses. See Note 1 in the Company's 2018 Form 10 for a discussion of the methodology used to allocate corporate-related costs for purposes of preparing these financial statements on a carve-out basis.

### *Sales and Purchases To and From Former Parent*

During the first two months of the second quarter of fiscal year 2019 and the first five months of fiscal year 2019 through the Separation date, the Company's sales to VF totaled \$3.4 million and \$14.1 million, respectively, and \$12.1 million and \$25.6 million for the three and six months ended June 2018, respectively, which are included in "net revenues" in the Company's statements of income. The Company's cost of goods sold includes items purchased from VF totaling \$0.2 million and \$0.5 million for the first two months of the second quarter of fiscal year 2019 and the first five months of fiscal year 2019 through the Separation date, respectively, and \$0.4 million and \$1.2 million for the three and six months ended June 2018, respectively. At June 2019, December 2018 and June 2018, the aggregate amount of inventories purchased from VF that remained on the Company's balance sheets were approximately \$1.0 million, \$0.8 million and \$2.3 million, respectively.

### *Notes To and From Former Parent*

All notes to and from former parent were settled in connection with the Separation. At December 2018 and June 2018, the Company had notes receivable from former parent of \$517.9 million and \$546.7 million, respectively, with VF as the counterparty. The weighted-average interest rate for these notes was approximately 3.4% and 2.4% at December 2018 and June 2018, respectively.

At December 2018 and June 2018, the Company had notes payable to former parent of \$269.1 million and \$269.1 million, respectively, with VF as the counterparty. The weighted-average interest rate for these notes was approximately 3.4% and 2.3% at December 2018 and June 2018, respectively.

The Company recorded net interest income related to these notes for the first two months of the second quarter of fiscal year 2019 and the first five months of fiscal year 2019 through the Separation date of \$1.4 million and \$3.8 million, respectively, and \$1.7 million and \$3.3 million for the three and six months ended June 2018, respectively, which is reflected in "interest income from former parent, net" within the Company's statements of income.

### *Due To and From Former Parent*

All amounts due to and from former parent were settled in connection with the Separation. Balances that were in due to and from former parent were generated by (i) the sale of trade accounts receivable to VF, as discussed in Note 5 to the Company's financial statements, (ii) hedging agreements with VF, and (iii) sourcing payable to VF.

Prior to the Separation, the Company did not enter into derivative contracts. However, VF entered into derivative contracts with external counterparties to hedge certain foreign currency transactions with exposure to the euro, Mexican peso, Polish zloty, Canadian dollar, and other currencies. The Company entered into offsetting internal contracts with VF with maturities up to 20 months, and cash settled with VF on any asset or liability that arose under these contracts.

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Due from former parent, current consists of the following:

(in thousands)	December 2018	June 2018
Sale of trade accounts receivable	\$ 544,858	\$ 553,355
Hedging agreements with VF	2,832	621
	<b>\$ 547,690</b>	<b>\$ 553,976</b>

As discussed in Note 5 to the financial statements, the Company sold certain of its trade accounts receivable to VF, who then sold them to a financial institution and periodically remitted cash back to the Company.

Due from former parent, noncurrent consists of the following:

(in thousands)	December 2018	June 2018
Hedging agreements with VF	\$ 611	\$ —

Due to former parent, current consists of the following:

(in thousands)	December 2018	June 2018
Sourcing payable	\$ 16,140	\$ 59,424

**Net Transfers To and From VF**

Net transfers to and from VF are included in "former parent investment" within the statements of equity. The components of the transfers to and from VF are as follows:

(in thousands)	Six Months Ended June	
	2019 <sup>(a)</sup>	2018
General financing activities	\$ (723,155)	\$ 203,402
Corporate allocations	47,903	61,465
Stock-based compensation expense	9,582	5,552
Pension (benefit) costs	(2,246)	4,275
Purchases from parent	3,193	1,644
Sales to parent	(13,988)	(25,612)
Other income tax	10,863	34,684
Transition tax related to the Tax Act	3,937	—
Cash dividend to former parent	(1,032,948)	—
<b>Total net transfers (to) from former parent</b>	<b>\$ (1,696,859)</b>	<b>\$ 285,410</b>

<sup>(a)</sup> Activity reflected through the Separation date

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**NOTE 16 — EARNINGS PER SHARE**

The computation of basic and diluted earnings per share ("EPS") is based on net income divided by the basic weighted average number of common shares and diluted weighted average number of common shares outstanding, respectively. On May 22, 2019, the Separation from VF was effected through a pro-rata distribution of one share of the Company's common stock for every seven shares of VF common stock held at the close of business on the record date of May 10, 2019. As a result, on May 23, 2019, the

Company had 56,647,561 shares of common stock outstanding. This share amount is being utilized for the calculation of basic and diluted earnings per share for all periods presented through the Separation date. After the Separation date, actual outstanding shares are used to calculate both basic and diluted weighted average number of common shares outstanding.

The following table sets forth the computation of basic and diluted EPS:

	Three Months Ended June		Six Months Ended June	
	2019	2018	2019	2018
<i>(in thousands, except per share amounts)</i>				
Net income	\$ 37,986	\$ 60,458	\$ 53,399	\$ 140,154
Basic weighted average shares outstanding	56,648	56,648	56,648	56,648
Dilutive effect of stock-based awards	272	—	131	—
Diluted weighted average shares outstanding	56,920	56,648	56,779	56,648
<b>Earnings per share:</b>				
Basic earnings per share	\$ 0.67	\$ 1.07	\$ 0.94	\$ 2.47
Diluted earnings per share	0.67	1.07	0.94	2.47

**NOTE 17 — DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES**

*Summary of Derivative Financial Instruments*

On April 24, 2019, the Company began entering into derivative contracts with external counterparties to hedge certain foreign currency transactions.

The notional amount of all outstanding derivative contracts was \$326.7 million at June 2019, consisting primarily of contracts hedging exposures to the Mexican peso, euro, Canadian dollar, British pound, Swedish krona and Polish zloty. Derivative contracts have maturities up to 20 months.

All of the Company's outstanding derivative financial instruments are foreign exchange forward contracts. Although derivatives meet the criteria for hedge accounting at the inception of the hedging relationship, a limited number of derivative contracts intended to hedge assets and liabilities are not designated as hedges for accounting purposes.

The following table presents outstanding derivatives on an individual contract basis:

	Fair Value of Derivatives with Unrealized Gains		Fair Value of Derivatives with Unrealized Losses	
	June 2019		June 2019	
<i>(in thousands)</i>				
Foreign currency exchange contracts designated as hedging instruments	\$	852	\$	(3,916)
Foreign currency exchange contracts not designated as hedging instruments		3		(56)
<b>Total derivatives</b>	\$	<b>855</b>	\$	<b>(3,972)</b>

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The Company records and presents the fair value of all of its derivative assets and liabilities in the Company's balance sheets on a gross basis, even though they are subject to master netting agreements. If the Company were to offset and record the asset and liability balances of its foreign exchange forward 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 as detailed in the following table:

	June 2019	
	Derivative Asset	Derivative Liability
(in thousands)		
Gross amounts presented in the balance sheet	\$ 855	\$ (3,972)
Gross amounts not offset in the balance sheet	(5)	5
<b>Net amounts</b>	<b>\$ 850</b>	<b>\$ (3,967)</b>

Derivatives are classified as current or noncurrent based on maturity dates, as follows:

	June 2019
(in thousands)	
Other current assets	\$ 741
Accrued liabilities	(3,263)
Other assets	114
Other liabilities	(709)

#### Cash Flow Hedges

The Company uses derivative contracts primarily to hedge a portion of the exchange risk for its forecasted sales, purchases, intercompany service fees and royalties. The effects of cash flows hedging included in the Company's statements of income and statements of comprehensive income are summarized as follows:

	Gain (Loss) on Derivatives Recognized in OCI Three Months Ended June	Gain (Loss) on Derivatives Recognized in OCI Six Months Ended June
	2019	2019
(in thousands)		
<b>Cash Flow Hedging Relationships</b>		
Foreign currency exchange	\$ (2,058)	\$ (2,058)

	Gain (Loss) Reclassified from Accumulated OCI into Income Three Months Ended June	Gain (Loss) Reclassified from Accumulated OCI into Income Six Months Ended June
	2019	2019
(in thousands)		
<b>Location of Gain (Loss)</b>		
Net sales	\$ (96)	\$ (96)
Cost of goods sold	415	415
Other income (expense), net	43	43
<b>Total</b>	<b>\$ 362</b>	<b>\$ 362</b>

#### Derivative Contracts Not Designated as Hedges

The Company uses derivative contracts to manage foreign currency exchange risk on third-party accounts payable. These contracts are not designated as hedges and are recorded at fair

value in the Company's balance sheets. Changes in the fair values of these instruments are recognized directly in earnings. Gains or losses on these contracts largely offset the net transaction gains or losses on the related assets and liabilities.

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Following is a summary of these derivatives included in the Company's statements of income:

(in thousands)	Location of Gain (Loss) on Derivatives Recognized in Income	Gain (Loss) on Derivatives Recognized in Income Three Months Ended June	Gain (Loss) on Derivatives Recognized in Income Six Months Ended June
Derivatives Not Designated as Hedges		2019	2019
Foreign currency exchange	Cost of goods sold	\$ (57)	\$ (57)
		\$ (57)	\$ (57)

**Other Derivative Information**

There were no significant amounts recognized in earnings for the ineffective portion of any hedging relationships during the three or six months ended June 2019.

In connection with the Separation, VF transferred \$11.6 million of unrecognized gains on foreign currency exchange contracts related to the Jeanswear business. These gains were deferred in accumulated OCI and are being reclassified to earnings as the Company recognizes the underlying transactions in revenue.

At June 2019, accumulated OCI included \$8.4 million of pre-tax net deferred gains for foreign currency exchange contracts that are expected to be reclassified to earnings during the next 12 months. The amounts ultimately reclassified to earnings will depend on exchange rates in effect when outstanding derivative contracts are settled.

**NOTE 18 — SUBSEQUENT EVENTS**

Dividend

On July 23, 2019, the Board of Directors declared the first regular quarterly dividend of \$0.56 per share of the Company's common stock. The cash dividend will be payable on September 20, 2019, to shareholders of record at the close of business on September 10, 2019.

on the Company's financial statements. The related cantonal legislative process is expected to be completed by the end of the year. The associated tax effects, which could be significant to the Company's financial statements, will be reflected in the Company's quarterly results in the period in which the cantonal components of the Swiss Tax Act are enacted.

Interest Rate Swap

On July 24, 2019, the Company entered into a 'floating to fixed' interest rate swap to mitigate the risk of changes in LIBOR rates on the Company's future interest payments. Because this derivative contract meets the criteria for hedge accounting, the related gains and losses will be accumulated through OCI and amortized through the April 18, 2024 maturity date.

Stock-based Compensation

On July 23, 2019, the Board of Directors approved the grant of equity awards to the Company's employees and directors under the Kontoor Brands, Inc. 2019 Stock Compensation Plan. Approximately \$24.0 million of stock-based compensation awards will be granted in August 2019 in the form of performance-based and time-based restricted stock units.

Tax Matter

Switzerland voted to approve the Federal Act on Tax Reform and AHV Financing ("Swiss Tax Act") on May 19, 2019, and the federal legislative process was completed and published in the official register on August 6, 2019. It is anticipated that the federal enactment of the Swiss Tax Act will not have a significant impact

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

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### Description of Business

Kontoor Brands, Inc. ("Kontoor," the "Company," "we," "us" or "our") is a global denim and casual apparel company headquartered in the United States ("U.S."). The Company designs, produces, procures, markets and distributes apparel 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 Europe and Asia, through department, specialty, company-operated, concession retail and independently operated partnership stores and online. *VF Outlet*™ stores carry *Wrangler*® and *Lee*® branded products, as well as merchandise that is specifically purchased for sale in these stores.

### Spin-Off Transaction

On May 22, 2019, VF Corporation ("VF" or "former parent") completed the spin-off its Jeans business, which included the *Wrangler*®, *Lee*® and *Rock & Republic*® brands, as well as the *VF Outlet*™ business. The spin-off transaction (the "Separation") was effected through a pro-rata distribution to VF shareholders of one share of Kontoor common stock for every seven shares of VF common stock held on the record date of May 10, 2019.

Kontoor began to trade as a separate public company (NYSE: KTB) on May 23, 2019.

The Company incurred \$1.05 billion of indebtedness under a newly structured third-party debt issuance, the proceeds of which were used primarily to finance a cash transfer to VF in connection with the Separation.

### 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, the three-month period ended June 29, 2019 represents the second quarter of the Company's fiscal year ended

December 28, 2019 ("fiscal 2019"). For presentation purposes herein, all references to periods ended June 2019, December 2018 and June 2018 correspond to the fiscal periods ended June 29, 2019, December 29, 2018 and June 30, 2018, respectively.

### Basis of Presentation

The Company's financial statements for periods through the Separation date of May 22, 2019 are combined financial statements prepared on a carve-out basis of accounting, which reflects the business as historically managed within VF. The balance sheets and cash flows include only those assets and liabilities directly related to the *Jeanswear* and *VF Outlet*™ businesses, and the statements of income include the historically reported results of those businesses along with allocations of a portion of VF's total corporate expenses. Refer to footnote 1 to the accompanying financial statements for additional information on the carve-out basis of accounting.

the exit of unprofitable markets in select European and South American countries and the discontinuation of manufacturing for VF. Thus, certain revenues and costs presented in the carve-out statements of income did not continue after the Separation. Additionally, the balance sheet at June 2019 includes only the assets and liabilities that transferred at the Separation, some of which are different from those that were reported on a carve-out basis at December and March 2018.

The Company's financial statements for the period from May 23, 2019 through June 29, 2019 are consolidated financial statements based on the reported results of Kontoor Brands, Inc. as a standalone company. Accordingly, the second quarter of 2019 includes consolidated and combined financial statements, whereas all prior periods include only combined financial statements. This results in a lack of comparability in the statements of income, primarily in selling, general and administrative expenses. The Company also implemented business model changes effective with the Separation, including

References to fiscal 2019 foreign currency amounts herein reflect the changes in foreign exchange rates from fiscal 2018 and the corresponding impact on translating foreign currencies into U.S. dollars and on foreign currency-denominated transactions. Our most significant foreign currency translation exposure is driven by business conducted in euro-based countries. However, we conduct 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.

## Business Overview

The Company is focused on growing our three strategic channels, with higher levels of growth anticipated in our Non-U.S. Wholesale and Branded Direct-to-Consumer channels, as we pursue a broader set of product, channel and geographic opportunities for the *Wrangler*<sup>®</sup> and *Lee*<sup>®</sup> brands. Our U.S. Wholesale channel will continue to receive full focus and commitment.

As part of a centralized approach to our global business, our management team will provide global oversight for their respective business functions, including supply chain, digital, direct-to-consumer and strategy, while seeking to ensure that we maintain our worldwide presence and regional approach. Focusing on our near- to medium-term business strategy, we have incurred incremental costs in recent periods related to business model changes, restructuring programs and costs associated with the

Separation, which we expect will result in a reduction of future operating costs. These initiatives have included exiting unprofitable markets in select European and South American countries including transitioning our Central America and South America ("CASA") region to a distributor model, streamlining and right sizing supply chain operations including the closure of three owned manufacturing facilities in Mexico; streamlining our global organizational structure including a redesign of our commercial organization in the U.S. and Asia, and relocating the *Lee*<sup>®</sup> brand's North American headquarters to Greensboro, North Carolina. We will continue to implement various operational initiatives to improve efficiencies throughout our organization along with cost savings programs that we expect to generate meaningful benefits on a global basis.

## **HIGHLIGHTS OF THE SECOND QUARTER OF FISCAL 2019**

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- Net revenues decreased 8% to \$609.7 million compared to the three months ended June 2018, driven by decreases within all segments as discussed below and a 1% unfavorable impact from foreign currency.
- U.S. Wholesale revenues decreased 2% compared to the three months ended June 2018 primarily due to the negative impact of a major U.S. retailer bankruptcy in the fourth quarter of 2018, partially offset by growth in our U.S. digital wholesale business. U.S Wholesale revenues represent 68% of total revenues in the current period.
- International revenues decreased 25% compared to the three months ended June 2018, primarily due to declines in the Non-U.S. Wholesale channel driven by business model changes and a 6% unfavorable impact from foreign currency. International revenues represent 20% of total revenues in the current period.
- Branded Direct-to-Consumer revenues decreased 7% compared to the three months ended June 2018, primarily due to declines in our European brick and mortar stores and a 5% unfavorable impact from foreign currency. These declines were partially offset by 15% growth in U.S. digital business through our owned e-commerce sites. The Branded Direct-to-Consumer channel represents 11% of total revenues in the current period.
- Gross margin decreased 160 basis points to 39% compared to the three months ended June 2018, primarily due to business model changes, restructuring programs and transaction costs associated with the Separation, which negatively impacted the current period by approximately 140 basis points. The decrease in gross margin during the current period was also impacted by an increase in distressed sales and adverse product cost factors.
- Net income decreased 37% to \$38.0 million compared to \$60.5 million for the three months ended June 2018 primarily due to the initiatives discussed above.

## ANALYSIS OF RESULTS OF OPERATIONS

### Consolidated and Combined Statements of Income - Second Quarter Ended June 29, 2019 Compared with Second Quarter Ended June 30, 2018

The following table presents a summary of the changes in net revenues for the three months ended June 2019 as compared to the three months ended June 2018:

(in millions)	Three Months Ended June	
<b>Net revenues — 2018</b>	<b>\$</b>	<b>663.9</b>
Operations		(44.2)
Impact of foreign currency		(9.9)
<b>Net revenues — 2019</b>	<b>\$</b>	<b>609.7</b>

Net revenues decreased 8% for the three months ended June 2019 compared to the 2018 period, primarily due to declines in the Wrangler and Lee segments as a result of the negative impact of a major U.S. retailer bankruptcy in the fourth quarter of 2018,

actions to exit an underperforming country in Europe, business model changes in select markets and a 1% unfavorable impact from foreign currency.

Additional details on revenues are provided in the section titled "information by reportable segment."

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

(in millions)	Three Months Ended June	
	2019	2018
Gross margin (total net revenues less cost of goods sold)	38.6%	40.2%
Selling, general and administrative expenses	29.9%	28.8%
<b>Operating income</b>	<b>8.8%</b>	<b>11.4%</b>

Gross margin for the three months ended June 2019 decreased approximately 160 basis points compared to the 2018 period. Business model changes, restructuring programs and transaction costs associated with the Separation negatively impacted the current period by approximately 140 basis points. The decrease in gross margin during the current period was also impacted by an increase in distressed sales and adverse product cost factors.

Selling, general and administrative expenses as a percentage of revenues for the three months ended June 2019 increased approximately 110 basis points compared to the 2018 period. Business model changes, restructuring programs and transaction costs associated with the Separation negatively impacted the current period by approximately 220 basis points, partially offset by expense control.

## Information by Reportable Segment - Second Quarter Ended June 29, 2019 Compared with Second Quarter Ended June 30, 2018

Management at each of the brands has direct control over and responsibility for its revenues and operating income, hereinafter termed "segment revenues" and "segment profits," 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 such as information technology, human resources, accounting shared services, supply chain, insurance and the related benefits are allocated to the segments based on appropriate metrics such as usage or proportion of revenues.

The following tables present a summary of the changes in segment revenues and segment profit for the three months ended June 2019 as compared to the 2018 period:

### Segment Revenues:

(in millions)	Three Months Ended June			
	Wrangler	Lee	Other	Total
<b>Segment revenues — 2018</b>	\$ 397.7	\$ 217.8	\$ 48.3	\$ 663.9
Operations	(28.2)	(6.4)	(9.6)	(44.2)
Impact of foreign currency	(5.5)	(4.5)	—	(9.9)
<b>Segment revenues — 2019</b>	\$ 364.0	\$ 206.9	\$ 38.8	\$ 609.7

### Segment Profit:

(in millions)	Three Months Ended June			
	Wrangler	Lee	Other	Total
<b>Segment profit — 2018</b>	\$ 67.7	\$ 18.1	\$ 1.4	\$ 87.1
Operations	(12.1)	(3.8)	0.4	(15.5)
Impact of foreign currency	1.4	(0.6)	—	0.8
<b>Segment profit — 2019</b>	\$ 57.0	\$ 13.7	\$ 1.8	\$ 72.5

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

### Wrangler

(Dollars in millions)	Three Months Ended June		
	2019	2018	Percent Change
Segment revenues	\$ 364.0	\$ 397.7	(8.5)%
Segment profit	\$ 57.0	\$ 67.7	(15.8)%
Operating margin	15.7%	17.0%	

Global revenues for the *Wrangler*® brand decreased 8% for the three months ended June 2019 compared to the 2018 period, driven by declines within all channels.

Revenues in the Americas region decreased 6% for the three months ended June 2019 compared to the 2018 period, primarily due to decreases in U.S. wholesale revenues resulting from a shift in the timing of shipments to a key customer and the negative impact of a major U.S. retailer bankruptcy in the fourth quarter of 2018. Non-U.S. Americas wholesale revenues decreased 30% for the three months ended June 2019 compared to the 2018 period, primarily due to business model changes and an 8% unfavorable impact from foreign currency driven by the highly inflationary economy in Argentina.

Revenues in the Asia-Pacific ("APAC") region decreased 37% for the three months ended June 2019 compared to the 2018 period, primarily due to the economic impact of demonetization in India and a 2% unfavorable impact from foreign currency. Revenues in the Europe, Middle East and Africa ("EMEA") region decreased 30% for the three months ended June 2019 compared to the 2018 period, primarily due to business model changes, a shift in the timing of shipments and a 4% unfavorable impact from foreign currency.

Operating margin decreased to 15.7% for the three months ended June 2019 compared to 17.0% for the 2018 period, primarily due to unfavorable channel mix driven by lower international sales and higher restructuring charges in the current period.

## Lee

### Three Months Ended June

(Dollars in millions)

	2019	2018	Percent Change
Segment revenues	\$ 206.9	\$ 217.8	(5.0)%
Segment profit	\$ 13.7	\$ 18.1	(23.9)%
Operating margin	6.6%	8.3%	

Global revenues for the Lee® brand decreased 5% for the three months ended June 2019 compared to the 2018 period, driven by declines in the non-U.S. wholesale and branded direct-to-consumer channels.

Revenues in the Americas region increased 4% for the three months ended June 2019 compared to the 2018 period, primarily due to an increase in U.S. wholesale revenues. The U.S. wholesale channel revenues were positively impacted by growth with our largest retail partners and a shift in the timing of shipments, which more than offset the negative impact of a major U.S. retailer bankruptcy in fourth quarter of 2018. Non-U.S. Americas wholesale revenues decreased 16% for the three months ended June 2019 compared to the 2018 period, primarily due to business model

changes. Revenues in the APAC region decreased 12% for the three months ended June 2019 compared to the 2018 period, primarily due to a 5% unfavorable impact from foreign currency and the economic impact of demonetization in India. Revenues in the EMEA region decreased 32% for the three months ended June 2019 compared to the 2018 period, primarily due to business model changes, softer European demand, the negative impact of a shift in the timing of shipments and a 5% unfavorable impact from foreign currency.

Operating margin decreased to 6.6% for the three months ended June 2019 compared to 8.3% for the 2018 period, primarily due to unfavorable channel mix driven by lower international sales in the current period.

In addition, we report an "Other" category for purposes of a reconciliation of segment revenues and segment profit to the Company's operating results, but the Other category is not considered a reportable segment.

## Other

### Three Months Ended June

(Dollars in millions)

	2019	2018	Percent Change
Revenues	\$ 38.8	\$ 48.3	(19.6)%
Profit	\$ 1.8	\$ 1.4	32.4%
Operating margin	4.6%	2.8%	

Other revenues decreased 20% for the three months ended June 2019 compared to the 2018 period. Total sales to VF included in other revenues were \$6.6 million and \$12.1 million for the three months ended June 2019 and 2018, respectively.

VF Outlet™ store revenues decreased 9% in the current period as a result of a decrease in comparable store sales along with decreased store counts and square footage as compared to 2018.

## Reconciliation of Segment Profit to Income Before Income Taxes - Second Quarter Ended June 29, 2019 Compared with Second Quarter Ended June 30, 2018

For purposes of preparing these financial statements on a "carve-out" basis, corporate and other expenses included the Company's allocation of a portion of VF's total corporate expenses through the Separation date of May 22, 2019. For the period from May 23, 2019 through June 29, 2019, the Company incurred corporate and other expenses as a standalone public company. Refer to Note 1 of the Company's financial statements for additional information on the Company's methodology for allocating these costs.

The costs below are necessary to reconcile total segment profit to income before taxes. These costs are excluded from segment profit as they are managed centrally and are not under control of brand management.

	Three Months Ended June		
	2019	2018	Percent Change
(Dollars in millions)			
Corporate and other expenses	\$ (20.4)	\$ (12.6)	61.7 %
Interest income from former parent, net	1.4	1.7	(14.3)%
Interest expense	(7.6)	(0.4)	1,736.1 %
Interest income	1.4	1.4	1.6 %

Corporate and other expenses increased 62% for the three months ended June 2019 compared to the 2018 period primarily due to an increase in general corporate allocations, which include incremental costs attributable to the Separation and expenses associated with the Company's global enterprise resource planning system.

Interest expense for the three months ended June 2019 increased \$7.2 million compared to the 2018 period, primarily due to borrowings on the Company's Credit Facilities resulting from the Separation.

## Consolidated and Combined Statements of Income - Six Months Ended June 29, 2019 Compared with Six Months Ended June 30, 2018

The following table presents a summary of the changes in net revenues for the six months ended June 2019 as compared to the six months ended June 2018:

(in millions)	Six Months Ended June
<b>Net revenues — 2018</b>	<b>\$ 1,333.5</b>
Operations	(47.0)
Impact of foreign currency	(28.4)
<b>Net revenues — 2019</b>	<b>\$ 1,258.1</b>

Net revenues decreased 6% for the six months ended June 2019 compared to the 2018 period, primarily due to declines in the Wrangler and Lee segments as a result of the negative impact of a major U.S. retailer bankruptcy in the fourth quarter of 2018,

actions to exit an underperforming country in Europe, business model changes in select markets and a 2% unfavorable impact from foreign currency. Additional details on revenues are provided in the section titled "information by reportable segment."

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

(in millions)	Six Months Ended June	
	2019	2018
Gross margin (total net revenues less cost of goods sold)	38.4 %	41.6 %
Selling, general and administrative expenses	32.1 %	29.0 %
<b>Operating income</b>	<b>6.3 %</b>	<b>12.6 %</b>

Gross margin for the six months ended June 2019 decreased approximately 320 basis points compared to the 2018 period. Business model changes, restructuring programs and transaction costs associated with the Separation negatively impacted the current period by approximately 220 basis points. The decrease in gross margin during the current period was also impacted by an increase in distressed sales and adverse product cost factors.

Selling, general and administrative expenses as a percentage of sales for the six months ended June 2019 increased approximately 310 basis points compared to the 2018 period. Business model changes, restructuring programs and transaction costs associated with the Separation negatively impacted the current period by approximately 300 basis points.

The effective income tax rate for the six months ended June 2019 was 29.0% compared to 18.0% in the 2018 period.

The six months ended June 2019 includes a net discrete tax expense of \$0.7 million, comprised of \$3.8 million of net tax expense primarily related to an increase in unrecognized tax benefits and interest and \$3.1 million of tax benefit related to stock compensation. The \$0.7 million net discrete tax expense in the six months ended June 2019 increased the effective income tax rate by 0.9%.

The effective tax rate for the six months ended June 2018 included a net discrete tax benefit of \$6.5 million, which included \$5.1 million of net tax benefits related to the realization of previously unrecognized tax benefits and interest and \$1.4 million of tax benefit related to stock compensation. The \$6.5 million net discrete tax benefit in the 2018 period decreased the effective income tax rate by 3.8%.

Without discrete items, the effective income tax rate for the six months ended June 2019 increased by 6.3% compared with the 2018 period primarily due to losses incurred in the periods prior to the Separation for certain CASA jurisdictions for which no related tax benefit was recognized.

## Information by Reportable Segment - Six Months Ended June 29, 2019 Compared with Six Months Ended June 30, 2018

The following tables present a summary of the changes in segment revenues and segment profit for the six months ended June 2019 as compared to the 2018 period:

### Segment Revenues:

(in millions)	Six Months Ended June			
	Wrangler	Lee	Other	Total
<b>Segment revenues — 2018</b>	\$ 762.7	\$ 479.7	\$ 91.1	\$ 1,333.5
Operations	(14.4)	(17.3)	(15.4)	(47.1)
Impact of foreign currency	(14.4)	(14.0)	—	(28.4)
<b>Segment revenues — 2019</b>	\$ 733.9	\$ 448.4	\$ 75.7	\$ 1,258.1

### Segment Profit:

(in millions)	Six Months Ended June			
	Wrangler	Lee	Other	Total
<b>Segment profit — 2018</b>	\$ 130.6	\$ 54.1	\$ (0.4)	\$ 184.3
Operations	(62.7)	(22.4)	(0.9)	(86.0)
Impact of foreign currency	12.7	(0.3)	—	12.4
<b>Segment profit — 2019</b>	\$ 80.6	\$ 31.4	\$ (1.3)	\$ 110.7

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

### Wrangler

(Dollars in millions)	Six Months Ended June		
	2019	2018	Percent Change
Segment revenues	\$ 733.9	\$ 762.7	(3.8)%
Segment profit	\$ 80.6	\$ 130.6	(38.3)%
Operating margin	11.0%	17.1%	

Global revenues for the *Wrangler*® brand decreased 4% for the six months ended June 2019 compared to the 2018 period, reflecting declines in non-U.S. wholesale and branded direct-to-consumer revenues and flat U.S. wholesale revenues.

Revenues in the Americas region decreased 1% for the six months ended June 2019 compared to the 2018 period, primarily due to a decrease in U.S. wholesale revenues resulting from the negative impact of a major U.S. retailer bankruptcy in the fourth quarter of 2018. Non-U.S. Americas wholesale revenues declined 22% for the six months ended June 2019 compared to the 2018 period, primarily due to business model changes and an 8% unfavorable impact from foreign currency driven by the highly inflationary

economy in Argentina. Revenues in the APAC region decreased 21% for the six months ended June 2019 compared to the 2018 period due to the economic impact of demonetization in India and a 7% unfavorable impact from foreign currency. Revenues in the EMEA region decreased 18% for the six months ended June 2019 compared to the 2018 period, primarily due to business model changes, a shift in the timing of shipments and a 7% unfavorable impact from foreign currency.

Operating margin decreased to 11.0% for the six months ended June 2019 compared to 17.1% for the 2018 period, primarily due to unfavorable channel mix driven by lower international sales and higher restructuring charges in the current period.

## Lee

	Six Months Ended June		
	2019	2018	Percent Change
(Dollars in millions)			
Segment revenues	\$ 448.4	\$ 479.7	(6.5)%
Segment profit	\$ 31.4	\$ 54.1	(42.0)%
Operating margin	7.0%	11.3%	

Global revenues for the *Lee*® brand decreased 7% for the six months ended June 2019 compared to the 2018 period, driven by declines across all channels.

Revenues in the Americas region decreased 2% for the six months ended June 2019 compared to the 2018 period, primarily due to declines in non-U.S. Americas revenues. Non-U.S. Americas wholesale revenues decreased 6% for the six months ended June 2019 compared to the 2018 period, primarily due to business model changes and a 3% unfavorable impact from foreign currency related primarily to the highly inflationary economy in Argentina. Revenues in the APAC region decreased 6% for the six months

ended June 2019 compared to the 2018 period, primarily due to a 6% unfavorable impact from foreign currency. Revenues in the EMEA region decreased 22% for the six months ended June 2019 compared to the 2018 period, primarily due to business model changes, softer European demand and an 6% unfavorable impact from foreign currency.

Operating margin decreased to 7.0% for the six months ended June 2019 compared to 11.3% for the 2018 period, primarily due to unfavorable channel mix driven by lower international sales and higher restructuring charges in the current period.

In addition, we report an "Other" category for purposes of a reconciliation of segment revenues and segment profit to the Company's operating results, but the Other category is not considered a reportable segment.

## Other

	Six Months Ended June		
	2019	2018	Percent Change
(Dollars in millions)			
Revenues	\$ 75.7	\$ 91.1	(16.8)%
Loss	\$ (1.3)	\$ (0.4)	230.7 %
Operating margin	(1.7)%	(0.4)%	

Other revenues decreased 17% for the six months ended June 2019 as compared to the 2018 period. Total sales to VF included in other revenues were \$17.2 million and \$25.6 million for the six months ended June 2019 and 2018, respectively.

*VF Outlet*™ store revenues decreased 12% in the current period as a result of a decrease in comparable store sales along with decreased store counts and square footage as compared to 2018.

**Reconciliation of Segment Profit to Income Before Income Taxes - Six Months Ended June 29, 2019 Compared with Six Months Ended June 30, 2018**

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	Six Months Ended June		
	2019	2018	Percent Change
(Dollars in millions)			
Corporate and other expenses	\$ (34.4)	\$ (18.6)	85.0%
Interest income from former parent, net	3.8	3.3	13.6%
Interest expense	(7.7)	(0.8)	890.5%
Interest income	2.8	2.7	6.1%

Corporate and other expenses increased 85% for the six months ended June 2019 as compared to the 2018 period, primarily due to an increase in general corporate allocations, which include incremental costs attributable to the Separation and higher bonus expense in the current period.

Interest expense for the six months ended June 2019 increased \$6.9 million compared to the 2018 period, primarily due to borrowings on the Company's Credit Facilities resulting from the Separation.

**Liquidity and Capital Resources**

Prior to the Separation, we generated strong annual cash flows from operating activities. However, we were operating within VF's cash management structure, which used a centralized approach to cash management and financing of our operations. A substantial portion of the Company's cash was transferred to VF and managed at the corporate level. This cash was not specifically identifiable to the Company and therefore was not reflected within our balance sheets. VF's third-party long-term debt and the related interest expense were not allocated to the Company as we were not the legal obligor of the respective debt obligations.

As a standalone public company, our ability to fund our operating needs is dependent upon our ability to continue to generate positive cash flow from operations and maintain our debt financing on acceptable terms. Based upon our history of generating positive cash flows from operations, we believe that we will be able to support our short-term liquidity needs as well as any future liquidity and capital requirements through the combination of cash flows from operations, available cash balances and borrowing capacity from the previous issuance of third-party debt. In the event that the aforementioned sources of liquidity need to be augmented, additional cash requirements would likely be financed through the additional issuance of debt or equity securities; however, there can be no assurances that we will be able to obtain additional debt or equity financing on acceptable terms, if required, in future periods.

We anticipate utilizing cash flows from operations to support continued investments in our brands, talent and capabilities, growth strategies, dividend payments to shareholders, and repayment of our debt obligations over time. Management believes that our cash

Our cash flows were as follows:

(in millions)

Cash provided (used) by operating activities  
 Cash provided (used) by investing activities  
 Cash (used) provided by financing activities

**Cash Provided (Used) by Operating Activities**

Cash flow provided by operating activities is dependent on the level of net income, adjustments to net income and changes in working capital.

**Cash Provided (Used) by Investing Activities**

Cash provided by investing activities increased \$516.7 million for the six months ended June 2019 as compared to the 2018 period.

balances and funds provided by operating activities, along with expected 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, including third-party debt incurred in connection with the Separation, (ii) adequate liquidity to fund capital expenditures and planned dividend payouts, and (iii) flexibility to meet investments opportunities that may arise.

On May 17, 2019, we incurred \$1.05 billion of indebtedness under a newly structured third-party debt issuance, the proceeds of which were used primarily to finance a cash transfer to VF in connection with the Separation. This debt obligation could restrict our future business strategies and could adversely impact our future results of operations, financial condition or cash flows. Additionally, the Separation increased our overall interest expense and decreased the overall debt capacity and commercial credit available to the Company.

On July 23, 2019, the Board of Directors declared the first regular quarterly dividend of \$0.56 per share of the Company's common stock, payable on September 20, 2019, to shareholders of record at the close of business on September 10, 2019. The Company intends to pay cash dividends in future periods. The declaration and amount of any future dividends will be determined and subject to authorization by our Board of Directors and 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.

**Six Months Ended June**

	2019	2018
\$	580.2	\$ (265.0)
	509.7	(7.0)
	(1,111.0)	280.5

Cash provided by operating activities increased \$845.2 million for the six months ended June 2019 as compared to the 2018 period, primarily due to the settlement of amounts due to and from former parent related to the Company's sale of accounts receivable arrangement with VF, partially offset by a decrease in net income.

This increase is due primarily to the settlement of notes receivable from former parent in connection with the Separation.

### **Cash (Used) Provided By Financing Activities**

Cash used by financing activities increased \$1,391.5 million in the six months ended June 2019 primarily due to net transfers to former parent and the settlement of notes payable to former parent in connection with the Separation, partially offset by \$1.05 billion in proceeds from the issuance of long-term debt as discussed above.

We have \$49.0 million of international lines of credit with various banks, which are uncommitted and may be terminated at any time by either us or the banks. Total outstanding balances under these arrangements were \$2.8 million at June 2019 and \$5.1 million at June 2018, all of which are letters of credit which are non-interest bearing to the Company.

The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Contractual Obligations" included in the Company's Registration Statement on Form 10, as amended and filed with the Securities and Exchange Commission ("SEC") on April 30, 2019 ("2018 Form 10") provided a table summarizing our contractual obligations and commercial commitments at the end of 2018 that would require the use of funds. As of June 2019, there have been no material changes in the amounts disclosed in the 2018 Form 10.

### **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 GAAP. We apply these accounting policies in a consistent manner. Significant accounting policies are summarized in Note 1 to the combined financial statements included in the 2018 Form 10.

The application of these accounting policies require that we make estimates and assumptions about future events and apply judgments that affect the reported amounts of assets, liabilities, 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 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.

The accounting policies that involve the most significant estimates, assumptions and management judgments used in preparation of the consolidated and combined financial statements, or are the most sensitive to change outside factors, are discussed in Management's Discussion and Analysis in the 2018 Form 10. Except as disclosed in Note 2 to our consolidated and combined financial statements in this Form 10-Q, pertaining to adoption of new accounting pronouncements, there have been no material changes in these policies.

### **Recently Issued and Adopted Accounting Standards**

Refer to Note 2 to our consolidated and combined financial statements 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.

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 release include, but are not limited to: risks associated with the Company's spin-off from VF Corporation, including the risk of disruption to our business in connection with the spin-off and that the Company could lose revenue as a result of such disruption; the risk that the Company does not realize all of the expected benefits of the spin-off; the risk that the spin-off will not be tax-free for U.S. federal income tax purposes; and the risk that there will be a loss of synergies from separating the businesses that could negatively impact the balance sheet, profit margins or earnings of the Company. Other risks for Company include foreign currency fluctuations; the level of consumer demand for apparel; disruption to distribution systems; reliance on a small number of large customers; the financial strength of customers; fluctuations in the price, availability and quality of raw materials and contracted products; disruption and volatility in the global capital and credit markets; response to changing fashion trends, evolving consumer preferences and changing patterns of consumer behavior, intense

competition from online retailers, and manufacturing and product innovation; increasing pressure on margins; ability to implement its business strategy; ability to grow its international and direct-to-consumer businesses; the company 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; stability of manufacturing facilities and foreign suppliers; continued use by suppliers of ethical business practices; ability to accurately forecast demand for products; continuity of members of management; ability to protect trademarks and other intellectual

property rights; possible goodwill and other asset impairment; maintenance by licensees and distributors of the value of our brands; ability to execute and integrate acquisitions; changes in tax laws and liabilities; legal, regulatory, political and economic risks; the risk of economic uncertainty associated with the pending exit of the United Kingdom from the European Union ("Brexit") or any other similar referendums that may be held; and adverse or unexpected weather conditions. More information on potential factors that could affect the Company's financial results will be included from time to time in our public reports filed with the SEC, including the Company's 2018 Form 10.

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### ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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There have been no material changes in the Company's market risk exposures set forth under Item 2 in the 2018 Form 10.

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### ITEM 4 — CONTROLS AND PROCEDURES

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(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 financial reporting. As of June 29, 2019, we utilized the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

## 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

You should carefully consider the risk factors set forth under Part I, Item 1A, "Risk Factors," in the 2018 Form 10. There have been no material changes to the risk factors from those described in the 2018 Form 10.

### ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

### ITEM 6 — EXHIBITS

- |                        |  |
|------------------------|--|
| <a href="#">2.1</a>    | Separation and Distribution Agreement dated May 22, 2019 (incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed with the SEC on May 23, 2019)   |
| <a href="#">3.1</a>    | Amended and Restated Articles of Incorporation of Kontoor Brands, Inc. effective as of May 7, 2019 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on June 20, 2019)   |
| <a href="#">3.2</a>    | Amended and Restated Bylaws of Kontoor Brands, Inc. effective as of May 7, 2019 (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on June 20, 2019)  |
| <a href="#">10.1</a>   | Tax Matters Agreement dated May 22, 2019 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the SEC on May 23, 2019)  |
| <a href="#">10.2</a>   | Transition Services Agreement dated May 22, 2019 (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed with the SEC on May 23, 2019)  |
| <a href="#">10.3</a>   | VF Intellectual Property License Agreement dated May 17, 2019 (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed with the SEC on May 23, 2019)   |
| <a href="#">10.4</a>   | Kontoor Intellectual Property License Agreement dated May 17, 2019 (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed with the SEC on May 23, 2019)  |
| <a href="#">10.5</a>   | Employee Matters Agreement dated May 22, 2019 (incorporated by reference to Exhibit 10.5 to the Company's Form 8-K filed with the SEC on May 23, 2019)   |
| <a href="#">10.6</a>   | Credit Agreement dated May 17, 2019, among Kontoor Brands, Inc., Lee Wrangler International Sagl, the Borrowing Subsidiaries and the lenders and agents party thereto (incorporated by reference to Exhibit 10.6 to the Company's Form 8-K filed with the SEC on May 23, 2019) |
| <a href="#">10.7</a>   | Change in Control Agreement by and between Scott H. Baxter and Kontoor Brands, Inc. dated May 23, 2019 (incorporated by reference to Exhibit 10.7 to the Company's Form 8-K filed with the SEC on May 23, 2019)  |
| <a href="#">10.8</a>   | Change in Control Agreement by and between Rustin Welton and Kontoor Brands, Inc. dated May 23, 2019 (incorporated by reference to Exhibit 10.8 to the Company's Form 8-K filed with the SEC on May 23, 2019)  |
| <a href="#">10.9</a>   | Change in Control Agreement by and between Thomas E. Waldron and Kontoor Brands, Inc. dated May 23, 2019 (incorporated by reference to Exhibit 10.9 to the Company's Form 8-K filed with the SEC on May 23, 2019)  |
| <a href="#">10.10</a>  | Change in Control Agreement by and between Christopher Waldeck and Kontoor Brands, Inc. dated May 23, 2019 (incorporated by reference to Exhibit 10.10 to the Company's Form 8-K filed with the SEC on May 23, 2019)   |
| <a href="#">10.11</a>  | Change in Control Agreement by and between Laurel Krueger and Kontoor Brands, Inc. dated May 23, 2019 (incorporated by reference to Exhibit 10.11 to the Company's Form 8-K filed with the SEC on May 23, 2019)  |
| <a href="#">10.12</a>  | Form of Change in Control Agreement (incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form 10 filed with the SEC on April 1, 2019)  |
| <a href="#">10.13*</a> | Kontoor Brands, Inc. 2019 Stock Compensation Plan  |

<a href="#">10.14</a>	Kontoor Brands Executive Deferred Savings Plan (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form 10 filed with the SEC on April 1, 2019)
<a href="#">10.15</a>	Kontoor Brands Executive Deferred Savings Plan II (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form 10 filed with the SEC on April 1, 2019)
<a href="#">10.16</a>	Kontoor Brands 401(k) Savings Plan (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 filed with the SEC on May 20, 2019)
<a href="#">10.17</a>	Form of Non-Qualified Stock Option Certificate (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form 10 filed with the SEC on April 1, 2019)
<a href="#">10.18</a>	Form of Non-Qualified Stock Option Certificate for Non-Employee Directors (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form 10 filed with the SEC on April 1, 2019)
<a href="#">10.19*</a>	Form of Award Certificate for Performance-Based Restricted Stock Units
<a href="#">10.20*</a>	Form of Award Certificate for Restricted Stock Units for Non-Employee Directors
<a href="#">10.21*</a>	Form of Award Certificate for Restricted Stock Units
<a href="#">10.22</a>	Form of Award Certificate for Restricted Stock (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form 10 filed with the SEC on April 1, 2019)
<a href="#">10.23*</a>	Kontoor Brands, Inc. Management Incentive Compensation Plan
<a href="#">10.24</a>	Kontoor Brands, Inc. Deferred Savings Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form 10 filed with the SEC on April 1, 2019)
<a href="#">10.25</a>	Form of Indemnification Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form 10 filed with the SEC on April 1, 2019)
<a href="#">10.26*</a>	Kontoor Brands, Inc. Mid-Term Incentive Plan, a subplan under the Stock Compensation Plan
<a href="#">10.27*</a>	Form of Award Certificate for Restricted Stock Units (2019 Launch Form)
<a href="#">10.28*</a>	Form of Award Certificate for Performance-Based Restricted Stock Units (Converted Awards Form)
<a href="#">10.29*</a>	Form of Award Certificate for Performance-Based Restricted Stock Units (2019 Launch Form)
<a href="#">31.1*</a>	Certification of Scott H. Baxter, President and Chief Executive Officer, pursuant to 15 U.S.C. Section 10A, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">31.2*</a>	Certification of Rustin Welton, 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
<a href="#">32.1**</a>	Certification of Scott H. Baxter, President and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<a href="#">32.2**</a>	Certification of Rustin Welton, 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
Exhibit 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
*	Filed herewith.
**	Furnished herewith.

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)

By: /s/ Rustin Welton

Rustin Welton

Vice President and Chief Financial Officer  
(Principal Financial Officer)

Date: August 13, 2019

By: /s/ Denise Sumner

Denise Sumner

Vice President and Chief Accounting Officer  
(Principal Accounting Officer)

**2019 STOCK COMPENSATION PLAN****ARTICLE I.  
PURPOSE**

**1.1. Purpose.** The purpose of the Kontoor Brands, Inc. 2019 Stock Compensation Plan (as may be amended from time to time, the “Plan”) is to strengthen the ability of Kontoor Brands, Inc. (the “Company”) to attract, motivate, and retain employees and directors of superior ability, to more closely align the interests of such persons with those of the Company’s shareholders and to promote the success of the Company’s business.

**ARTICLE II.  
GENERAL DEFINITIONS**

In addition to terms defined in other Articles of the Plan, the following are defined terms for purposes of the Plan:

**2.1. “Agreement”** The written instrument (which may be in electronic form) evidencing the grant to a Participant of an Award. Each Participant may be issued one or more Agreements from time to time, evidencing one or more Awards.

**2.2. “Award”** Any award granted under this Plan.

**2.3. “Board”** The Board of Directors of the Company.

**2.4. “Change in Control”** A change in control shall be deemed to have occurred if, after the date of grant of a given Award, (i) any “Person” (as such term is used in §13(d) and §14(d) of the Exchange Act), except for (A) those certain trustees under Deeds of Trust dated August 21, 1951 and under the Will of John E. Barbey, deceased (a “Trust” or the “Trustee”), and (B) any employee benefit plan of the Company or any Subsidiary, or any entity holding voting securities of the Company for or pursuant to the terms of any such plan (a “Benefit Plan” or the “Benefit Plans”), acquires beneficial ownership of Company voting securities and thereupon is the beneficial owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company’s then outstanding securities; (ii) there occurs a contested proxy solicitation of the Company’s shareholders that results in the contesting party obtaining the ability to vote securities representing 30% or more of the combined voting power of the Company’s then outstanding securities; (iii) there is consummated a sale, exchange, transfer or other disposition of substantially all of the assets of the Company to another entity, except to an entity controlled directly or indirectly by the Company, or a merger, consolidation or other reorganization of the Company in which the voting securities of the Company outstanding immediately prior to such event do not represent (either by remaining outstanding or by being converted into voting securities of a surviving or parent entity) at least 50% or more of the combined voting power of the outstanding voting securities of the Company or such surviving or parent entity (without a concentration of beneficial ownership that would trigger a change in control under clause (i) applying that provision to any surviving or parent entity), or a plan of liquidation or dissolution of the Company other than pursuant

to bankruptcy or insolvency laws is adopted and implementation of such plan has commenced; or (iv) during any period of two consecutive years or less (commencing on or after the date of grant of a given Award), individuals who at the beginning of such period constituted the Board, together with all new directors whose election or nomination during such period (other than any new director whose initial assumption of office during such period followed an actual or threatened election contest in which such new director challenged an incumbent or Board-approved nominee) was approved by a vote of at least two-thirds of the directors then still in office who were directors either at the beginning of the period or previously so approved (together, the “Continuing Directors”), cease for any reason to constitute at least a majority of the Board.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred for purposes of this Plan (x) in the event of a sale, exchange, transfer or other disposition of substantially all of the assets of the Company to, or a merger, consolidation or other reorganization involving the Company and, an entity controlled by one or more officers of the Company (separately from their role as Company officers) or in which such officers have, directly or indirectly, at least a 5% equity or ownership interest unrelated to any interest in the Company, or (y) in a transaction otherwise commonly referred to as a “management leveraged buyout.”

Notwithstanding the foregoing, the Board may, by resolution adopted by a majority of the Board and by at least two-thirds of the Continuing Directors who were in office at the date a Change in Control occurred, declare that a Change in Control in clause (i) or (ii) has become ineffective for purposes of this Plan if the following conditions then exist: (x) the declaration is made within 120 days of the Change in Control; and (y) no person, except for (A) the Trusts, and (B) the Benefit Plans, either is the beneficial owner, directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of the Company’s outstanding securities or has the ability or power to vote securities representing 10% or more of the combined voting power of the Company’s then outstanding securities. If such a declaration shall be properly made, the Change in Control shall be ineffective ab initio.

**2.5. “Code”** The Internal Revenue Code of 1986, as amended, and applicable regulations and rulings and guidance issued thereunder.

**2.6. “Committee”** The Talent and Compensation Committee of the Board (or a designated successor to such committee), the composition and governance of which is established in the Committee’s Charter as approved from time to time by the Board and subject to other corporate governance documents of the Company. No action of the Committee shall be void or deemed to be without authority due to the failure of any member, at the time the action was taken, to meet any qualification standard set forth in the Committee Charter or this Plan.

**2.7. “Common Stock”** The common stock of the Company as described in the Company’s Articles of Incorporation, or such other stock as shall be substituted therefor.

**2.8. “Company”** Kontoor Brands, Inc., a North Carolina corporation, or any successor to the Company.

**2.9. “Date of Grant”** The date on which the granting of an Award is authorized by the Committee, or such later date as is specified by the Committee or by a provision in this Plan applicable to the Award.

**2.10. “Director”** A member of the Board who is not an Employee.

**2.11. “Disposition”** Any sale, transfer, encumbrance, gift, donation, assignment, pledge, hypothecation, or other disposition of an Award, whether similar or dissimilar to those previously enumerated, whether voluntary or involuntary, and whether during the Participant’s lifetime or upon or after his or her death, including, but not limited to, any disposition by operation of law, by court order, by judicial process, or by foreclosure, levy or attachment. A transfer or forfeiture of an Award to the Company is not a Disposition.

**2.12. “Employee”** Any employee of the Company or a Subsidiary.

**2.13. “Exchange Act”** The Securities Exchange Act of 1934, as amended, and applicable regulations and rulings issued thereunder.

**2.14. “Fair Market Value”** Unless otherwise determined in good faith by the Committee or under procedures established by the Committee, the average of the reported high and low sales price of the Common Stock on the date on which Fair Market Value is to be determined (or if there was no reported sale on such date, the next preceding date on which any reported sale occurred) on the principal exchange or in such other principal market on which the Common Stock is trading.

**2.15. “Full-Value Award”** An Award relating to shares other than (i) Stock Options that are treated as exercisable for shares under applicable accounting rules and (ii) Awards for which the Participant pays the grant-date Fair Market Value of the shares covered by the Award directly or by electively giving up a right to receive a cash payment from the Company or a Subsidiary of an amount equal to the grant-date Fair Market Value of such shares.

**2.16. “Incentive Award”** An Award granted under Article IX denominated in cash and earnable based on performance measured over a specified performance period.

**2.17. “Incentive Stock Option”** A Stock Option intended to satisfy the requirements of Section 422(b) of the Code.

**2.18. “Non-qualified Stock Option”** A Stock Option other than an Incentive Stock Option.

**2.19. “Participant”** An Employee or Director selected by the Committee to receive an Award; such person remains a Participant until all obligations of the Company and of such person or his or her beneficiaries relating to the Award have been fulfilled or otherwise ended.

**2.20. “Replacement Plan”** The Kontoor Brands, Inc. 1996 Stock Compensation Plan (a VF Corporation Plan Assumed by Kontoor Brands, Inc. Relating to Kontoor Employee Awards), under which equity awards have been granted by the Company in replacement of certain awards granted by VF Corporation prior to the spinoff by VF Corporation of the Company completed on

May 22, 2019. The Replacement Plan, which is attached to this Plan as Appendix B, constitutes a sub-plan under this Plan.

**2.21. “Restricted Awards”** Restricted Stock and Restricted Stock Units.

**2.22. “Restricted Stock”** Common Stock that is subject to restrictions and awarded to Participants under Article VIII of this Plan and any Common Stock purchased with or issued in respect of dividends and distributions on the Restricted Stock.

**2.23. “Restricted Stock Units”** Stock Units that may be subject to a risk of forfeiture or other restrictions and awarded to Participants under Article VIII of this Plan, including Stock Units resulting from deemed reinvestment of dividend equivalents on Restricted Stock Units.

**2.24. “Retirement”** Unless otherwise specified in a Participant’s Award documents, employment separation from the Company or any of its Subsidiaries after attaining age 55 and at least 10 years of service with the Company and/or any of its Subsidiaries, provided that an employment separation at a time there exists grounds for the Company to terminate the Employee for cause (as defined by the Committee) will not constitute a Retirement. Unless otherwise determined by the Committee, service with a predecessor company (i.e., VF Corporation (prior to the spinoff of the Company) or a company acquired by the Company or a Subsidiary) shall be counted towards the calculation of an employee’s years of service with the Company and/or its Subsidiaries for purposes of this Plan. With respect to any Director Award, “Retirement” means termination of service to the Company as a Director.

**2.25. “Rule 16b-3”** Rule 16b-3 under the Exchange Act or any successor thereto.

**2.26. “Securities Act”** The Securities Act of 1933, as amended, and applicable regulations and rulings issued thereunder.

**2.27. “Service Provider”** A person providing services to the Company or a subsidiary in a capacity other than as an Employee or Director (for example, a consultant or advisor), provided that Awards other than those under Article IX may be granted only to a natural person who qualifies as an “employee” within the meaning of General Instruction A.1(a)(1) to Form S-8 (or a successor provision) under the Securities Act.

**2.28. “Stock Appreciation Right”** An Award granted under Section 7.5.

**2.29. “Stock Option”** An award of a right to acquire Common Stock pursuant to Article VII.

**2.30. “Stock Units”** An unfunded obligation of the Company, the terms of which are set forth in Section 8.6.

**2.31. “Subsidiary”** Any majority-owned business organization of the Company or its direct or indirect subsidiaries, including but not limited to corporations, limited liability companies, partnerships and any “subsidiary corporation” as defined in Section 424(f) of the Code that is a subsidiary of the Company.

**2.32. “Substitute Award”** An Award granted in assumption of or in substitution for an award of a company or business acquired by the Company or a Subsidiary or affiliate or with which the Company or a Subsidiary or affiliate combines.

### **ARTICLE III. SHARES OF COMMON STOCK SUBJECT TO THE PLAN**

**3.1. Common Stock Authorized.** Subject to the provisions of this Article and Article XI, the total aggregate number of shares of Common Stock that may be delivered pursuant to Awards shall not exceed 7.5 million shares plus shares that are reserved and available for awards assumed by the Company under the Replacement Plan. Each share delivered in connection with a Full-Value Award, and each share delivered or deemed to be delivered in connection with Stock Options or other non-Full-Value Awards, shall be counted against this limit as one share in accordance with Section 3.2.

**3.2. Share Counting Rules.** For purposes of the limitations specified in Section 3.1, the Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments in accordance with this Section 3.2. Shares shall be counted against those reserved to the extent that such shares have been delivered and are no longer subject to a risk of forfeiture, except that shares withheld to pay the exercise price or taxes upon exercise of a Stock Option (including a Stock Appreciation Right) or upon the vesting or settlement of any Award shall be deemed to be delivered for purposes of the limit set forth in Section 3.1. Accordingly, to the extent that an Award under the Plan (including the Replacement Plan) is canceled, expired, forfeited, or otherwise terminated without delivery of shares to the Participant (and without delivery of cash in the case of an Award that was settleable potentially in shares or cash), the shares retained by or returned to the Company will not be deemed to have been delivered under the Plan. An Award that can be settled only in cash shall not count against the shares reserved under the Plan. The Committee may determine that Awards may be outstanding that relate to more shares than the aggregate remaining available under the Plan so long as Awards will not in fact result in delivery (or deemed delivery) and vesting of shares in excess of the number then available under the Plan. In addition, in the case of any Substitute Award, shares delivered or deliverable in connection with such Substitute Award shall not be counted against the number of shares reserved under the Plan.

**3.3. Shares Available.** The shares of Common Stock to be delivered under this Plan shall be made available from authorized and unissued shares of Common Stock.

### **ARTICLE IV. ADMINISTRATION OF THE PLAN**

**4.1. Committee.** The Plan generally shall be administered by the Committee, subject to this Article IV. The Committee may act through subcommittees, including for purposes of perfecting exemptions under Rule 16b-3 under the Exchange Act, in which case the subcommittee shall be subject to and have authority under the charter applicable to the Committee, and the acts of the subcommittee shall be deemed to be acts of the Committee hereunder. The foregoing notwithstanding, the Board may perform any function of the Committee under the Plan, including

for purposes of approving grants of Awards to Directors. In any case in which the Board is performing a function of the Committee under the Plan, each reference to the Committee herein shall be deemed to refer to the Board, except where the context otherwise requires. The Committee may otherwise act through with members of the Committee abstaining or recusing themselves to ensure compliance with regulatory requirements or to promote effective governance, as determined by the Committee.

**4.2. Powers.** The Committee has discretionary authority to determine the Employees and Directors to whom, and the time or times at which, Awards shall be granted. The Committee also has authority to determine the amount of shares of Common Stock that shall be subject to each Award and the terms, conditions, and limitations of each Award, subject to the express provisions of this Plan. The Committee shall have the discretion to interpret this Plan and to make all other determinations necessary for Plan administration. The Committee has authority to prescribe, amend and rescind any rules and regulations relating to this Plan, subject to the express provisions of this Plan. All Committee interpretations, determinations, and actions shall be in the sole discretion of the Committee and shall be binding on all parties, including beneficiaries. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Agreement in the manner and to the extent it shall deem expedient to carry it into effect, and it shall be the sole and final judge of such expediency. The Committee may specify that any Award will be settled in cash rather than by delivery of shares. To the fullest extent authorized under applicable provisions of the North Carolina Business Act, the Committee may delegate to officers or managers of the Company or any subsidiary or affiliate, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such functions, including administrative functions, as the Committee may determine, to the extent that such delegation (i) will not result in the loss of an exemption under Rule 16b-3(d) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company, (ii) will not result in a related-person transaction with an executive officer required to be disclosed under Item 404(a) of Regulation S-K (in accordance with Instruction 5.a.ii thereunder) under the Exchange Act, and (iii) is permitted under other applicable laws and regulations.

**4.3. Agreements.** Awards shall be evidenced by an Agreement and may include any terms and conditions not inconsistent with this Plan, as the Committee may determine.

**4.4. No Liability.** The Committee and each member thereof, and any person acting pursuant to authority delegated by the Committee, shall be entitled, in good faith, to rely or act upon any report or other information furnished to him or her by any officer or other employee of the Company or any subsidiary, the Company's independent certified public accountants, or any executive compensation consultant, legal counsel or other professional retained by the Company to assist in the administration of the Plan. Members of the Committee, any person acting pursuant to authority delegated by the Committee, and any officer or employee of the Company or a subsidiary or affiliate acting at the direction or on behalf of the Committee or a delegee shall not be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, any Award or any Agreement, and any such person shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action, determination, or interpretation.

**ARTICLE V.  
ELIGIBILITY**

**5.1. Participation.** Participants shall be selected by the Committee from the Employees, Directors and Service Providers. Such designation may be by individual or by class.

**5.2. Incentive Stock Option Eligibility.** A Director shall not be eligible for the grant of an Incentive Stock Option. In addition, no Employee shall be eligible for the grant of an Incentive Stock Option who owns (within the meaning of Section 422(b) of the Code), or would own immediately before the grant of such Incentive Stock Option, directly or indirectly, stock possessing more than 10 percent of the total combined voting power of all classes of stock of the Company or any Subsidiary.

**ARTICLE VI.  
TYPES OF AWARDS; MINIMUM VESTING**

**6.1. Award Types.** The types of Awards under this Plan are Stock Options as described in Article VII, Restricted Awards (Restricted Stock and Restricted Stock Units) as described in Article VIII, and Incentive Awards as described in Article IX. The Committee may, in its discretion, permit holders of Awards under this Plan to surrender outstanding Awards in order to exercise or realize the rights under other Awards subject to the restriction on repricing set forth in Section 13.2.

**6.2. Minimum Vesting Requirements.** Other provisions of the Plan notwithstanding, Awards (other than Awards that can be settled only in cash) shall vest no earlier than the first anniversary of the date on which the Award is granted; provided, however, that the following Awards shall not be subject to this minimum vesting requirement: any (i) Substitute Award; (ii) shares of Common Stock delivered in lieu of fully vested cash awards at the election of the Participant; (iii) Awards to non-employee Directors that vest at or after the earlier of the one-year anniversary of the date of grant or the next annual meeting of stockholders that is at least 50 weeks after the immediately preceding year's annual meeting; and (iv) any other Awards as designated by the Committee relating to not more than five percent (5%) of the aggregate shares reserved for grant under Section 3.1 (as adjusted under Section 11.1); and provided further that the foregoing restriction does not apply to the Committee's discretion to provide for accelerated exercisability or vesting of any Award in cases of death, disability or a Change in Control, in the terms of the Award Agreement or otherwise. In the case of Awards subject to the minimum vesting requirement and having proportionate vesting over a specified period, the proportionate vesting shall not apply during the initial year (so, for example, monthly vesting in the first year is not permitted for such Awards under the Plan).

**ARTICLE VII.  
STOCK OPTIONS**

**7.1. Exercise Price.** The exercise price of Common Stock under each Stock Option shall be not less than 100 percent of the Fair Market Value of the Common Stock on the Date of Grant, other than Stock Options issued as Substitute Awards.

**7.2. Term.** Stock Options may be exercised as determined by the Committee, provided that Stock Options may in no event be exercised later than ten years from the Date of Grant. During the Participant's lifetime, only the Participant may exercise an Incentive Stock Option. The Committee may amend the terms of an Incentive Stock Option at any time to include provisions that have the effect of changing such Incentive Stock Option to a Non-qualified Stock Option, or vice versa (to the extent any such change is permitted by applicable law, and subject to Section 13.1 except that the change in tax treatment of the Stock Option shall not be deemed to be materially adverse to the Participant for purposes of Section 13.1).

**7.3. Method of Exercise.** Upon the exercise of a Stock Option, the exercise price shall be payable in full in cash or an equivalent acceptable to the Committee. No fractional shares shall be issued pursuant to the exercise of a Stock Option, and no payment shall be made in lieu of fractional shares. At the discretion of the Committee and provided such payment can be effected without causing the Participant to incur liability under Section 16(b) of the Exchange Act or causing the Company to incur additional expense under applicable accounting rules, the Committee may permit the exercise price to be paid by assigning and delivering to the Company shares of Common Stock previously acquired by the Participant or may require that, or permit the Participant to direct that, the Company withhold shares from the Stock Option shares having a value equal to the exercise price (or portion thereof to be paid through such share withholding). Any shares so assigned and delivered to the Company or withheld by the Company in payment or partial payment of the exercise price shall be valued at the Fair Market Value of the Common Stock on the exercise date. In addition, at the request of the Participant and to the extent permitted by applicable law, the Company in its discretion may approve arrangements with a brokerage firm under which such brokerage firm, on behalf of the Participant, shall pay to the Company the exercise price of the Stock Options being exercised, and the Company, pursuant to an irrevocable notice from the Participant, shall promptly deliver the shares being purchased to such firm.

**7.4. Other Stock Option Terms.** No dividend equivalent rights may be granted with respect to a Stock Option entitling the Participant to the economic benefit of dividends paid prior to the exercise of the Stock Option on the Common Stock underlying the Stock Option. With respect to Incentive Stock Options, the aggregate Fair Market Value (determined at the Date of Grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under all stock option plans of the Company and its Subsidiaries) shall not exceed \$100,000, or such other amount as may be prescribed under the Code. If any Stock Option intended to be an Incentive Stock Option fails to so qualify, including under the requirement set forth in this Section 7.4, such Stock Option (or the affected portion of the Stock Option) shall be deemed to be a Non-qualified Stock Option and shall be exercisable in accordance with the Plan and the Stock Option's terms.

**7.5. Stock Appreciation Rights.** A Stock Option may be granted with terms requiring the exercise price to be paid by means of the Company withholding shares subject to the Stock Option upon exercise, in which case such Award may be designated as a "Stock Appreciation Right." The Committee may, at the time of grant, specify that the Fair Market Value of the Stock Option shares deliverable upon exercise of such Award will be paid in cash in lieu of delivery of shares, such that the Award is a cash-settled Stock Appreciation Right.

**ARTICLE VIII.**  
**RESTRICTED AWARDS**

**8.1. Types of Award.** The Committee, in its discretion, is authorized to grant Restricted Awards either as Service Awards or Performance Awards. As used herein, the term “Service Award” refers to any Restricted Award described in Section 8.2 and the term “Performance Award” refers to any Restricted Award described in Section 8.3. Restricted Stock shall be nontransferable until such time as all of the restrictions underlying the Award have been satisfied, except to the extent permitted under Section 12.5.

**8.2. Service Award.** The Committee may grant shares of Restricted Stock or Restricted Stock Units to a Participant subject to forfeiture upon an interruption in the Participant’s continuous service with the Company or a Subsidiary within a period specified by the Committee. The period during which Restricted Stock Units are subject to a risk of forfeiture may be shorter than the period during which settlement of the Restricted Stock Units is deferred. The foregoing notwithstanding, Stock Units granted with no minimum vesting period, as permitted on a limited basis under Section 6.2, shall be deemed to be Service Awards.

**8.3. Performance Award.** The Committee may grant Restricted Stock or Restricted Stock Units to a Participant subject to or upon the attainment of a performance objective based on such measure or measures of performance as the Committee may specify. In establishing the level of performance objective to be attained, the Committee may disregard or offset the effect of such items of income or expense and other factors as determined by the Committee. Notwithstanding attainment of the applicable performance objective or any provisions of this Plan to the contrary, the Committee shall have the power (which it may retain or may relinquish in the Agreement or other document), in its sole discretion, to impose service requirements required to be fulfilled by the Participant during the performance period or subsequent to the attainment of the performance objective.

**8.4. Delivery.** If a Participant, with respect to a Service Award, continuously remains in the employ of the Company or a Subsidiary for the period specified by the Committee, or, with respect to a Performance Award, if and to the extent that the Participant fulfills the requirements of the performance objective and any service requirements as may be imposed by the Committee, the related risk of forfeiture of shares awarded to such Participant as Restricted Stock shall lapse and any retained share certificates or other evidence of ownership shall be delivered to such Participant without any restrictions promptly after the applicable event, and the related risk of forfeiture applicable to Restricted Stock Units shall end and such Restricted Stock Units shall then and thereafter be settled in accordance with the terms of such Restricted Stock Units (including any elective deferral of settlement permitted by the Committee). The foregoing notwithstanding, the Committee may determine that any restrictions (and/or deferral period, to the extent permitted under Section 12.10) applicable to a Restricted Award shall be deemed to end or have ended on an accelerated basis at the time of the Participant’s death while employed or serving as a Director or upon the Participant’s termination of employment or service due to disability or Retirement or following a Change in Control, subject to Section 6.2.

**8.5. Shareholder Rights.** Except as otherwise provided in this Plan, each Participant shall have, with respect to all shares of Restricted Stock, all the rights of a shareholder of the Company, including the right to vote the Restricted Stock; provided, however, that, unless the Committee has provided for a different equitable treatment of dividends and distributions payable with respect to the Restricted Stock, all such dividends and distributions shall be retained by the Company and reinvested in additional shares of Common Stock to be issued in the name of the Participant. Any shares of Common Stock acquired as a result of reinvestment of such dividends or distributions shall also be Restricted Stock subject to the terms and conditions of this Plan (and if any other treatment of dividends and distributions is approved by the Committee, the amounts to be paid or credited to the Participant shall be subject to the same vesting terms and risk of forfeiture, including any performance conditions, as applied to the original Award; this requirement may not be altered by the Committee). A Participant shall have no rights of a shareholder relating to Restricted Stock Units or Stock Units until such time as shares are issued or delivered in settlement of such Restricted Stock Units or Stock Units.

**8.6. Stock Units; Deferral of Receipt of Restricted Stock.** A Stock Unit, whether or not restricted, shall represent the conditional right of the Participant to receive delivery of one share of Common Stock at a specified future date, subject to the terms of the Plan and the applicable Agreement. Until settled, a Stock Unit shall represent an unfunded and unsecured obligation of the Company with respect to which a Participant has rights no greater than those of a general creditor of the Company. Unless otherwise specified by the Committee, each Stock Unit will carry with it the right to crediting of an amount equal to dividends and distributions paid on a share of Common Stock (“dividend equivalents”), which amounts will be deemed reinvested in additional Stock Units, at the Fair Market Value of Common Stock at the dividend payment date. Such additional Stock Units (or any alternative form of crediting dividend equivalents) will be subject to the same risk of forfeiture (this requirement may not be altered by the Committee), other restrictions, and deferral of settlement as applied to the original Stock Units. Unless the Committee determines to settle Stock Units in cash, Stock Units shall be settled solely by issuance or delivery of shares of Common Stock. The Committee may, in its sole discretion and subject to compliance with Code Section 409A, permit Participants to convert their Restricted Stock into an equivalent number of stock units as of the date on which all applicable restrictions pertaining to the Restricted Stock would either lapse or be deemed satisfied (the “Vesting Date”), or by means of an exchange of the Restricted Stock for Restricted Stock Units before the Vesting Date. Any such request for conversion must (a) be made by the Participant at a time a valid deferral may be elected under Code Section 409A and (b) specify a distribution date that is valid under Code Section 409A and in any case is no earlier than the earlier of (i) the Participant’s termination of employment or (ii) the first anniversary of the Vesting Date.

## **ARTICLE IX. INCENTIVE AWARDS**

The Committee, in its discretion, is authorized to grant Incentive Awards, which shall be Awards denominated as a cash amount and earnable based on achievement of a Performance

Objective. The Committee may specify that an Incentive Award shall be settled in cash or in shares of Common Stock.

**ARTICLE X.  
FORFEITURE AND EXPIRATION OF AWARDS**

**10.1. Termination of Employment or Service.** Subject to the express provisions of this Plan (including Section 6.2) and the terms of any applicable Agreement, the Committee, in its discretion, may provide for the forfeiture or continuation of any Award for such period and upon such terms and conditions as are determined by the Committee in the event that a Participant ceases to be an Employee or Director. In the absence of Committee action or except as otherwise provided in an Agreement, the following rules shall apply:

(a) With respect to Stock Options granted to Employees, Stock Options shall be exercisable only so long as the Participant is an employee of the Company or a Subsidiary, except that (1) in the event of Retirement, the Stock Options shall continue to vest according to the original schedule, but no Stock Options may be exercised after the expiration of the earlier of the remaining term of such Stock Options or 36 months following the date of Retirement (in such case, Incentive Stock Options will become Non-Qualified Stock Options three months following Retirement); (2) in the event of permanent and total disability, the Stock Options shall continue to vest according to the original schedule, but no Stock Options may be exercised after the expiration of the earlier of the remaining term of such Stock Option or 36 months following the date of permanent and total disability; (3) in the event of death while an Employee, Stock Options held at the time of death by the Participant shall vest and become immediately exercisable and may be exercised by the estate or beneficiary of such Participant until the expiration of the earlier of the remaining term of such Stock Options or 36 months following the date of death; (4) in the event of the Participant's voluntary separation of employment (other than a Retirement) or involuntary separation of employment by the Company for cause (as defined by the Committee), the Stock Options shall terminate and be forfeited as of the date of separation of employment; (5) in the event of the Participant's involuntary separation of employment not for cause (as defined by the Committee) with severance pay (other than severance pay paid in a lump sum), the Stock Option shall continue to vest according to the original schedule, but no Stock Options may be exercised after the earlier of the remaining term of the Option or the end of the period of the Participant's receipt of severance pay, if any, from the Company; and (6) in the event of an involuntary separation of employment without severance pay or if severance pay is paid in a lump sum, the Stock Option shall not be exercisable after the date of separation of employment; any portion of a Stock Option that is not vested at the time of permanent and total disability or any separation of employment and that would not vest and become exercisable during the period the Stock Option will remain outstanding under this Section 10.1(a) shall terminate and be forfeited as of the time of permanent and total disability or separation of employment, unless otherwise determined by the Committee within 45 days after such event; and

(b) With respect to Restricted Awards granted to Employees, in the event of a Participant's voluntary or involuntary separation before the expiration of the employment period specified by the Committee with respect to Service Awards, or before the fulfillment of the performance objective and any other restriction imposed by the Committee with respect to

Performance Awards, any shares of Restricted Stock shall be returned to the Company and any Restricted Award shall be deemed to have been forfeited by the Participant as of the date of such separation.

**10.2. Leave of Absence.** With respect to an Award, the Committee may, in its sole discretion, determine that any Participant who is on leave of absence for any reason shall be considered to still be in the employ of the Company, provided that the Committee may, in its sole discretion, also determine that rights to such Award during a leave of absence shall be limited to the extent to which such rights were earned or vested when such leave of absence began or that vesting will be tolled during such leave of absence.

**10.3. Additional Forfeiture Provisions.** The Committee may condition a Participant's right to receive a grant of an Award, to exercise the Award, to receive a settlement or distribution with respect to the Award, to retain cash, Stock, other Awards, or other property acquired in connection with an Award, or to retain the profit or gain realized by a Participant in connection with an Award, upon compliance by the Participant with specified conditions that protect the business interests of the Company and its subsidiaries and affiliates from harmful actions of the Participant or otherwise conform to high standards of corporate governance, including but not limited to (i) conditions providing for such forfeitures in the event that Company financial statements are restated due to misconduct if the Participant bears substantial responsibility for such misconduct or if the restated financial information would have adversely affected the level of achievement of performance measures upon which the earning or value of the Participant's Award was based; and (ii) conditions relating to non-competition, confidentiality of information relating to or possessed by the Company, non-solicitation of customers, suppliers, and employees of the Company, cooperation in litigation, non-disparagement of the Company and its subsidiaries and affiliates and the officers, directors and affiliates of the Company and its subsidiaries and affiliates, and other restrictions upon or covenants of the Participant, including during specified periods following termination of employment or service to the Company. Accordingly, an Award may include terms providing for a recoupment, "clawback" or forfeiture from the Participant of the profit or gain realized by a Participant in connection with an Award, including cash or other proceeds received upon sale of Stock acquired in connection with an Award. References in the Plan or an Agreement to lapse of restrictions or risk of forfeiture do not apply to the additional forfeiture provisions authorized under this Section 10.3, unless the lapse of the forfeiture provisions under this Section 10.3 is specifically stated.

## **ARTICLE XI. ADJUSTMENT PROVISIONS**

**11.1. Share Adjustments.** If the number of outstanding shares of Common Stock is increased, decreased or exchanged for a different number or kind of shares or other securities, or if additional, new or different shares or other securities are distributed with respect to such shares of Common Stock or other securities, through merger, consolidation, sale of all or substantially all of the assets of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, spinoff or other distribution with respect to such shares of Common Stock or other securities, an appropriate adjustment in order to preserve the benefits or potential benefits

intended to be made available to the Participants may be made, in the discretion of the Committee, in all or any of the following (i) the maximum number and kind of shares provided in Section 3.1; (ii) the number and kind of shares or other securities subject to then outstanding Awards; (iii) the price for each share or other unit of any other securities subject to then outstanding Awards; and (iv) the terms of performance goals based on per share metrics or otherwise affected by such events. The Committee may also make any other adjustments, or take such action as the Committee, in its discretion, deems appropriate in order to preserve the benefits or potential benefits intended to be made available to the Participants. In furtherance of the foregoing, in the event of an equity restructuring, as defined in FASB ASC Topic 718, that affects the Common Stock, a Participant shall have a legal right to an adjustment to the Participant's Award that will preserve without enlarging the value of the Award, with the manner of such adjustment to be determined by the Committee in its discretion, and subject to any limitation on this right set forth in the applicable Award Agreement. Any fractional share resulting from such adjustment may be eliminated. In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including performance criteria) in recognition of unusual or nonrecurring events (including events described in this Section 11.1) affecting the Company, any Subsidiary or any business unit, or the financial statements of the Company or any Subsidiary, or in response to changes in applicable laws, regulations, accounting principles, tax rates or business conditions or in view of the Committee's assessment of the business strategy of the Company, any Subsidiary or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant, subject to the limitation in Section 12.15. If, in a transaction triggering an adjustment hereunder, public shareholders of the Company receive cash for their equity interest in the Company, an adjustment providing for cancellation of an Award in exchange for a cash payment based solely on the then intrinsic value of the Award shall be deemed to meet the requirements of this Section 11.1. Adjustments determined by the Committee shall be final, binding and conclusive.

**11.2. Corporate Changes.** Subject to Article XIII, upon (i) the dissolution or liquidation of the Company; (ii) a reorganization, merger or consolidation (other than a merger or consolidation effecting a reincorporation of the Company in another state or any other merger or consolidation in which the shareholders of the surviving Company and their proportionate interests therein immediately after the merger or consolidation are substantially identical to the shareholders of the Company and their proportionate interests therein immediately prior to the merger or consolidation) of the Company with one or more corporations, following which the Company is not the surviving Company (or survives only as a subsidiary of another Company in a transaction in which the shareholders of the parent of the Company and their proportionate interests therein immediately after the transaction are not substantially identical to the shareholders of the Company and their proportionate interests therein immediately prior to the transaction); (iii) the sale of all or substantially all of the assets of the Company; or (iv) the occurrence of a Change in Control, subject to the terms of any applicable Agreement, the Committee serving prior to the date of the applicable event may, to the extent permitted in Section 3.1 of this Plan (and subject to any applicable restriction on repricing under Section 13.2), in its discretion and without obtaining shareholder approval, take any one or more of the following actions with respect to any Participant:

- (a) accelerate the vesting and exercise dates of any or all outstanding Awards;

(b) eliminate any and all restrictions with respect to outstanding Restricted Awards;

(c) determine the level of achieved performance, projected full-performance period performance, or other specified level of performance to be deemed to be the level of achievement of the performance objective for any Performance Award;

(d) pay cash to any or all holders of Stock Options in exchange for the cancellation of their outstanding Stock Options and cash out all outstanding Stock Units or Restricted Awards, provided that payment of consideration equivalent to the consideration received by shareholders, net of any exercise price payable with respect to the Award, shall be sufficient payment for the cash-out of an Award (for clarity, if a Stock Option had an exercise price in excess of such consideration, the Stock Option could be cancelled with no payment to the Participant);

(e) modify the vesting terms of continuing, assumed or replaced awards to provide for vesting upon a Participant's subsequent termination not for cause or voluntary termination for good reason;

(f) grant new Awards to any Participants; or

(g) make any other adjustments or amendments to outstanding Awards or determine that there shall be substitution of replacement or new awards by such successor employer Company or a parent or subsidiary company thereof, with appropriate adjustments as to the number and kind of shares or units subject to such awards and prices.

**11.3. Binding Determination.** Adjustments under Sections 11.1 and 11.2 shall be made by the Committee, and its determination as to what adjustments shall be made and the extent thereof shall be final, binding and conclusive.

## **ARTICLE XII. GENERAL PROVISIONS**

**12.1. No Right to Employment.** Nothing in this Plan or in any Agreement or instrument executed pursuant to this Plan shall confer upon any Participant (i) any right to continue in the employ of the Company or a Subsidiary or affect the Company's or a Subsidiary's right to terminate the employment of any Participant at any time with or without cause, or (ii) any right to continue to serve as a Director of the Company or affect any party's right to remove such Participant as a Director.

**12.2. Securities Requirements.** The Company shall not be obligated to issue or transfer shares of Common Stock pursuant to an Award unless all applicable requirements imposed by federal and state laws, regulatory agencies, and securities exchanges upon which the Common Stock may be listed have been fully complied with. As a condition precedent to the issuance of shares pursuant to the grant or exercise of an Award, the Company may require the Participant to take any reasonable action to meet such requirements.

**12.3. No Right to Stock.** No Participant and no beneficiary or other person claiming under or through such Participant shall have any right, title or interest in any shares of Common Stock allocated or reserved under this Plan or subject to any Award except as to such shares of Common Stock, if any, that have been issued or transferred to such Participant or other person entitled to receive such Common Stock under the terms of the Award.

**12.4. Withholding.** The Company or a Subsidiary, as appropriate, shall have the right to deduct from all Awards paid in cash any federal, state, or local taxes as required by law to be withheld with respect to such cash payments. In the case of Awards paid or payable in Common Stock, the Participant or other person receiving such Common Stock may be required to pay to the Company or a Subsidiary, as appropriate, the amount of any such taxes which the Company or Subsidiary is required to withhold with respect to such Common Stock. Also, at the discretion of the Committee and provided such withholding can be effected without causing the Participant to incur liability under Section 16(b) of the Exchange Act, the Committee may require or permit the Participant to elect (i) to have the Company or Subsidiary withhold from the shares of Common Stock to be issued or transferred to the Participant the number of shares necessary to satisfy the Company's or Subsidiary's obligation to withhold taxes, such determination to be based on the shares' fair market value as of the date the Participant becomes subject to income taxation with respect to the Award, (ii) deliver sufficient shares of Common Stock (based upon the fair market value at the date of withholding) to satisfy the withholding obligations, or (iii) deliver sufficient cash to satisfy the withholding obligations. Participants who elect to use such a stock withholding feature must make the election at the time and in the manner prescribed by the Committee.

**12.5. No Disposition.** No Award under this Plan may be the subject of any Disposition (excluding shares of Common Stock with respect to which all restrictions have lapsed), other than by will or the laws of descent or distribution or, if permitted by the Company, pursuant to a valid beneficiary designation. Any attempted Disposition in violation of this provision shall be void and ineffective for all purposes. Notwithstanding the foregoing, the Committee may, in its sole discretion, permit a Participant to transfer an Award other than an Incentive Stock Option, for estate-planning purposes, to (a) a member or members of the Participant's immediate family, (b) a trust, the beneficiaries of which consist exclusively of members of the Participant's immediate family, (c) a partnership, the partners of which consist exclusively of members of the Participant's immediate family, or (d) any similar entity created for exclusive benefit of members of the Participant's immediate family; provided, however, that (i) such Disposition must be not for value, and (ii) no such transfer is authorized for an Award if and to the extent that such authorization would trigger tax penalties or taxation of the Award earlier than the delivery of cash or non-forfeitable shares to the Participant (or, if later, the lapse of the substantial risk of forfeiture of delivered shares).

**12.6. Severability; Construction.** If any provision of this Plan is held to be illegal or invalid for any reason, then the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Plan shall be construed and enforced as if the illegal or invalid provision had never been included herein. Headings and subheadings are for convenience only and not to be conclusive with respect to construction of this Plan.

**12.7. Governing Law.** All questions arising with respect to the provisions of this Plan shall be determined by application of the laws of the State of North Carolina, except as may be required by applicable federal law.

**12.8. Other Deferrals.** Subject to Section 12.10, the Committee may permit selected Participants to elect to defer payment of Awards in accordance with procedures established by the Committee including, without limitation, procedures intended to defer taxation on such deferrals until receipt (including procedures designed to avoid incurrence of liability under Section 16(b) of the Exchange Act). Any deferred payment, whether elected by the Participant or specified by an Agreement or by the Committee, may require forfeiture in accordance with stated events, as determined by the Committee.

**12.9. Awards to Participants Outside the United States.** The Committee may modify the terms of any Award under the Plan made to or held by a Participant who is then resident or primarily employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that such Award shall conform to laws, regulations and customs of the country in which the Participant is then resident or primarily employed, or so that the value and other benefits of the Award to the Participant, as affected by foreign tax laws and other restrictions applicable as a result of the Participant's residence or employment abroad, shall be comparable to the value of such an Award to a Participant who is resident or primarily employed in the United States. The Committee is authorized to adopt subplans to achieve the purposes of this Section 12.9. An Award may have terms under this Section 12.9 that are inconsistent with the express terms of the Plan, including authorizing cash payments in lieu of issuance or delivery of shares, so long as such modifications will not contravene any applicable law or regulation or result in actual liability under Section 16(b) for the Participant whose Award is granted with or modified to provide such terms.

**12.10. Compliance with Code Section 409A.** Other provisions of the Plan notwithstanding, the terms of any Award that is deemed to be a deferral for purposes of Code Section 409A and that is held by an employee subject to United States federal income taxation (a "409A Award"), including any authority of the Company and rights of the Participant with respect to the 409A Award, shall be limited to those terms permitted under Section 409A, and any terms not permitted under Section 409A shall be automatically modified and limited to the extent necessary to conform with Section 409A. Terms of Awards shall be interpreted in a manner that, according to the character of the Award, results in an exemption from Code Section 409A or compliance with Code Section 409A. 409A Awards and Non-409A Awards will be subject to the Company's "Compliance Rules Under Code Section 409A," attached to this Plan as Appendix A.

**12.11. No Loans to Participants; No Reload Awards.** No credit shall be extended to Participants in the form of personal loans in connection with Awards, whether for purposes of paying the exercise price or withholding taxes or otherwise. Any amount due and payable to the Company by a Participant shall be immediately due and shall be paid as promptly as practicable. No term of an Award shall provide for automatic "reload" grants of additional Awards upon exercise of an Stock Option or otherwise as a term of an Award.

**12.12. Nonexclusivity of the Plan.** Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements, apart from the Plan, as it may deem desirable, and such other arrangements may be either applicable generally or only in specific cases.

**12.13. Unfunded Status of Awards; Creation of Trusts.** The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation (excluding awards of Restricted Stock). With respect to any payments not yet made to a Participant or obligations to deliver shares pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided that the Committee may authorize the creation of trusts and deposit therein cash, share, other Awards or other property, or make other arrangements to meet the Company’s obligations under the Plan. Such trusts or other arrangements shall be consistent with the “unfunded” status of the Plan unless the Committee otherwise determines with the consent of each affected Participant.

**12.14. Approval of Section 83(b) Election; Participant to Give Notice of Disqualifying Disposition.** No election by a Participant under Section 83(b) of the Code (to include in gross income in the year of grant the amounts specified in Code Section 83(b)) or under a similar provision of the laws of a jurisdiction outside the United States may be made unless expressly permitted by the terms of the Award document or by action of the Committee in writing prior to the effectiveness of such election. If any Participant shall make any disposition of shares delivered pursuant to the exercise of an Incentive Stock Option under the circumstances described in Code Section 421(b) (relating to certain disqualifying dispositions), the Participant shall notify the Company of such disposition within ten days thereof.

**12.15. Certain Limitations Relating to Accounting Treatment of Awards.** Other provisions of the Plan notwithstanding, the Committee’s authority under the Plan is limited to the extent necessary to ensure that any Award of a type that the Committee has intended to be “share-based equity” (and not a “share-based liability”) subject to fixed accounting with a measurement date at the time the award is initiated under FASB ASC Topic 718 shall not be deemed a share-based liability (subject to “variable” accounting) or subject to a measurement date later than the time the Award is initiated solely due to the existence of such authority, unless the Committee specifies otherwise in the Award Agreement or makes a decision during the life of the Award with explicit acknowledgment that the default accounting treatment under this Section 12.15 will be changed.

### **ARTICLE XIII. AMENDMENT AND TERMINATION**

**13.1. Amendments; Suspension; Termination.** The Board may at any time amend, suspend (and if suspended, may reinstate) or terminate this Plan; provided, however, that the Board may not, without approval of the shareholders of the Company, amend this Plan so as to (a) increase the number of shares of Common Stock subject to this Plan except as permitted in Article XI or (b) reduce the exercise price for shares of Common Stock covered by Stock Options granted hereunder

below the applicable price specified in Article VII of this Plan or (c) make a material revision to the Plan within the meaning of Section 303A.08 of the Listed Company Manual of the New York Stock Exchange as then in effect. The Committee is authorized to amend the Plan to the extent such action is within the scope of the Committee's authority under its Charter, and subject to all other requirements that would apply if the Plan were being amended by action of the Board. The Committee is authorized to amend outstanding Awards, except as limited by the Plan. The foregoing notwithstanding, no amendment to the Plan or an Award Agreement or other action that materially and adversely affects a the rights of a Participant under an outstanding Award may be made or taken without the consent of such Participant. The authority of the Committee to waive or modify an Award term after the Award has been granted does not permit waiver or modification of a term that would be mandatory under the Plan for any Award newly granted at the date of the waiver or modification. Unless earlier terminated by action of the Board of Directors, the authority of the Committee to make grants under the Plan will terminate on the date that is ten years after the latest date upon which shareholders of the Company have approved the Plan (including approval of the Plan as amended and restated).

**13.2. Restriction on Repricing.** Without the approval of shareholders, the Committee will not amend or replace previously granted Stock Options (including Stock Appreciation Rights) in a transaction that constitutes a "repricing," which for this purpose means any of the following or any other action that has the same effect:

- Lowering the exercise price of a Stock Option after it is granted;
- Any other action that is treated as a repricing under generally accepted accounting principles;
- Canceling a Stock Option at a time when its exercise price exceeds the fair market value of the underlying Stock, in exchange for another Stock Option, a Restricted Award, other equity or other cash or property (such an action will be considered a repricing regardless of whether a replacement Award is delivered simultaneously with the cancellation, regardless of whether it is treated as a repricing under generally accepted accounting principles, and regardless of whether it is voluntary on the part of the Participant);

provided, however, that the foregoing transactions shall not be deemed a repricing if pursuant to an adjustment authorized under Section 11.1.

#### **ARTICLE XIV. DATE OF PLAN ADOPTION; EFFECTIVENESS; PLAN TERMINATION**

**14.1. Date of Plan Adoption.** This Plan was adopted by the Board on April 29, 2019 and approved by the Company's shareholder on April 29, 2019. This Plan shall become effective upon completion of the spinoff of the Company by VF Corporation, and thereafter shall continue in effect with respect to Awards granted before termination of the Committee's authority to grant new Awards under Section 13.1 (including authority to modify Awards to the fullest extent permitted under the

Plan) until all outstanding Awards have been settled, terminated or forfeited and the Company and Participants have no further obligations or rights with respect to such Awards.

**Compliance Rules Under Code Section 409A****1. General Rules for Section 409A Compliance.**

The following rules will apply to the 2019 Stock Compensation Plan (the “Plan”). Capitalized terms used herein have the definitions as set forth in the Plan. If so designated by the Committee, these Compliance Rules may be applied to any other specified, agreement or arrangement.

(a) *409A Awards and Deferrals.* Other provisions of the Plan notwithstanding, the terms of any 409A Award, including any authority of the Company and rights of the Participant with respect to the 409A Award, shall be limited to those terms permitted under Section 409A, and any terms not permitted under Section 409A shall be automatically modified and limited to the extent necessary to conform with Section 409A but only to the extent that such modification or limitation is permitted under Code Section 409A and the regulations and guidance issued thereunder. The following rules will apply to Awards:

(i) Elections. If a Participant is permitted to elect to defer compensation and in lieu thereof receive an Award, or is permitted to elect to defer any payment under an Award, such election will be permitted only at times and otherwise in compliance with Section 409A.

(ii) Changes in Distribution Terms. The Committee may, in its discretion, require or permit on an elective basis a change in the distribution terms applicable to 409A Awards (and Non-409A Awards that qualify for the short-term deferral exemption under Section 409A) in accordance with, and to the fullest extent permitted by, applicable guidance of the Internal Revenue Service under Code Section 409A.

(iii) Exercise and Distribution. Except as provided in Section 1(a)(iv) hereof, no 409A Award shall be exercisable (if the exercise would result in a distribution) or otherwise distributable to a Participant (or his or her beneficiary) except upon the occurrence of one or more of the following (or a date related to the occurrence of one of the following), which must be specified in a written document governing such 409A Award and otherwise meet the requirements of Treasury Regulation § 1.409A-3.

- (A) Specified Time. A specified time or a fixed schedule;
- (B) Separation from Service. The Participant’s separation from service (within the meaning of Treasury Regulation § 1.409A-1(h) and other applicable rules under Code Section 409A); provided, however, that if the Participant is a “specified employee” under Treasury Regulation § 1.409A-1(i), settlement under this Section 1(a)(iii)(B) that otherwise would occur within six months after a separation from

service shall instead occur at the expiration of the six-month period following separation from service under Section 409A(a)(2)(B)(i). During such six-month delay period, no acceleration of settlement may occur, except (1) acceleration may occur in the event of death of the Participant, (2), if the distribution date was specified as the earlier of separation from service or a fixed date and the fixed date falls within the delay period, the distribution shall be triggered by the fixed date, and (3) acceleration may be permitted otherwise if and to the extent permitted under Section 409A. In the case of installments, this delay shall not affect the timing of any installment otherwise payable after the six-month delay period. With respect to any 409A Award, a reference in any agreement or other governing document to a “termination of employment” that triggers a distribution shall be deemed to mean a “separation from service” within the meaning of Treasury Regulation § 1.409A-1(h);

- (C) Death. The death of the Participant. Unless a specific time otherwise is stated for payment of a 409A Award upon death, such payment shall occur at a time compliant with Code Section 409A;
- (D) Disability. The date the Participant has experienced a 409A Disability (as defined below);  
and
- (E) 409A Change in Control. The occurrence of a 409A Change in Control (as defined below).

(iv) No Acceleration. The exercise or distribution of a 409A Award may not be accelerated prior to the time specified in accordance with Section 1(a)(iii) hereof, except in the case of one of the following events:

- (A) Unforeseeable Emergency. The occurrence of an Unforeseeable Emergency, as defined below, but only if the net amount payable upon such settlement does not exceed the amounts necessary to relieve such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the settlement, after taking into account the extent to which the emergency is or may be relieved through reimbursement or compensation from insurance or otherwise or by liquidation of the Participant’s other assets (to the extent such liquidation would not itself cause severe financial hardship), or by cessation of deferrals under the Plan. Upon a finding that an Unforeseeable Emergency has occurred with respect to a Participant, any election of the Participant to defer compensation that will be earned in whole or part by services in the year in which the emergency occurred or is found to continue will be immediately cancelled;

- (B) Domestic Relations Order. The 409A Award may permit the acceleration of the exercise or distribution time or schedule to an individual other than the Participant as may be necessary to comply with the terms of a domestic relations order (as defined in Section 414(p)(1)(B) of the Code);
  - (C) Conflicts of Interest. Such 409A Award may permit the acceleration of the settlement time or schedule as may be necessary to comply with an ethics agreement with the Federal government or to comply with a Federal, state, local or foreign ethics law or conflict of interest law in compliance with Treasury Regulation § 1.409A-3(j)(4)(iii); and
  - (D) Change. The Committee may exercise the discretionary right to terminate the Plan upon or within 12 months after a 409A Change in Control or otherwise to the extent permitted under Treasury Regulation § 1.409A-3(j)(4)(ix), or accelerate settlement of such 409A Award in any other circumstance permitted under Treasury Regulation § 1.409A-3.
- (v) Definitions. For purposes of this Section 1, the following terms shall be defined as set forth below:
- (A) “409A Change in Control” shall be deemed to have occurred if, in connection with any event defined as a change in control relating to a 409A Award under any applicable Company document, there occurs a change in the ownership of the Company, a change in effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company, as defined in Treasury Regulation § 1.409A-3(i)(5).
  - (B) “409A Disability” means an event which results in the Participant being (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii), by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or its subsidiaries.
  - (C) “Unforeseeable Emergency” means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant’s spouse, or a dependent (as defined in Code Section

152, without regard to Code Sections 152(b) (1), (b)(2), and (d)(1)(B)) of the Participant, loss of the Participant's property due to casualty, or similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, and otherwise meeting the definition set forth in Treasury Regulation § 1.409A-3(i)(3).

(vi) Time of Distribution. In the case of any distribution of a 409A Award, if the timing of such distribution is not otherwise specified in the Plan or an Award agreement or other governing document, the distribution shall be made within 60 days after the date at which the settlement of the Award is specified to occur. In the case of any distribution of a 409A Award during a specified period following a settlement date, the maximum period shall be 90 days, and the Participant shall have no influence (other than deferral elections permitted under Section 409A) on any determination as to the tax year in which the distribution will be made during any period in which a distribution may be made.

(vii) Determination of "Specified Employee". For purposes of a distribution under Section 1(a)(iii)(B), status of a Participant as a "specified employee" shall be determined annually under the Company's administrative procedure for such determination for purposes of all plans subject to Code Section 409A.

(viii) Non-Transferability. The provisions of the Plan notwithstanding, no 409A Award or right relating thereto shall be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of the Participant or the Participant's beneficiary.

(ix) Limitation on Setoffs. If the Company has a right of setoff that could apply to a 409A Award, such right may only be exercised at the time the 409A Award would have been distributed to the Participant or his or her beneficiary, and may be exercised only as a setoff against an obligation that arose not more than 30 days before and within the same year as the distribution date if application of such setoff right against an earlier obligation would not be permitted under Code Section 409A.

(x) 409A Rules Do Not Constitute Waiver of Other Restrictions. The rules applicable to 409A Awards under this Section 1(a) constitute further restrictions on terms of Awards set forth elsewhere in this Plan.

(b) *Separate Payments*. Unless otherwise specified in the applicable Award agreement, each vesting tranche of an Award shall be deemed to be a separate payment for purposes of Code Section 409A, and any portion of a vesting tranche that would vest on a pro rata basis in the event of a separation from service for the period from the date of separation in a given fiscal year to December 31 of that year and the portion that would vest pro rata for the period from the beginning of a calendar year to the end of the Company's fiscal year, and any remaining portion of such vesting tranche that would not so vest, each shall be deemed to be a separate payment for purposes of Code Section 409A.

(c) *Distributions Upon Vesting.* In the case of any Non-409A Award providing for a distribution upon the lapse of a substantial risk of forfeiture, if the timing of such distribution is not otherwise specified in the Plan or an Award agreement or other governing document, the distribution shall be made not later than the 15th day of the third month after the end of the fiscal year in which the substantial risk of forfeiture lapsed, and if a determination is to be made promptly following the end of a performance year (as in the case of performance shares) then the determination of the level of achievement of performance and the distribution shall be made between the start of the subsequent fiscal year and the 15th day of the third month of such subsequent fiscal year. In all cases, the Participant shall have no influence (aside from any deferral election permitted under Section 409A) on any determination as to the tax year in which the distribution will be made.

(d) *Limitation on Adjustments.* Any adjustment under the Plan shall be implemented in a way that complies with applicable requirements under Section 409A so that Non-409A Awards do not, due to the adjustment, become 409A Awards, and otherwise so that no adverse consequences under Section 409A result to Participants.

(e) *Release or Other Termination Agreement.* If the Company requires a Participant to execute a release, non-competition, or other agreement as a condition to receipt of a payment upon or following a termination of employment, the Company will supply to the Participant a form of such release or other document not later than the date of the Participant's termination of employment (if not date for such action otherwise is specified in documents relating thereto), which must be returned within the minimum time period required by law (or 21 days if no minimum period is so prescribed) and must not be revoked by the Participant within the applicable time period for revocation (if any) in order for the Participant to satisfy any such condition. If any amount constituting a deferral of compensation under Section 409A payable during a fixed period following termination of employment is subject to such a requirement and the fixed period would begin in one Participant tax year and end in the next tax year, the Company, in determining the time of payment of any such amount, will not be influenced by the timing of any action of the Participant including execution of such a release or other document and expiration of any revocation period. In such cases, the Company will pay any such amount in the subsequent tax year within the fixed period.

(f) *Special Disability Provision.* Unless otherwise provided in an applicable Award agreement or other governing document, in case of a disability of a Participant, (i) for any Award or portion thereof that constitutes a short-term deferral for purposes of Section 409A, the Company shall determine whether the Participant's circumstances are such that the Participant will not return to service, in which case such disability will be treated as a termination of employment for purposes of determining the time of payment of such Award or portion thereof then subject only to service-based vesting, and (ii) for any Award or portion thereof that constitutes a 409A Award, the Company shall determine whether there has occurred a "separation from service" as defined under Treasury Regulation § 1.409A-1(h) based on Participant's circumstances, in which case such disability will be treated as a separation from service for purposes of determining the time of payment of such Award or portion thereof then subject only to service-based vesting. In each case, the Participant shall be accorded the benefit of vesting that would result in the case of disability in the absence of this provision, so that the operation of this provision, intended to comply with Section 409A, will

not disadvantage the Participant. The Company's determinations hereunder will be made within 30 days after the disability arises or there occurs a material change in the Participant's condition that constitutes the disability. In the case of any short-term deferral, if (i) circumstances arise constituting a disability but not constituting a termination of employment, (ii) the Award would provide for vesting upon a termination due to disability, and (iii) the Award would not qualify as a short-term deferral if the Participant were then permitted to elect the time at which to terminate employment due to the disability, then only the Company will be entitled to act to terminate Participant's employment due to disability.

(g) *Limit on Authority to Amend.* The authority to adopt amendments under Section 10(e) does not include authority to take action by amendment that would have the effect of causing Awards to fail to meet applicable requirements of Section 409A.

(h) *Scope and Application of this Provision.* For purposes of the Plan and this Appendix, references to a term or event (including any authority or right of the Company or a Participant) being "permitted" under Section 409A mean that the term or event will not cause the Participant to be deemed to be in constructive receipt of compensation relating to the Award prior to the distribution of cash, shares or other property (and the lapse of any applicable substantial risk of forfeiture) or to be liable for payment of interest or a tax penalty under Section 409A.

## **2. Deferral Election Rules.**

If a participant in the Plan or any other plan, program or other compensatory arrangement (a "plan") of the Company is permitted to elect to defer awards or other compensation, any such election relating to compensation deferred under the applicable plan must be received by the Company prior to the date specified by or at the direction of the administrator of such plan (the "Administrator," which in most instances will be the head of Human Resources for the Company). If the deferral constitutes a deferral of compensation for purposes of Code Section 409A, any such election to defer shall be subject to the rules set forth below, subject to any additional restrictions as may be specified by the Administrator. Under no circumstances may a Participant elect to defer compensation to which he or she has attained, at the time of deferral, a legally enforceable right to current receipt of such compensation.

( a ) *Initial Deferral Elections.* Any initial election to defer compensation (including the election as to the type and amount of compensation to be deferred and the time and manner of settlement of the deferral) must be made (and shall be irrevocable) no later than December 31 of the year before the participant's services are performed that will result in the earning of the compensation, except for initial deferral elections otherwise permitted under Treasury Regulation § 1.409A-2(a).

(b) *Further Deferral Elections.* In the case of any election to further defer an amount that is deemed to be a deferral of compensation subject to Code Section 409A (to the extent permitted under Company plans, programs and arrangements), such further deferral election shall comply with Treasury Regulation § 1.409A-2(b).

**Kontoor Brands, Inc.**  
**1996 Stock Compensation Plan**  
**(A VF Corporation Plan Assumed by Kontoor Brands, Inc.**  
**Relating to Kontoor Employee Awards)**

May 22, 2019

Kontoor Brands, Inc. (“Kontoor”) has assumed certain rights and obligations of VF Corporation (“VF”) with regards to equity awards that were outstanding under VF’s 1996 Stock Compensation Plan (the “VF Plan”) at May 22, 2019, the date of consummation of VF’s spinoff transaction by which Kontoor became separated from VF (the “Spinoff”).

This document constitutes an amendment to the VF 1996 Stock Compensation Plan insofar as it relates to such rights and obligations assumed by Kontoor. As used herein, the term “Plan” refers to the Plan as assumed by Kontoor and amended hereby, while “VF Plan” refers to the VF 1996 Stock Compensation Plan as in effect prior to the Spinoff. Effective at the time of the Spinoff, Kontoor assumed rights and obligations under the VF Plan relating to equity awards held by persons who, immediately after the Spinoff, continued as employees of Kontoor and its subsidiaries. However, for clarity, Kontoor did not assume rights and obligations relating to equity awards held by persons (i) who immediately after the Spinoff continued as employees of VF and its post-Spinoff subsidiaries, (ii) who had, prior to the Spinoff, ceased to be employees or directors of VF and its then subsidiaries (including Kontoor), and (iii) whose equity awards under the VF Plan resulted from service as non-employee directors of VF, Kontoor or other VF subsidiaries.

- (1) Name of Plan: Kontoor Brands, Inc. 1996 Stock Compensation Plan (a VF Corporation Plan Assumed by Kontoor Brands, Inc. Relating to Kontoor Employee Awards).
- (2) References in Plan: The following specifies the meaning of certain references in Plan provisions. However, in all cases, if the context otherwise requires, the provision will be interpreted so as to preserve the substantive rights of all parties (Kontoor, VF and participants) to the fullest extent possible.
  - (a) References to “VF Corporation,” “VF” or the “Company” refer to Kontoor, except that, in the case of Plan-related events prior to the Spinoff, such references are to VF. Kontoor constituted a subsidiary of VF prior to the Spinoff.
  - (b) Accordingly, definitions of “Directors” in Plan Section 2.10 and “Employees” in Plan Section 2.12 mean Directors of Kontoor and Employees of Kontoor and its subsidiaries, except references to events relating to such a person prior to the Spinoff include events occurring at a time the person was serving as a Director or Employee of VF or its subsidiaries.

- (c) References to the “Committee” are to the Kontoor Talent and Compensation Committee (and any successor committee) at times from and after the Spinoff, and to the VF Talent and Compensation Committee (and any predecessor committee) at times prior to the Spinoff.
- (3) Other Affected Plan Provisions:
- (a) Articles III – IX and related provisions: Kontoor has no authority to make new grants under the Plan, other than the replacement of awards outstanding at the time of the Spinoff through the assumption and conversion of those awards. However, Kontoor retains full authority to modify outstanding awards under the Plan.
  - (b) Section 3.1: A total of 2,514,253 shares of Kontoor Common Stock are reserved under the Plan, representing only the shares subject to equity awards outstanding at the time of the Spinoff that have been assumed by Kontoor and converted into equity awards relating to Kontoor Common Stock, together with such number of additional shares deliverable in connection with dividend equivalent rights under such Plan awards. For clarity, such number of shares represents one share reserved and available for each share subject to an assumed and converted Stock Option or Full-Value Award. (Note: The counting of Full-Value Awards as three shares against the Plan reserve under Plan Section 3.1 is discontinued, because no new equity awards will be granted under the Plan; shares will be recaptured from Plan Awards based on provisions of the 2019 Stock Award and Incentive Plan on a one-share-for-one-share basis).
  - (c) Section 5.3: Annual award limits are adjusted to 4,851,125 shares of Kontoor Common Stock for Stock Options (previously under the VF Plan this limit was 2 million Stock Options) and 1,940,451 shares of Kontoor Common Stock for Full-Value Awards (previously under the VF Plan this limit was 800,000 Restricted Awards).
  - (d) Section 2.4 (Definition of “Change in Control”): The Spinoff and events relating thereto do not constitute a Change in Control for purposes of any award assumed under the Plan. Only events relating to Kontoor from and after the Spinoff potentially will give rise to a Change in Control.
  - (e) Section 2.24 (Definition of “Retirement”): Service with VF and its subsidiaries other than Kontoor prior to the Spinoff will be treated as service with a predecessor company.

Attachment: The VF 1996 Stock Compensation Plan, as amended and restated and in effect at the date of the Spinoff

**KONTOOR BRANDS, INC.**

**AWARD CERTIFICATE**

**Performance-Based Restricted Stock Units (“PRSUs”) for  
Three-Year Performance Cycle Fiscal Years [20\_\_]-[20\_\_] under the  
Mid-Term Incentive Plan  
(Standard Form)**

Target PRSUs Awarded: \_\_\_\_\_

To: \_\_\_\_\_ (“Participant”)

I am pleased to advise you that you have been awarded the opportunity to earn from 0% to [200%] of the number of Performance-Based Restricted Stock Units set forth above under the Mid-Term Incentive Plan of Kontoor Brands, Inc. (the “Company”) for the Performance Cycle commencing at the beginning of fiscal [20\_\_] and ending on the final day of fiscal [20\_\_] under the terms and conditions set forth in the attached Appendix. The actual number of shares of the Company’s Stock, if any, that you may receive at the end of the Performance Cycle will depend, among other things as described in the Appendix, on the level of achievement over the Performance Cycle of specified performance goals set by the Talent and Compensation Committee of the Company’s Board of Directors.

**KONTOOR BRANDS, INC.**

By: \_\_\_\_\_  
[Name]  
[Title]

Dated: \_\_\_\_\_

Standard Form

**KONTOOR BRANDS, INC.**

**APPENDIX TO**

**PRSU<sub>s</sub> AWARD CERTIFICATE**

**Terms and Conditions Relating to  
Performance-Based Restricted Stock Units (“PRSU<sub>s</sub>”)  
(Standard Form)**

1. Opportunity to Earn PRSU<sub>s</sub>.

Participant has been designated as having the opportunity to earn Performance-Based Restricted Stock Units (“PRSU<sub>s</sub>”) under the Kontoor Brands, Inc. (the “Company”) Mid-Term Incentive Plan, as it may be amended (the “Mid-Term Plan”), for the three-fiscal-year Performance Cycle specified in the Award Certificate (the “Performance Cycle”). Subject to the terms and conditions of the Mid-Term Plan and this Agreement, Participant will have the opportunity to earn from 0% to [200%] of the targeted number of PRSU<sub>s</sub> (the “Target PRSU<sub>s</sub>”) for the Performance Cycle. The number of Target PRSU<sub>s</sub> shall be the number set forth on the Award Certificate plus additional cash or PRSU<sub>s</sub> resulting from Dividend Equivalents and adjustments, as specified in Section 3(c).

2. Incorporation of Plans by Reference; Certain Restrictions.

(a) PRSU<sub>s</sub> that may be earned by the Participant represent Stock Units under the Company’s Mid-Term Plan and 2019 Stock Compensation Plan (as it may be amended, the “2019 Plan”), copies of which have been made available to Participant. All of the terms, conditions, and other provisions of the Mid-Term Plan and the 2019 Plan (together, the “Plans”) are hereby incorporated by reference into this document. Capitalized terms used in this document but not defined herein shall have the same meanings as in the Mid-Term Plan. If there is any conflict between the provisions of this document and the provisions of the Plans, the provisions of the 2019 Plan shall govern.

(b) Until PRSU<sub>s</sub> have become earned in accordance with Section 4, PRSU<sub>s</sub> shall be subject to a risk of forfeiture as provided in the Plans and this document. Until such time as the PRSU<sub>s</sub> have become settled by delivery of shares in accordance with Section 6, PRSU<sub>s</sub> will be nontransferable, as provided in the Plans and Section 3(d). Participant is subject to the Company’s Code of Business Conduct and related policies on insider trading restricting Participant’s ability to sell shares of the Company’s Common Stock received in settlement of PRSU<sub>s</sub>, which may include “blackout” periods during which Participant may not engage in such sales.

3. General Terms of PRSU<sub>s</sub>.

(a) Each PRSU represents a conditional right of the Participant to receive, and a conditional obligation of the Company to deliver, one share of the Company’s Common Stock, at the times specified hereunder and subject to the terms and conditions of the Plans and this document.

(b) Not later than the Determination Date specified in Section 6(c) of the Mid-Term Plan following the end of a given Performance Cycle, the Committee will make a final determination of the extent to which the performance goals for that Performance Cycle were achieved and the number of PRSU<sub>s</sub> earned for that Performance Cycle.

(c) An account will be maintained for Participant for purposes of the Mid-Term Plan, to which the initial number of Target PRSUs for each Performance Cycle initially shall be credited. Dividend Equivalents will be credited on the PRSUs in accordance with Section 7(b) of the Mid-Term Plan. The Committee may vary the manner and terms of crediting Dividend Equivalents during or following the end of the Performance Cycle, for administrative convenience or any other reason, provided that the Committee determines that any alternative manner and terms result in equitable treatment of Participant and subject to the provisions of Section 7(b) of the Mid-Term Plan. The number of Target PRSUs and the terms of PRSUs will be subject to adjustment upon the occurrence of certain extraordinary corporate events specified in Section 7(b) of the Mid-Term Plan and otherwise in accordance with Section 6(b) of the Mid-Term Plan, such adjustments to be made by the Committee in order to prevent dilution or enlargement of Participant's opportunity to earn incentive compensation under this Agreement. Thus, the percentage of Target PRSUs earned under Section 4 will include the additional cash or PRSUs resulting from the crediting of Dividend Equivalents.

(d) PRSUs are non-transferable to the extent specified in Section 9(h) of the Mid-Term Plan.

#### 4. Earning of PRSUs.

(a) PRSUs for the Performance Cycle will be earned in accordance with Sections 6(a) and 6(c) of the Mid-Term Plan as follows:

The Performance Goal set forth herein must be achieved at the levels specified by the Committee in order for PRSUs to be earned for the Performance Cycle. Performance shall be based on the Company's ability to achieve the [annual] growth targets for [Insert performance goals], as defined and interpreted by the Committee, by the end of the Performance Cycle (and subject to the Committee's discretion to impose a modifier such as total shareholder return or other performance condition). To determine the number of PRSUs earned, the growth targets achieved will be averaged together. For this purpose, the designation of target performance, the achievement of which is required for the earning of the Target PRSUs, and threshold and maximum performance and the corresponding number of PRSUs deemed earned (with the maximum level of performance corresponding to the earning of [200%] of the target number of PRSUs), have been (or will be) specified by the Committee for the fiscal years in the Performance Cycle.

Performance and the percentage of Target PRSUs earned will be interpolated, if the performance achieved is between threshold and target or between target and maximum. The Committee retains complete discretion in setting the financial goals and related terms that are incorporated into this Performance Goal.

(b) At the Determination Date, at which time the Committee will have determined whether and the extent to which the Performance Goals designated by the Committee in accordance with this Section 4 have been achieved and made other determinations authorized hereunder, any PRSUs that are determined to have not been earned shall cease to be earnable and shall be cancelled.

#### 5. Effect of Termination of Employment.

Upon Participant's Termination of Employment prior to the end of a given Performance Cycle, the Participant's unearned PRSUs relating to that Performance Cycle shall cease to be earnable and shall be cancelled, except to the extent provided in Section 8 of the Mid-Term Plan (which provides for settlement of a specified portion of the PRSUs in certain cases of death, disability, Retirement, termination by the Company not for Cause, and certain other circumstances, including certain terminations following a Change in Control).

6. Settlement of PRSUs.

(a) PRSUs that are earned will be settled by delivery of one share of Common Stock for each PRSU. Such settlement will occur in accordance with Section 9 of the Mid-Term Plan. Participant may not elect to defer receipt of Common Stock issuable in settlement of PRSUs.

(b) Whenever Common Stock is to be delivered hereunder, the Company shall deliver to the Participant or the Participant's Beneficiary one or more certificates representing the shares of Common Stock, registered in the name of the Participant, the Beneficiary, or in such other form of registration as instructed by the Participant, except that the Committee may provide for alternative methods of delivery for administrative convenience. The obligation of the Company to deliver Common Stock hereunder is conditioned upon compliance by the Participant and by the Company with all applicable Federal and state securities and other laws and regulations.

7. Tax Withholding.

Participant shall be responsible for payment of any federal, state, foreign or local taxes of any amount required to be paid with respect to the grant or settlement of the PRSUs and any Dividend Equivalents or otherwise in connection with the PRSUs. In furtherance of the tax withholding obligations imposed under Section 9(g) of the Mid-Term Plan, the Company will withhold from cash payable as Dividend Equivalents and from the shares deliverable in settlement of PRSUs cash plus the number of shares having an aggregate Fair Market Value the sum of which shall equal applicable governmental tax withholding requirements, but with share withholding rounded to the nearest whole share.

8. Binding Effect; Integration; Amendment.

The terms and conditions set forth in this document shall be binding upon the heirs, executors, administrators and successors of the parties. The Award Certificate, this document, and the Plans constitute the entire agreement between the parties with respect to the PRSUs and supersede any prior agreements or documents with respect thereto. No amendment, alteration, suspension, discontinuation or termination of this document that may impose any additional obligation upon the Company or materially adversely affect the rights of the Participant with respect to the PRSUs shall be valid unless in each instance such amendment, alteration, suspension, discontinuation or termination is expressed in a written instrument duly executed in the name and on behalf of the Company and, if Participant's rights are materially adversely affected thereby, by Participant.

9. PRSUs subject to Forfeiture Policy for Equity and Incentive Awards.

The PRSUs subject to this Award Certificate are subject to the Company's Forfeiture Policy for Equity and Incentive Awards or other forfeiture or recoupment policies or arrangements, each as in effect from time to time and as applicable to Participant. Such policies or arrangements impose conditions that may result in forfeiture of such PRSUs or the proceeds to Participant resulting from such PRSUs (a so-called "clawback") in certain circumstances if the Company's financial statements are required to be restated as a result of misconduct or upon the occurrence of other events as described in such policies or arrangements.

10. Miscellaneous.

(a) No Promise of Continued Employment. The PRSUs and the granting thereof shall not constitute or be evidence of any agreement or understanding, express or implied, that Participant has a right to continue as an employee or service provider of the Company for any period of time, or at any particular rate of compensation.

(b) Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws (but not the law of conflicts of laws) of the State of North Carolina and applicable federal law.

(c) Unfunded Obligations. The grant of the PRSUs and any provision for distribution in settlement of Participant's Account hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in Participant any right to, or claim against any, specific assets of the Company, nor result in the creation of any trust or escrow account for Participant. With respect to Participant's entitlement to any distribution hereunder, Participant shall be a general creditor of the Company.

(d) Notices. Any notice to be given the Company under this Agreement shall be addressed to the Company at its principal executive offices, in care of the Vice President–Human Resources, and any notice to Participant shall be addressed to Participant at Participant's address as then appearing in the records of the Company.

(e) Shareholder Rights. Participant and any beneficiary shall not have any rights with respect to shares (including voting rights) covered by this Agreement prior to the settlement and distribution of the shares as specified herein.

**KONTOOR BRANDS, INC.**  
**DIRECTOR AWARD CERTIFICATE**  
**Restricted Stock Units**  
**Number of RSUs Awarded: \_\_\_\_\_**

To: \_\_\_\_\_ (“Participant”)

I am pleased to advise you that you have been awarded the number of Restricted Stock Units (“RSUs”) set forth above under Kontoor Brands, Inc.’s 2019 Stock Compensation Plan (as it may be amended, the “2019 Plan”), subject to the terms and conditions set forth in the 2019 Plan and the attached Appendix.

**KONTOOR BRANDS, INC.**

By: \_\_\_\_\_  
[Name]  
[Title]

Dated: \_\_\_\_\_ (“Grant Date”)

KONTOOR BRANDS, INC.

APPENDIX TO

DIRECTOR AWARD CERTIFICATE

Terms and Conditions Relating to  
Restricted Stock Units

1. Grant of RSUs.

(a) **Grant of RSUs Under 2019 Plan.** Participant has been granted the Restricted Stock Units (“RSUs”) specified in the Award Certificate under the Kontoor Brands, Inc. (the “Company”) 2019 Plan, copies of which have been provided to Participant. All of the terms, conditions, and other provisions of the 2019 Plan are hereby incorporated by reference into this document. Capitalized terms used in this document but not defined herein shall have the same meanings as in the 2019 Plan. If there is any conflict between the provisions of this document and the mandatory provisions of the 2019 Plan, the provisions of the 2019 Plan shall govern. By accepting the grant of the RSUs, Participant agrees to be bound by all of the terms and provisions of the 2019 Plan (as presently in effect or later amended), the rules and regulations under the 2019 Plan adopted from time to time, and the decisions and determinations of the Committee made from time to time.

(b) **Certain Restrictions.** RSU granted to Participant hereunder are fully vested on the Grant Date. Until such time as each RSU has become settled by delivery of a share in accordance with Section 3, such RSU will be nontransferable, as provided in the 2019 Plan and Section 2(d). Participant is subject to the Company’s Code of Business Conduct and related policies on insider trading restricting Participant’s ability to sell shares of the Company’s Common Stock received in settlement of RSUs, which may include “blackout” periods during which Participant may not engage in such sales.

2. General Terms of RSUs.

(a) **Nature of RSUs.** Each RSU represents a conditional right of Participant to receive, and a conditional obligation of the Company to deliver, one share of the Company’s Common Stock at the times specified hereunder and subject to the terms and conditions of the 2019 Plan and this document. Each RSU constitutes an award under Article VIII of the 2019 Plan (including Section 8.6 thereof), representing a bookkeeping unit that is an arbitrary accounting measure created and used solely for purposes of the 2019 Plan and this Agreement. RSUs do not represent ownership rights in the Company, shares of Common Stock, or any asset of the Company.

(b) **Account.** An account will be maintained for Participant for purposes of this Award, to which the total number of RSUs granted and any RSUs resulting under Section 2(c) shall be credited.

(c) **Dividend Equivalents and Adjustments.** Dividend equivalents (as defined below) shall be paid or credited on RSUs as follows; provided, however, that (x) such dividend equivalents shall be subject to the same risk of forfeiture, other restrictions and deferral of settlement, if applicable, as apply to the RSUs and (y) the Committee may vary the manner and terms of crediting dividend equivalents, for administrative convenience or any other reason, provided that the Committee determines that any alternative manner and terms result in equitable treatment of Participant:

(i) **Regular Cash Dividends.** Each Stock Unit will carry with it the right to crediting of an amount equal to dividends and distributions paid on a share of Common Stock (“dividend equivalents”), which amounts will be deemed reinvested in additional Stock Units, at the Fair Market Value of Common Stock at the dividend payment date.

(ii) **Common Stock Dividends and Splits.** If the Company declares and pays a dividend or distribution on Common Stock in the form of additional shares of Common Stock, or there occurs a forward split of Common Stock, then the number of RSUs credited to Participant’s Account as of the payment date for such dividend or distribution or forward split shall be automatically adjusted by multiplying the number of RSUs credited to the Account as of

the record date for such dividend or distribution or split by the number of additional shares of Common Stock actually paid as a dividend or distribution or issued in such split in respect of each outstanding share of Common Stock.

(iii) *Adjustments*. If the Company declares and pays a dividend or distribution on Common Stock that is not a regular cash dividend and not in the form of additional shares of Common Stock, or if there occurs any other event referred to in Article XI of the 2019 Plan, the Committee shall adjust the number of RSUs credited to Participant's Account in a manner that will prevent dilution or enlargement of Participant's rights with respect to RSUs, in an equitable manner determined by the Committee.

(iv) *Settlement of RSUs Resulting from Dividend Equivalents and Adjustments*. RSUs that directly or indirectly result from dividend equivalents on or adjustments to an RSU will be settled at the same time as the granted RSU.

(d) *Non-Transferability*. Unless otherwise determined by the Committee and subject to Section 12.5 of the 2019 Plan, neither Participant nor any beneficiary shall have the right to, directly or indirectly, alienate, assign, transfer, pledge, anticipate, or encumber (except by reason of death) any RSU, Account or Account balance, or other right hereunder, nor shall any such RSU, Account or Account balance, or other right be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of Participant or any beneficiary, or to the debts, contracts, liabilities, engagements, or torts of Participant or any beneficiary or transfer by operation of law in the event of bankruptcy or insolvency of Participant or any beneficiary, or any legal process.

### 3. Settlement of RSUs.

(a) *Settlement Date*. RSUs, to the extent vested and non-forfeitable, will be settled by delivery of one share of Common Stock for each RSU, including RSUs resulting from dividend equivalents under Section 2(c). Such settlement will occur as of the one-year anniversary of the Grant Date (the "Stated Settlement Date"). Delivery of shares in settlement of RSUs will take place within 15 days after the Stated Settlement Date.

(b) *Certain Limitations to Ensure Compliance with Code Section 409A* For purposes of this Agreement, references to a term or event (including any authority or right of the Company or Participant) being "permitted" under Code Section 409A mean that the term or event will not cause Participant to be liable for payment of interest or a tax penalty under Section 409A. The provisions of the 2019 Plan and other provisions of this Agreement notwithstanding, the terms of the RSUs, including any authority of the Company and rights of Participant, shall be limited to those terms permitted under Section 409A, and any terms not permitted under Section 409A shall be automatically modified and limited to the extent necessary to conform with Section 409A. For this purpose, the Company shall have no authority to accelerate distributions relating to RSUs in excess of the authority permitted under Section 409A, and, if the timing of any distribution in settlement of RSUs would result in Participant's constructive receipt of income relating to the RSUs prior to such distribution, the date of distribution will be the earliest date after the specified date of distribution that distribution can be effected without resulting in such constructive receipt (thus, for example, any distribution in settlement of RSUs subject to Section 409A(a)(2)(A)(i) (separation from service) shall not occur earlier than the earliest time permitted under Section 409A(a)(2)(B)(i) and other applicable provisions of Section 409A).

(c) *Delivery of Common Stock*. Whenever Common Stock is to be delivered hereunder, the Company shall deliver to Participant or Participant's Beneficiary one or more certificates representing the shares of Common Stock, registered in the name of Participant, the Beneficiary or in such other form of registration as instructed by Participant, except that the Company may provide for alternative methods of delivery for administrative convenience. The obligation of the Company to deliver Common Stock hereunder is conditioned upon compliance by Participant and by the Company with all applicable federal, state and foreign securities and other laws and regulations. The Company may determine the manner in which fractional shares of Common Stock shall be dealt with upon settlement of RSUs; provided, however, that no certificate s

hall be issued representing a fractional share. If there occurs any delay between the Stated Settlement Date and the date shares are issued or delivered to Participant, a cash amount equal to any dividends or distributions the record date for which fell between the Stated Settlement Date and the date of issuance or delivery of the shares shall be paid to Participant together with the delivery of the shares.

4. **Miscellaneous.**

( a ) **Binding Effect; Written Amendments.** The terms and conditions set forth in this document shall be binding upon the heirs, executors, administrators and successors of the parties. The Award Certificate and this document constitute the entire agreement between the parties with respect to the RSUs and supersedes any prior agreements or documents with respect thereto. No amendment, alteration, suspension, discontinuation or termination of this document which may impose any additional obligation upon the Company or materially adversely affect the rights of Participant with respect to the RSUs shall be valid unless in each instance such amendment, alteration, suspension, discontinuation or termination is expressed in a written instrument duly executed in the name and on behalf of the Company and, if Participant's rights are materially adversely affected thereby, by Participant.

( b ) **No Promise of Continuation of Service.** The RSUs and the granting thereof shall not constitute or be evidence of any agreement or understanding, express or implied, that Participant has a right to continue as a director of the Company for any period of time, or at any particular rate of compensation.

( c ) **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws (but not the law of conflicts of laws) of the State of North Carolina and applicable federal law.

( d ) **Unfunded Obligations.** The grant of the RSUs and any provision for distribution in settlement of Participant's Account hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in Participant any right to, or claim against any, specific assets of the Company, nor result in the creation of any trust or escrow account for Participant. With respect to Participant's entitlement to any distribution hereunder, Participant shall be a general creditor of the Company.

( e ) **Notices.** Any notice to be given the Company under this Agreement shall be addressed to the Company at its principal executive offices, in care of the Vice President-Human Resources, and any notice to Participant shall be addressed to Participant at Participant's address as then appearing in the records of the Company.

( f ) **Shareholder Rights.** Participant and any beneficiary shall not have any rights with respect to shares (including voting rights) covered by this Agreement prior to the settlement and distribution of the shares as specified herein.

( g ) **Taxes.** Participant shall be responsible for payment of any federal, state or local taxes of any kind required to be paid with respect to the grant or settlement of the RSUs or otherwise in connection with the RSUs. Unless otherwise prohibited by the Committee (and subject to any additional conditions that may be imposed by the Committee), the Participant may elect to satisfy such tax withholding obligations, if any, by means of delivering or withholding shares of Common Stock in accordance with Section 12.4 of the Plan.

( h ) **Clawback.** The RSUs may be subject to the Corporation's Forfeiture Policy for Equity and Incentive Awards, or other forfeiture or recoupment policies or arrangements, each as in effect from time to time and as applicable to the Participant. Such policies or arrangements impose conditions that may result in forfeiture of the RSUs or the proceeds to Participant resulting from such RSUs (a so-called "clawback") in certain circumstances if the Corporation's financial statements are required to be restated as a result of misconduct or upon the occurrence of other events as described in such policies or arrangements.

**KONTOOR BRANDS, INC.**

**AWARD CERTIFICATE**

**Restricted Stock Units  
(Standard Form)**

**Number of RSUs Awarded:** \_\_\_\_\_

To: \_\_\_\_\_ (“Participant”)

I am pleased to advise you that you have been awarded the number of Restricted Stock Units (“RSUs”) set forth above under Kontoor Brands, Inc.’s 2019 Stock Compensation Plan (as it may be amended, the “2019 Plan”), subject to the terms and conditions set forth in the 2019 Plan and the attached Appendix.

**KONTOOR BRANDS, INC.**

By: \_\_\_\_\_  
[Name]  
[Title]

Dated: \_\_\_\_\_ (“Grant Date”)

Standard Form

KONTOOR BRANDS, INC.

APPENDIX TO

AWARD CERTIFICATE

**Terms and Conditions Relating to  
Restricted Stock Units  
(Standard Form)**

1. **Grant of RSUs.**

(a) ***Grant of RSUs Under 2019 Plan.*** Participant has been granted the Restricted Stock Units (“RSUs”) specified in the Award Certificate under the Kontoor Brands, Inc. (the “Company”) 2019 Plan, copies of which have been provided to Participant. All of the terms, conditions, and other provisions of the 2019 Plan are hereby incorporated by reference into this document. Capitalized terms used in this document but not defined herein shall have the same meanings as in the 2019 Plan. If there is any conflict between the provisions of this document and the mandatory provisions of the 2019 Plan, the provisions of the 2019 Plan shall govern. By accepting the grant of the RSUs, Participant agrees to be bound by all of the terms and provisions of the 2019 Plan (as presently in effect or later amended), the rules and regulations under the 2019 Plan adopted from time to time, and the decisions and determinations of the Committee made from time to time.

(b) ***Certain Restrictions.*** Until RSUs have become vested in accordance with Section 2(e), RSUs shall be subject to a risk of forfeiture as provided in the 2019 Plan and this document. Until such time as each RSU has become settled by delivery of a share in accordance with Section 3, such RSU will be nontransferable, as provided in the 2019 Plan and Section 2(d). Participant is subject to the Company’s Code of Business Conduct and related policies on insider trading restricting Participant’s ability to sell shares of the Company’s Common Stock received in settlement of RSUs, which may include “blackout” periods during which Participant may not engage in such sales.

2. **General Terms of RSUs.**

(a) ***Nature of RSUs.*** Each RSU represents a conditional right of Participant to receive, and a conditional obligation of the Company to deliver, one share of the Company’s Common Stock at the times specified hereunder and subject to the terms and conditions of the 2019 Plan and this document. Each RSU constitutes an award under Article VIII of the 2019 Plan (including Section 8.6 thereof), representing a bookkeeping unit which is an arbitrary accounting measure created and used solely for purposes of the 2019 Plan and this Agreement. RSUs do not represent ownership rights in the Company, shares of Common Stock, or any asset of the Company.

(b) ***Account.*** An account will be maintained for Participant for purposes of this Award, to which the total number of RSUs granted and any RSUs resulting under Section 2(c) shall be credited.

(c) ***Dividend Equivalents and Adjustments.*** Dividend equivalents (as defined below) shall be paid or credited on RSUs as follows; provided, however, that (x) such dividend equivalents shall be subject to the same risk of forfeiture, other restrictions and deferral of settlement, if applicable, as apply to the RSUs and (y) the Committee may vary the manner and terms of crediting dividend equivalents, for administrative convenience or any other reason, provided that the Committee determines that any alternative manner and terms result in equitable treatment of Participant:

- (i) ***Regular Cash Dividends.*** Each Stock Unit will carry with it the right to crediting of an amount equal to dividends and distributions paid on a share of Common Stock (“dividend equivalents”), which amounts will be deemed reinvested in additional Stock Units, at the Fair Market Value of Common Stock at the dividend payment date.
- (ii) ***Common Stock Dividends and Splits.*** If the Company declares and pays a dividend or distribution on Common Stock in the form of additional shares of Common Stock, or

there occurs a forward split of Common Stock, then the number of RSUs credited to Participant's Account as of the payment date for such dividend or distribution or forward split shall be automatically adjusted by multiplying the number of RSUs credited to the Account as of the record date for such dividend or distribution or split by the number of additional shares of Common Stock actually paid as a dividend or distribution or issued in such split in respect of each outstanding share of Common Stock.

- (iii) *Adjustments.* If the Company declares and pays a dividend or distribution on Common Stock that is not a regular cash dividend and not in the form of additional shares of Common Stock, or if there occurs any other event referred to in Article XI of the 2019 Plan, the Committee shall adjust the number of RSUs credited to Participant's Account in a manner that will prevent dilution or enlargement of Participant's rights with respect to RSUs, in an equitable manner determined by the Committee. In addition, the Committee may vary the manner and terms of crediting dividend equivalents during or following the end of the vesting period(s), for administrative convenience or any other reason, provided that the Committee determines that any alternative manner and terms result in equitable treatment of Participant.
- (iv) *Risk of Forfeiture and Settlement of Dividend Equivalents and RSUs Resulting from Dividend Equivalents and Adjustments.* Rights to dividend equivalents and RSUs which directly or indirectly result from dividend equivalents on or adjustments to an RSU shall be subject to the same risk of forfeiture as applies to the granted RSU and will be settled at the same time as the granted RSU.

(d) *Non-Transferability.* Unless otherwise determined by the Committee, neither Participant nor any beneficiary shall have the right to, directly or indirectly, alienate, assign, transfer, pledge, anticipate, or encumber (except by reason of death) any RSU, Account or Account balance, or other right hereunder, nor shall any such RSU, Account or Account balance, or other right be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of Participant or any beneficiary, or to the debts, contracts, liabilities, engagements, or torts of Participant or any beneficiary or transfer by operation of law in the event of bankruptcy or insolvency of Participant or any beneficiary, or any legal process.

(e) *Vesting and Forfeiture.* The "Stated Vesting Date" of the RSUs will be as follows: [ ] of the RSUs will have a Stated Vesting Date of \_\_\_\_, 20\_\_, [ ] of the RSUs will have a Stated Vesting Date of \_\_\_\_, 20\_\_ and [ ] of the RSUs will have a Stated Vesting Date of \_\_\_\_, 20\_\_, except as otherwise provided herein, if the Participant continues to be an employee of the Company or any of its subsidiaries or affiliates through the applicable Stated Vesting Date. [Modify vesting as appropriate.]

Except to the extent set forth herein, upon a Participant's Termination of Employment prior to the vesting of RSUs at an applicable Stated Vesting Date, all unvested RSUs shall be canceled and forfeited and Participant shall have no further rights hereunder.

- (i) If Termination of Employment is an involuntary separation by the Company not for Cause, a Pro Rata Portion (as defined below) of the RSUs shall vest at the next Stated Vesting Date, with any unvested RSUs in excess of such Pro Rata Portion canceled and forfeited.
- (ii) If Termination of Employment is due to Participant's Retirement, the RSUs shall vest at the Stated Vesting Date(s) in full, without proration.
- (iii) If Termination of Employment is due to Participant's death or Disability (as defined below), the RSUs shall immediately vest in full, without proration.

In addition, and notwithstanding anything in this Certificate to the contrary, the RSUs shall be forfeited and shall terminate immediately on the Participant's date of Termination of Employment for any reason (the

date of Termination of Employment will be determined without giving effect to any period during which severance payments may be made to a Participant) prior to the first anniversary of the Grant Date.

(f) **Clawback.** The RSUs are subject to the Company's Forfeiture Policy for Equity and Incentive Awards or other forfeiture or recoupment policies or arrangements, each as in effect from time to time and as applicable to Participant. Such policies or arrangements impose conditions that may result in forfeiture of the RSUs or the proceeds to Participant resulting from the RSUs (a so-called "clawback") in certain circumstances if the Company's financial statements are required to be restated as a result of misconduct or upon the occurrence of other events as described in such policies or arrangements.

(g) **Certain Definitions.** The following definitions apply for purposes of this Agreement (as such terms may be interpreted by the Committee):

- (i) "Cause" means (i), if the Participant has an Employment Agreement defining "Cause," the definition under such Employment Agreement, or (ii), if the Participant has no Employment Agreement defining "Cause," the Participant's gross misconduct, meaning (A) the Participant's willful and continued refusal substantially to perform his or her duties with the Company (other than any such refusal resulting from his or her incapacity due to physical or mental illness), or (B) the willful engaging by the Participant in gross misconduct materially and demonstrably injurious to the Company. For purposes of this definition, no act or failure to act on the Participant's part shall be considered "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company.
- (ii) "Disability" means (A), if Participant has an Employment Agreement defining "Disability," the definition under such Employment Agreement, or (B), if Participant has no Employment Agreement defining "Disability," Participant's incapacity due to physical or mental illness resulting in Participant's absence from his or her duties with the Company or any of its subsidiaries or affiliates on a full-time basis for 26 consecutive weeks, and, within 30 days after written notice of termination has been given by the Company, Participant has not returned to the full-time performance of his or her duties.
- (iii) "Pro Rata Portion" means a fraction the numerator of which is the number of days that have elapsed from the Grant Date to the date of Participant's Termination of Employment (or in the case of an involuntary separation by the Company not for Cause, the payment of the final installment of severance pay, if any) and the denominator of which is the number of days from the Grant Date to the applicable Stated Vesting Date; provided, however, that the Pro Rata Portion may not exceed 100%.
- (iv) "Termination of Employment" means Participant's termination of employment with the Company or any of its subsidiaries or affiliates in circumstances in which, immediately thereafter, Participant is not employed by the Company or any of its subsidiaries or affiliates. Service as a non-employee director shall not be treated as employment for purposes of this Agreement

### 3. **Settlement of RSUs.**

(a) **Settlement Date.** Vested RSUs will be settled by delivery of one share of Common Stock for each RSU, together with dividend equivalent amounts payable under Section 2(c). Such settlement will occur within 15 business days after the date on which the RSUs become vested (including vesting at a Stated Vesting Date following termination, as provided in Section 2(e)). Delivery of shares in settlement of RSUs will take place as promptly as practicable after the settlement date (but not later than 15 business days after the designated settlement date). In the event of Participant's termination due to death or Disability, the certificates representing shares of vested RSUs shall be delivered on or before the 60<sup>th</sup> day

following the Termination of Employment due to death or Disability (subject to Section 3(b), which may require a six-month delay in the event of Termination of Employment due to Disability).

(b) **Certain Limitations to Ensure Compliance with Code Section 409A** For purposes of this Agreement, references to a term or event (including any authority or right of the Company or Participant) being “permitted” under Section 409A of the Internal Revenue Code (the “Code”) mean that the term or event will not cause Participant to be liable for payment of interest or a tax penalty under Section 409A. The provisions of the 2019 Plan and other provisions of this Agreement notwithstanding, the terms of the RSUs, including any authority of the Company and rights of Participant, shall be limited to those terms permitted under Section 409A, and any terms not permitted under Section 409A shall be automatically modified and limited to the extent necessary to conform with Section 409A. For this purpose, the Company shall have no authority to accelerate distributions relating to RSUs in excess of the authority permitted under Section 409A, and, if the timing of any distribution in settlement of RSUs would result in Participant’s constructive receipt of income relating to the RSUs prior to such distribution, the date of distribution will be the earliest date after the specified date of distribution that distribution can be effected without resulting in such constructive receipt (thus, for example, if RSUs were deemed to be a deferral of compensation under Code Section 409A, any distribution in settlement of RSUs subject to Section 409A(a)(2)(A)(i) (separation from service) would be triggered only by a “separation from service” under Treasury Regulation Section 1.409A-1(h) and, if the Participant were a “specified employee” under Treasury Regulation Section 1.409A-1(i), such distribution would be delayed until six months after such separation from service other than due to death).

(c) **Delivery of Common Stock.** Whenever Common Stock is to be delivered hereunder, the Company shall deliver to Participant or Participant’s Beneficiary one or more certificates representing the shares of Common Stock, registered in the name of Participant, the Beneficiary, or in such other form of registration as instructed by Participant, except that the Company may provide for alternative methods of delivery for administrative convenience. The obligation of the Company to deliver Common Stock hereunder is conditioned upon compliance by Participant and by the Company with all applicable federal and state securities and other laws and regulations. The Company may determine the manner in which fractional shares of Common Stock shall be dealt with upon settlement of RSUs; provided, however, that no certificate shall be issued representing a fractional share. If there occurs any delay between the settlement date and the date shares are issued or delivered to Participant, a cash amount equal to any dividends or distributions the record date for which fell between the settlement date and the date of issuance or delivery of the shares shall be paid to Participant together with the delivery of the shares.

#### 4. **Tax Withholding.**

If withholding is required by applicable law, the Company shall withhold from the cash and shares deliverable in settlement of RSUs (including a deferred settlement) such cash amount together with the number of shares having an aggregate Fair Market Value equal to the mandatory withholding requirements (but rounded to the nearest whole share). Unless otherwise prohibited by the Committee (and subject to any additional conditions that may be imposed by the Committee), the Participant may elect to satisfy such tax withholding obligations, if any, by means of delivering or withholding shares of Common Stock in accordance with Section 12.4 of the Plan.

#### 5. **Miscellaneous.**

(a) **Binding Effect; Written Amendments.** The terms and conditions set forth in this document shall be binding upon the heirs, executors, administrators and successors of the parties. The Award Certificate and this document constitute the entire agreement between the parties with respect to the RSUs and supersede any prior agreements or documents with respect thereto. No amendment, alteration, suspension, discontinuation or termination of this document which may impose any additional obligation upon the Company or materially adversely affect the rights of Participant with respect to the RSUs shall be valid unless in each instance such amendment, alteration, suspension, discontinuation or termination is expressed in a written instrument duly executed in the name and on behalf of the Company and, if Participant’s rights are materially adversely affected thereby, by Participant.

(b) **No Promise of Employment.** The RSUs and the granting thereof shall not constitute or be evidence of any agreement or understanding, express or implied, that Participant has a right to continue as an officer, employee, director or other service provider of the Company or its subsidiaries for any period of time, or at any particular rate of compensation.

(c) **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws (but not the law of conflicts of laws) of the State of North Carolina and applicable federal law.

(d) **Unfunded Obligations.** The grant of the RSUs and any provision for distribution in settlement of Participant's Account hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in Participant any right to, or claim against any, specific assets of the Company, nor result in the creation of any trust or escrow account for Participant. With respect to Participant's entitlement to any distribution hereunder, Participant shall be a general creditor of the Company.

(e) **Notices.** Any notice to be given the Company under this Agreement shall be addressed to the Company at its principal executive offices, in care of the Vice President–Human Resources, and any notice to Participant shall be addressed to Participant at Participant's address as then appearing in the records of the Company.

(f) **Shareholder Rights.** Participant and any beneficiary shall not have any rights with respect to shares (including voting rights) covered by this Agreement prior to the settlement and distribution of the shares as specified herein.

(g) **Voluntary Participation.** Participant's participation in the Plan is voluntary. The value of the RSUs is an extraordinary item of compensation. As such, the RSUs are not part of normal or expected compensation for purposes of calculating any severance, change in control payments, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

**KONTOOR BRANDS, INC. MANAGEMENT INCENTIVE COMPENSATION PLAN****May 22, 2019****I. INTRODUCTION**

The objective of the Management Incentive Compensation Plan (as amended from time to time, the “Plan”) is to provide incentive bonus compensation to selected members of the management team of Kontoor Brands, Inc. (the “Company”) upon the achievement of performance goals established for the Company or respective business unit for each fiscal year. The Plan is intended to provide an additional means to attract and retain talented executives, and to link a significant element of each participant’s compensation opportunity to measures of the Company’s or respective business unit’s performance, in order to motivate the Company’s management team toward an even greater contribution to the results of the Company.

**II. DEFINITIONS**

A. **COMPENSATION COMMITTEE** — The Talent and Compensation Committee of the Board of Directors of the Company, the composition and processes of which are governed by the Compensation Committee’s Charter.

B. **PARTICIPANT** — An employee of the Company or a business unit who has been designated as a member of the management team of the Company and selected for participation in a given Plan Period by the Company.

C. **PERFORMANCE OBJECTIVE** — The performance objective or objectives established by the Compensation Committee for each Plan Period, which must be reached as a condition to the earning and payment of an Incentive Award for that Plan Period. The Performance Objective shall be comprised of specified corporate, business group or divisional levels of performance relating to one or more of the following performance criteria: earnings per share; net earnings or net income; pretax earnings; profit before taxes; operating income; net sales or net revenues; net sales or net revenues from existing businesses; net sales or net revenues from acquired businesses, market share; balance sheet measurements; cash flow; cash return on assets; return on capital; book value; shareholder return, or return on average common equity; or such other measurements as the Compensation Committee may establish, including individual performance goals.

D. **PLAN PERIOD** — The Company’s fiscal year, provided, however, that the Compensation Committee may specify a different Plan Period to meet unusual circumstances.

E. **RETIREMENT** — Employment separation from the Company or any of its business units after attaining age 55 and at least 10 years of service with the Company and/or any of its business units.

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F. **BUSINESS UNIT** — Any majority-owned business organization of the Company or its direct or indirect subsidiaries, including but not limited to corporations, limited liability companies, partnerships, and any “subsidiary corporation” as defined in Section 424(f) of the Internal Revenue Code (the “Code”) that is a subsidiary of the Company.

G. **TARGET INCENTIVE AWARD** — The target incentive bonus established by the Company for a Participant for a Plan Period.

### III. OPERATION OF THE PLAN

A. **ESTABLISHMENT OF TARGET INCENTIVE AWARDS AND PERFORMANCE OBJECTIVES** — The Company will establish in writing a Target Incentive Award for each Participant for the Plan Period. The Compensation Committee will establish the Performance Objectives and a range of values for the Performance Objectives for the Plan Period, with each such value corresponding to a percentage of the Target Incentive Award that may be earned for achievement of the Performance Objectives (the “Incentive Awards”). For example, the Compensation Committee may establish a threshold level of achievement of each Performance Objective which, if not attained, will result in no Incentive Award, and the Committee may likewise establish a “stretch” level of achievement of each Performance Objective which, if attained, will result in an Incentive Award greater than 100% of the Target Incentive Award. In establishing the level of Performance Objectives to be attained and in determining the actual level of achievement of each Performance Objective, the Compensation Committee may disregard or offset the effect of such factors as extraordinary and/or nonrecurring items, changes in accounting standards or tax laws, differences between actual foreign currency exchange rates during a Plan Period and the foreign currency exchange rates assumed in the Company’s financial plan for the Plan Period as presented to the Board of Directors and the Compensation Committee, the Company’s consolidation entries directly impacting the business units and other unusual items or circumstances approved by the Compensation Committee and/or Board.

B. **CALCULATION OF INCENTIVE AWARDS** — Incentive Awards will be paid to each Participant by reference to the actual attainment of the Performance Objectives, as determined in accordance with Section III.A above, relative to the Performance Objective levels established by the Compensation Committee for the Plan Period. The Company may exercise discretion to increase or decrease, the amount of the Incentive Award paid to any Participant based on the Company’s assessment of the individual’s performance or other considerations deemed relevant by the Company, provided that, in the case of Participant who is an executive officer, any such discretion must be exercised by the Compensation Committee.

C. **APPROVAL OF AGGREGATE INCENTIVE AWARDS** — The aggregate amount of all Incentive Awards paid for any Plan Period shall be subject to approval of the Compensation Committee and the Board of Directors.

D. **PAYMENT OF INCENTIVE AWARDS** — Payment of Incentive Awards for a Plan Period will be made within thirty days following the Compensation Committee’s certification in writing as to the level of Performance Objective attained for the Plan Period (but not later than seventy-five days following the end of the Plan Period), except to the extent (i) the Committee has

specified that Incentive Awards will be paid on a deferred basis or subject to additional conditions to payment, or (ii) payment has been deferred by the Participant pursuant to any Company deferred compensation plan then in effect. Deferrals under such plans shall be mandated or permitted at the election of the Participant only in compliance with Code Section 409A. The specific rules applicable to the timing of deferral elections and the permitted distribution dates for deferrals are incorporated by reference in this Plan from the 2019 Stock Compensation Plan, as amended from time to time.

#### IV. CONTINGENCIES

A. **EMPLOYMENT TERMINATION** — Except as provided in Sections IV.B, IV.C and IV.E regarding permanent disability, death and Retirement, or unless the Company exercises its discretion under Section IV.D, a Participant who terminates employment voluntarily or who is terminated involuntarily prior to his or her receipt of an Incentive Award payment under this Plan forfeits all such payments, except as provided under the terms of any required or permitted deferral of such payments. A Participant who is employed by the Company at the end of a Plan Period shall not be deemed or considered, solely for that reason, to have accrued any right to or vested in an Incentive Award for the Plan Period.

B. **PERMANENT DISABILITY** — A Participant whose employment with the Company is terminated by reason of permanent disability is eligible to earn an Incentive Award for the Plan Period in which he or she becomes permanently disabled. The Incentive Award payment will be calculated as if employment had continued throughout the Plan Period based on actual performance for the Plan Period (and subject to the Company's right under Section III.B to exercise discretion); but, unless otherwise determined by the Company, the amount of the Incentive Award payable will be prorated according to the Participant's actual length of active service during the Plan Period.

C. **DEATH** — The estate of a Participant whose employment with the Company is terminated by reason of death during a Plan Period is eligible to earn an Incentive Award for the Plan Period in which death occurs. The Incentive Award payment will be calculated as if employment had continued throughout the Plan Period based on actual performance for the Plan Period (and subject to the Company's right under Section III.B to exercise discretion), but, unless otherwise determined by the Company, the amount of the Incentive Award payable will be prorated according to the Participant's actual length of active service during the Plan Period.

D. **COMPANY DISCRETION** — The Company may determine that a terminated employee who had been a Plan Participant for part or all of the Plan Period will be eligible to earn an Incentive Award for the Plan Period if, in the Company's judgment, the earning and payment of such Incentive Award would be in the best interest of the Company. Subject to the Company's discretion under Section III.B above, any such Incentive Award payment will be calculated as if employment had continued throughout the Plan Period based on actual performance for the Plan Period, but, unless otherwise determined by the Company, payment of the Incentive Award will be prorated according to the Participant's actual length of active service during the Plan Period. In the case of a Participant who is an executive officer, any determination or discretion under this Section IV (including the other subsections of this Section IV) must be made or exercised by the Compensation Committee.

E. RETIREMENT — A Participant whose Retirement occurs prior to the distribution of an Incentive Award for a Plan Period remains eligible to earn an Incentive Award for the Plan Period. At the Company’s discretion, the Incentive Award payment may be calculated as if Retirement had not occurred based on actual performance for the relevant Plan Period (and subject to the Company’s right under Section III.B to exercise discretion), but, unless otherwise determined by the Company, with payment prorated according to the Participant’s actual length of active service during the Plan Period.

F. TIMING RULE IN CASE OF AWARDS MADE FOLLOWING TERMINATION — Incentive Awards payable to a Participant (or his or her estate) following termination of employment shall be paid at the time other Incentive Awards are payable to continuing employee Participants in respect of the relevant Plan Period, but in any event by March 15 following the end of the Plan Period. If the Participant’s rights relating to an Incentive Award cause it to be a deferral of compensation under Code Section 409A, no acceleration of the time of payment will be permitted to the extent necessary to comply with applicable rules under Code Section 409A.

G. ADDITIONAL FORFEITURE CONDITION — Incentive Awards shall be subject to the Company’s “Forfeiture Policy For Equity and Incentive Awards In the Event of Restatement of Financial Results” or, if later modified or replaced by a similar policy (regardless of the title of such policy), as in effect thereafter at the time the Participant’s Incentive Award was authorized for any such Plan Period. Such Policy imposes conditions on a Participant’s right to receive payments under an Incentive Award and right to retain previous payments in settlement of an Incentive Award (a so-called “clawback”) in certain circumstances if the Company’s financial statements are required to be restated and in other specified circumstances.

## V. ADMINISTRATION

The Compensation Committee shall have the authority and responsibility for all aspects of administration of the Plan, including but not limited to:

A. Interpretation of the Plan.

B. Establishment of the Performance Objectives and related terms under Section III. A. for each Plan Period.

C. Certification in writing as to the level of each Performance Objective attained for each Plan Period, and that other material terms upon which payment of Incentive Awards was conditioned have been satisfied.

D. Final approval of aggregate payments to Participants.

The Compensation Committee may delegate to specified officers or employees of the Company authority to perform ministerial functions under the Plan. In furtherance of this authority, unless otherwise limited by further action of the Compensation Committee, the Committee has delegated to the Chief Executive Officer and the Vice President — Human Resources the authority (unless such authority is specifically reserved to the Committee hereunder) to take actions under

the Plan on behalf of the Company relating to Participants who are not executive officers, including the selection of Participants who are not executive officers and the establishment of Target Incentive Awards for each such Participant under Section III.A.

#### VI. AMENDMENT AND TERMINATION

The Compensation Committee shall have the power to amend, modify, suspend or terminate any part of the Plan at any time; provided, however, that any such change to the Plan that is beyond the authority of the Compensation Committee delegated by the Board of Directors shall be subject to the approval of the Board of Directors of the Company.

#### VII. GENERAL PROVISIONS

A. NO RIGHT TO EMPLOYMENT — Eligibility to receive an Incentive Award or the grant or payment of an Incentive Award shall not be construed as giving a Participant the right to be retained in the employ of the Company, nor will it affect in any way the right of the Company to terminate such employment at any time, with or without cause. In addition, the Company may at any time dismiss a Participant from employment free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan.

B. NO LIMIT ON OTHER COMPENSATION ARRANGEMENTS — Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

C. TAX WITHHOLDING — The Company will deduct from any Incentive Award or other payment to a Participant any Federal, state, or local withholding or other tax or charge which the Company is then required to deduct under applicable law.

D. NON-TRANSFERABILITY— The opportunity to earn an Incentive Award, any resulting Incentive Award, and any other purported right hereunder, shall be non-assignable and non-transferable, and shall not be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, hypothecation or garnishment by a Participant's creditors or to or in favor of any party other than the Company or a subsidiary or subject to any lien, obligation, or liability of the Participant to any party other than the Company or a subsidiary.

E. GOVERNING LAW — The validity, construction and effect of the Plan or any Incentive Award hereunder shall be determined in accordance with the laws of the State of North Carolina, without giving effect to principles of conflicts of laws.

F. SEVERABILITY — If any provision of the Plan or any Incentive Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Incentive Award under any law deemed applicable by the Compensation Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Compensation Committee, materially altering the purpose or intent of the Plan or the Incentive Award, such provision shall be

stricken as to such jurisdiction or Incentive Award, and the remainder of the Plan or any such Incentive Award shall remain in full force and effect.

G. NO TRUST OR FUND CREATED — Neither the Plan nor any Incentive Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other person. To the extent that any Participant or other person acquires a right to receive payments from the Company pursuant to the Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

H. HEADINGS — Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

## KONTOOR BRANDS, INC.

## Mid-Term Incentive Plan

1. **Purposes.** This Mid-Term Incentive Plan (as amended from time to time, the “Plan”) of Kontoor Brands, Inc. (the “Company”) is implemented under the Company’s 2019 Stock Compensation Plan (the “2019 Plan”). The Plan is intended to provide an additional means to attract and retain talented executives and employees, to link a significant element of such persons’ compensation opportunity to the Company’s performance over more than one year, thereby providing an incentive for successful long-term strategic management of the Company, and to further the purposes of the 2019 Plan.

2. **Status as Subplan Under the 2019 Plan; Administration.** This Plan is a subplan implemented under the 2019 Plan, and will be administered by the Talent and Compensation Committee of the Board of Directors in accordance with the terms of the 2019 Plan. All of the terms and conditions of the 2019 Plan are hereby incorporated by reference in this Plan, and if any provision of this Plan or an agreement evidencing an award hereunder conflicts with a provision of the 2019 Plan, the provision of the 2019 Plan shall govern. Capitalized terms used in this Plan but not defined herein shall have the same meanings as defined in the 2019 Plan.

3. **Certain Definitions.** In addition to terms defined above and in the 2019 Plan, the following are defined terms under this Plan:

(a) “Account” means the account established for a Participant under Section 7(a).

(b) “Administrator” means the officers and employees of the Company responsible for the day-to-day administration of the Plan and to which other authority may be delegated under Section 10(b).

(c) “Cause” means (i), if the Participant has an Employment Agreement defining “Cause,” the definition under such Employment Agreement, or (ii), if the Participant has no Employment Agreement defining “Cause,” the Participant’s gross misconduct, meaning (A) the Participant’s willful and continued refusal substantially to perform his or her duties with the Company (other than any such refusal resulting from his or her incapacity due to physical or mental illness), after a demand for substantial performance is delivered to the Participant by the Board of Directors that specifically identifies the manner in which the Board believes that the Participant has refused to perform his or her duties, or (B) the willful engaging by the Participant in misconduct materially and demonstrably injurious to the Company. For purposes of this definition, no act or failure to act on the Participant’s part shall be considered “willful” unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company.

(d) “Disability” means (i), if the Participant has an Employment Agreement defining “Disability,” the definition under such Employment Agreement, or (ii), if the Participant has no Employment Agreement defining “Disability,” the Participant’s incapacity due to physical

or mental illness resulting in the Participant's absence from his or her duties with the Company on a full-time basis for 26 consecutive weeks, and, within 30 days after written notice of termination has been given by the Company, the Participant has not returned to the full-time performance of his or her duties.

(e) "Dividend Equivalents" means credits in respect of each PRSU representing an amount equal to the dividends or distributions declared and paid on a share of Common Stock, subject to Section 7(b).

(f) "Employment Agreement" means a written agreement between the Company and a Participant securing the Participant's services as an employee or service provider for a period of time and in effect at the time of the Participant's Designation of Participation (as defined below) or, if no such agreement is then in effect, an agreement providing severance benefits to the Participant upon termination of employment or service in effect at the time of the Participant's Designation of Participation (including for this purpose an agreement providing such benefits only during a period following a defined change in control, whether or not a change in control in fact has occurred prior to the Participant's Termination of Employment).

(g) "Good Reason" means "Good Reason" as defined in the Participant's Employment Agreement. If the Participant has no such Employment Agreement, no circumstance will constitute "Good Reason" for purposes of this Plan unless otherwise specified in the agreement evidencing the Participant's award of PRSUs.

(h) "Participant" means an Employee participating in this Plan.

(i) "Performance Cycle" means the period specified by the Committee over which a designated amount of PRSUs potentially may be earned. A Performance Cycle generally will be a period of three consecutive fiscal years of the Company. Unless otherwise determined by the Committee, for purposes of Section 8(a)(i)(B), one full year of a Performance Cycle shall be deemed to be completed on the earlier of (i) the last day of the first fiscal year of the Performance Cycle or (ii) the thirty-first day of the month that falls in the week before that fiscal-year-end date.

(j) "Performance Goal" means the performance required to be achieved as a condition of earning a specified amount of PRSUs, including the business metric and the level of performance required to be achieved. A Performance Goal can include more than one business metric and related performance levels.

(k) "PRSU" or "Performance Restricted Stock Unit" means a Stock Unit that is potentially earnable by a Participant upon achievement of the specified Performance Goal. PRSUs that have been earned but deferred at the election of the Participant continue to be referred to as PRSUs under the Plan, with the understanding that such PRSUs are no longer forfeitable upon Termination of Employment or based on performance.

(l) "Pro Rata Portion" means a portion of a specified number of PRSUs earned in a given Performance Cycle assuming continued employment throughout the Performance Cycle, such portion determined by multiplying such number of earned PRSUs by a fraction, the numerator

of which is the number of calendar days from the beginning of the Performance Cycle until the applicable proration date and the denominator of which is the number of calendar days in the Performance Cycle.

(m) “Settlement Deadline” means the March 15 following the end of a given Performance Cycle; provided, however, that the Committee may specify a different Settlement Deadline for specific PRSUs so long as such Settlement Deadline is compliant with Code Section 409A.

(n) “Stock Unit” means a bookkeeping unit that represents a right to receive one share of Common Stock upon settlement, together with a right to accrual of additional Stock Units as a result of Dividend Equivalents as specified in Section 7(b), subject to the terms and conditions of this Plan. Stock Units, which constitute an award under Article VIII of the 2019 Plan (including Section 8.6 thereof), are arbitrary accounting measures created and used solely for purposes of this Plan and do not represent ownership rights in the Company, shares of Common Stock or any asset of the Company.

(o) “Target PRSUs” means a number of PRSUs designated as a target number that potentially may be earned by a Participant in a given Performance Cycle.

(p) “Termination of Employment” means the Participant’s termination of employment with the Company or any of its Subsidiaries or affiliates in circumstances in which, immediately thereafter, the Participant is not employed by the Company or any of its Subsidiaries or affiliates; provided, however, that in the case of any PRSUs that constitute a deferral of compensation for purposes of Code Section 409A, Termination of Employment shall mean a “separation from service” as defined in Treasury Regulation § 1.409A-1(h). The date of Termination of Employment will be determined without giving effect to any period during which severance payments may be made to a Participant, unless otherwise specifically provided herein or in the Participant’s Award agreement.

4. **Shares Available Under the Plan.** Shares issuable or deliverable in settlement of PRSUs shall be drawn from the 2019 Plan. The Committee will monitor share usage under this Plan and the 2019 Plan to ensure that shares are available for settlement of PRSUs in compliance with the requirements of the 2019 Plan.

5. **Eligibility.** Employees and other service providers (excluding non-employee Directors) who are eligible to participate in the 2019 Plan may be selected by the Committee to participate in this Plan.

6. **Designation and Earning of PRSUs.**

(a) ***Designation of PRSUs, Pre-Set Goals, Challenge Goals and Related Terms.*** At such time as it may determine, the Committee will (i) select eligible persons to participate in a Performance Cycle, (ii) designate for each Participant the number of Target PRSUs and the range of PRSUs the Participant shall have the opportunity to earn in such Performance Cycle and (iii) specify the Performance Goal and the related number of PRSUs that may be earned based on the

level of achievement of the Performance Goal. The time at which these terms have been designated for a given Participant shall be the Participant's "Designation of Participation" for the specified Performance Cycle. The number of PRSUs potentially earnable by each Participant shall range from a minimum of 0% to a maximum of 225% of the specified number of Target PRSUs, unless the Committee specifies different percentage earning levels. The Performance Goal may be specified as a table, grid or formula that sets forth the amount of PRSUs that will be earned upon achievement of a specified level of performance during all or part of the Performance Cycle.

(b) **Adjustments to Performance Goal.** The Committee may provide for adjustments to the Performance Goal, the Performance Cycle and other terms of Awards to reflect changes in accounting rules, corporate structure or other circumstances of the Company, for the purpose of preventing dilution or enlargement of Participants' opportunity to earn PRSUs hereunder, and subject to Section 12.15 of the Plan.

(c) **Determination of Number of Earned PRSUs.** Not later than the Settlement Deadline following the end of each Performance Cycle, the Committee shall determine the extent to which the Performance Goal for the earning of PRSUs was achieved during such Performance Cycle and the number of PRSUs earned by each Participant for the Performance Cycle. The date at which the Committee makes a final determination of PRSUs earned with respect to a given Performance Cycle will be the "Determination Date" for such Performance Cycle. The Committee may adjust upward or downward the number of PRSUs earned, in its discretion (subject to Plan Section 12.15), in light of such considerations as the Committee may deem relevant, but in accordance with a standard that the number of earned PRSUs shall correlate to the performance achieved by the efforts of management (including the Participant) as intended at the time of setting of the Performance Goal. Unless otherwise determined by the Committee, PRSUs that are not earned by achievement of the Performance Goal will be immediately forfeited.

## 7. Certain Terms of PRSUs.

(a) **Accounts.** The Company shall maintain a bookkeeping account for each Participant reflecting the number of PRSUs then credited to the Participant hereunder. The Account may include subaccounts or other designations showing, with respect to separate Performance Cycles, PRSUs that remain potentially earnable, PRSUs that have been earned but deferred and other relevant information. Fractional PRSUs shall be credited to at least three decimal places for purposes of this Plan, unless otherwise determined by the Administrator.

(b) **Dividend Equivalents and Adjustments.** Unless otherwise determined by the Administrator (subject to Plan Section 12.1), Dividend Equivalents shall be paid or credited on PRSUs that have been earned as follows:

(i) **Regular Cash Dividends.** At the time of settlement of PRSUs under Section 8 or 9, the Administrator shall determine the aggregate amount of regular cash dividends that would have been payable to the Participant, based on record dates for dividends since the beginning of the Performance Cycle (or, if later, the date of the Participant's Designation of Participation), if the earned PRSUs then to be settled had been outstanding shares of Common Stock at such record date (without compounding of dividends

but adjusted to account for splits and other extraordinary corporate transactions). Such aggregate cash amount will be withheld to cover withholding taxes applicable at the settlement date, with any amount in excess of such tax withholding amount converted to a number of shares (or deferred shares, if applicable) by dividing such excess amount by the Fair Market Value of a share of Common Stock at the settlement date.

(ii) *Common Stock Dividends and Splits.* If the Company declares and pays a dividend or distribution on Common Stock in the form of additional shares of Common Stock, or there occurs a forward split of Common Stock, then the number of PRSUs credited to each Participant's Account and potentially earnable hereunder as of the payment date for such dividend or distribution or forward split shall be automatically adjusted by multiplying the number of PRSUs credited to the Account or potentially earnable as of the record date for such dividend or distribution or split by the number of additional shares of Common Stock actually paid as a dividend or distribution or issued in such split in respect of each outstanding share of Common Stock.

(iii) *Adjustments.* If the Company declares and pays a dividend or distribution on Common Stock that is not a regular cash dividend and not in the form of additional shares of Common Stock, or if there occurs any other event referred to in Article XI of the 2019 Plan, the Committee may determine to adjust the number of PRSUs credited to each Participant's Account and potentially earnable hereunder (including provision for the earning of property or other forms of compensation than Common Stock), in order to prevent dilution or enlargement of Participants' rights with respect to PRSUs.

(iv) *Vesting and Forfeiture of Additional PRSUs.* PRSUs and other rights to compensation that result from a stock dividend or split under Section 7(b)(ii) or an adjustment under Section 7(b)(iii) shall be subject to the same vesting terms (including earning based on achievement of the Performance Goal) and risk of forfeiture as applied to the related PRSUs originally granted.

(c) *Statements.* An individual statement relating to a Participant's Account will be issued to the Participant not less frequently than annually. Such statement shall report the amount of PRSUs potentially earnable and the number of PRSUs earned and remaining credited to the Participant's Account (i.e., not yet settled), transactions therein during the period covered by the statement, and other information deemed relevant by the Administrator. Such statement may be combined with or include information regarding other plans and compensatory arrangements affecting the Participant. A Participant's statements may evidence the Company's obligations in respect of PRSUs without the need for the Company to enter into a separate agreement relating to such obligations; provided, however, that any statement containing an error shall not represent a binding obligation to the extent of such error.

#### **8. Effect of Termination of Employment.**

(a) *Termination Prior to End of a Performance Cycle.* Except to the extent set forth in subsections (i) through (v) of this Section 8(a), upon a Participant's Termination of Employment prior to the end of a given Performance Cycle, all unearned PRSUs relating to such

Performance Cycle shall cease to be earnable and shall be canceled and forfeited, and the Participant shall have no further rights or opportunities hereunder:

(i) *Retirement.* If Termination of Employment is due to the Retirement of the Participant, the Participant shall be entitled to receive settlement of the total number of PRSUs actually earned for the Performance Cycle in accordance with Section 6(c), except that PRSUs that have not been held for the minimum vesting period under Section 6.2 of the 2019 Plan (i.e., from the Designation of Participation to the date of Termination of Employment by reason of Retirement) will not be earnable and will be cancelled as of the date of Termination of Employment. The settlement of PRSUs for any such Performance Cycle shall occur promptly (and in any event not later than the Settlement Deadline) following completion of that Performance Cycle. Any deferral election filed by the Participant shall be effective and apply to the time of settlement of the PRSUs.

(ii) *Death or Disability.* If Termination of Employment is due to the Participant's death or Disability, the Participant shall be entitled to receive settlement of the total number of PRSUs the Participant actually earned for the Performance Cycle in accordance with Section 6(c). Any deferral election filed by the Participant shall have no effect on the time of settlement of the PRSUs.

(iii) *Involuntary Termination By the Company Not for Cause Prior to a Change in Control.* If Termination of Employment is an involuntary separation by the Company not for Cause prior to a Change in Control, the Participant shall be entitled to receive settlement of a Pro Rata Portion of the total number of PRSUs that would have been actually earned for the Performance Cycle in accordance with Section 6(c), assuming continued employment throughout the Performance Cycle. For this purpose, the proration date (used to calculate the Pro Rata Portion) shall be the earlier of (A) the last day of the payroll period with respect to which a severance payment in the nature of salary continuation will be made and (B) the last day of the Performance Cycle. If no severance payments are to be made, the applicable proration date shall be the date of Termination of Employment. The foregoing notwithstanding, PRSUs that have not been held for the minimum vesting period under Section 6.2 of the 2019 Plan (i.e., from the Designation of Participation to the date of Termination of Employment without Cause) will not be earnable and will be canceled as of the date of Termination of Employment. The settlement of PRSUs shall occur promptly (and in any event not later than the Settlement Deadline) following completion of the applicable Performance Cycle. Any deferral election filed by the Participant shall have no effect on the time of settlement of the PRSUs.

(iv) *At or Following a Change in Control, Involuntary Termination By the Company Not for Cause or by Participant for Good Reason.* If Termination of Employment occurs at or after a Change in Control and is an involuntary separation by the Company not for Cause or a Termination by the Participant for Good Reason, the Participant shall be entitled to receive settlement of the total number of PRSUs the Participant is deemed to have earned in accordance with this Section 8(a)(iv), promptly (and in any event within 30 days) following the date of Termination of Employment (subject to the final paragraph

of this Section 8(a)). The amount of the settlement shall assume that the Participant has remained with the Company through the completion of each open Performance Cycle and that the performance achieved by the Company with respect to the applicable Performance Goal for each such Performance Cycle is the average of the performance achieved for the completed year(s) in such Performance Cycle if greater than 100% (i.e., the performance required to earn at least the Target PRSUs), or, if such average is less than 100%, the performance achieved shall be deemed to be the average of the actual performance for the completed year(s) in such Performance Cycle (if any) together with performance for years not yet complete being deemed to be 100% of target performance. Any deferral election filed by the Participant shall have no effect on the time of settlement of the PRSUs.

(v) **Termination by the Company for Cause or Voluntary Termination by the Participant.** If Termination of Employment is either by the Company for Cause or voluntary by the Participant (excluding a Termination for Good Reason following a Change in Control and excluding a Retirement), PRSUs relating to each Performance Cycle which has not yet ended will cease to be earnable and will be canceled.

The foregoing provisions notwithstanding, in the case of any PRSUs that constitute a deferral of compensation for purposes of Code Section 409A: (i) if such PRSUs would be settled at a date related to a Termination of Employment (other than due to death) under this Section 8(a) or in connection with a permitted elective deferral of the PRSUs, such settlement date would be within six months after the Termination of Employment, and the Participant is a "Specified Employee" at the date of Termination of Employment under Code Section 409A, then the settlement date will be delayed until the date six months after Termination of Employment; (ii) if a fiscal year ends in December, any settlement required to follow such fiscal year end shall occur only on or after January 1; and (iii) if a Change in Control occurs but in connection therewith no event has occurred that constitutes a change in the ownership of the Company, a change in effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company (as defined in Treasury Regulation § 1.409A-3(i)(5)), then the time of settlement under Section 8(a)(iv) shall not be as specified therein but shall instead be at the applicable time under Section 8(a)(iii) (for clarity, the amount of PRSUs earned nevertheless will be determined under Section 8(a)(iv)). PRSUs for a given Performance Cycle each will be deemed a separate payment for purposes of Code Section 409A. It is intended that PRSUs that are not electively deferred hereunder constitute short-term deferrals under Treasury Regulation § 1.409A-1(b)(4), unless otherwise specifically designated by the Company in the case of a specified Participant or class of PRSUs.

(b) **Termination After Performance Cycle.** Upon a Participant's Termination of Employment at or after the end of a Performance Cycle, all PRSUs resulting from such Performance Cycle shall be settled in accordance with Section 9(a) as promptly as practicable after the Determination Date with respect to such Performance Cycle, except that, if the Participant has timely filed an irrevocable election to defer settlement of PRSUs following a Termination of Employment due to Retirement, such PRSUs shall be settled in accordance with such deferral election.

(c) **Release.** Any settlement of PRSUs following Termination of Employment may be delayed by the Committee if the Participant's Employment Agreement or any policy of the Committee then in effect conditions such settlement or severance payments upon the Company receiving a full and valid release of claims against the Company. In such case, the Company shall supply the form of release to the Participant by the date of Termination of Employment, and Participant must sign the release and not revoke it by such date as may be specified by the Company but in no event later than 52 days after Termination of Employment. If such 52-day period would begin in one calendar year and end in the next, then settlement shall only occur in the latter calendar year.

#### 9. Settlement of PRSUs.

(a) **Settlement If PRSUs Not Deferred.** Not later than the Settlement Deadline following the end of each Performance Cycle, the Committee shall settle all PRSUs earned in respect of such Performance Cycle, other than PRSUs deferred under Section 9(b) or settled as specified in Section 8, by issuing and/or delivering to the Participant one share of Common Stock for each PRSU being settled. Such issuance or delivery shall occur as promptly as practicable after the Determination Date for the Performance Cycle.

(b) **Deferral of PRSUs.** If and to the extent authorized by the Committee, at any time on or before such date as may be specified by the Administrator, the Participant may elect to defer settlement of PRSUs to a specified date (i) later than the Determination Date for the Performance Cycle to which the PRSUs relate or (ii) later than Termination of Employment due to Retirement, as specified by the Participant; provided, however, that an optional deferral shall be subject to such additional restrictions and limitations as the Committee or Administrator may from time to time specify, including for purposes of ensuring that the Participant will not be deemed to have constructively received compensation in connection with such deferral. Unless otherwise specified by the Committee not later than the Designation of Participation, dividend equivalents shall accrue on deferred PRSUs and shall be paid in cash annually to the Participant at an annual payment date set by the Administrator, without interest or compounding.

(c) **Creation of Rabbi Trust.** If and to the extent authorized by the Committee, the Company may create one or more trusts and deposit therein Common Stock or other property for delivery to the Participant in satisfaction of the Company's obligations hereunder. Any such trust shall be a "rabbi" trust that shall not jeopardize the status of the Participant's rights hereunder as "unfunded" deferred compensation for federal income tax purposes.

(d) **Settlement of PRSUs at the End of the Deferral Period.** Not later than 15 days after the end of any elective period of deferral or immediately in the case of a deferral period ending immediately prior to a Change in Control, the Company will settle all PRSUs then credited to a Participant's Account by issuing and/or delivering to the Participant one share of Common Stock for each PRSU being settled. Any deferral period will end on an accelerated basis immediately prior to a Change in Control, except as limited under Section 8(a) (final paragraph) and Section 9(b).

(e) **Manner of Settlement.** The Committee or Administrator may, in its or his or her sole discretion, determine the manner in which shares of Common Stock shall be delivered by the Company, including the manner in which fractional shares shall be dealt with; provided, however, that no certificate shall be issued representing a fractional share. In furtherance of this authority, PRSUs may be settled by the Company issuing and delivering the requisite number of shares of Common Stock to a member firm of the New York Stock Exchange that is also a member of the National Association of Securities Dealers, as selected by the Company from time to time, which shares shall be deposited by such member firm in a separate brokerage account for each Participant. If there occurs any delay between the settlement date and the date shares are issued or delivered to the Participant, a cash amount equal to any dividends or distributions the record date for which fell between the settlement date and the date of issuance or delivery of the shares shall be paid to the Participant together with the delivery of the shares.

(f) **Settlement of PRSUs Held by Non-US Residents.** Other provisions of the Plan and this Plan (including Section 9(e) above) notwithstanding, PRSUs credited to the Account of a Participant who resides in or is subject to income tax laws of a country other than the United States may be settled in cash, in the discretion of the Committee. The cash amount payable in settlement of each PRSU shall equal the Fair Market Value of a share at the date of not more than five business days before the date of settlement. The Committee is authorized to vary the terms of participation of such a foreign Participant in any other respect (including in ways not consistent with the express provisions of the Plan) in order to conform to the laws, regulations and business customs of a foreign jurisdiction.

(g) **Tax Withholding.** The Company shall deduct from any settlement of a Participant's PRSUs and cash dividends payable in respect of any deferred PRSUs any Federal, state, or local withholding or other tax or charge that the Company is then required to deduct under applicable law. In furtherance of this requirement, the Company shall withhold from the cash dividend equivalents deliverable as part of the settlement of PRSUs cash, and from the shares of Common Stock issuable in settlement of a Participant's PRSUs the number of shares having an aggregate Fair Market Value, together with such cash, equal to any Federal, state, and local withholding or other tax or charge that the Company is required to withhold under applicable law, unless the Participant has otherwise elected and has made other arrangements satisfactory to the Company to pay such withholding amounts or unless otherwise determined by the Committee.

(h) **Non-Transferability.** Unless otherwise determined by the Committee, neither a Participant nor any beneficiary shall have the right to, directly or indirectly, alienate, assign, transfer, pledge, anticipate or encumber (except by reason of death) any PRSU, Account or Account balance, or other right hereunder, nor shall any such PRSU, Account or Account balance or other right be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of the Participant or any beneficiary, or to the debts, contracts, liabilities, engagements or torts of the Participant or any Beneficiary or transfer by operation of law in the event of bankruptcy or insolvency of the Participant or any beneficiary, or any legal process.

## 10. General Provisions.

(a) **Changes to this Plan.** The Committee may at any time amend, alter, suspend, discontinue or terminate this Plan, and such action shall not be subject to the approval of the Company's shareholders; provided, however, that, without the consent of an affected Participant, no such action may materially impair legally binding rights of such Participant under this Plan. The foregoing notwithstanding, the Committee may, in its discretion, accelerate the termination of any Performance Cycle or any deferral period and the resulting settlement of PRSUs with respect to an individual Participant or all Participants, except that any accelerated settlement of PRSUs that constitute a deferral of compensation under Code Section 409A may occur only in compliance with applicable Regulations and interpretations of Section 409A.

(b) **Delegation of Administrative Authority.** The Committee may, in writing, delegate some or all of its power and responsibilities under the Plan to the Administrator or any other officer of the Company or committee of officers and employees, except such delegation may not include (i) authority to amend the Plan under Section 10(a), or (ii) authority that otherwise may not be delegated under the terms of the 2019 Plan, this Plan, or applicable law. In furtherance of this authority, the Committee hereby delegates to the Administrator, as from time to time designated, authority to administer the Plan and act on behalf of the Committee to the fullest extent permitted under this Section 10(b). This delegation of authority to the Administrator shall remain in effect until terminated or modified by resolution of the Committee (without a requirement that the Plan be amended further). The authority delegated to the Administrator hereunder shall include:

(i) Authority to adopt such rules for the administration of the Plan as the Administrator considers desirable, provided they do not conflict with the Plan; and

(ii) Authority under Section 9(b) to impose restrictions or limitations on Participant deferrals under the Plan, including to promote cost-effective administration of the Plan; no restriction or limitation on deferrals shall be deemed to conflict with the Plan.

No individual acting as Administrator (including any member of the Committee serving as Administrator) shall participate in a decision directly affecting his or her own rights or obligations under the Plan, although participation in a decision affecting all Participants shall not be prohibited by this provision.

(c) **Non-exclusivity of the Plan.** The adoption of this Plan shall not be construed as creating any limitations on the power of the Board or Committee to adopt such other compensation arrangements as it may deem desirable for any Participant.

(d) **Effective Date and Plan Termination.** This Plan became effective at the later of the completion of the spinoff of the Company by VF Corporation or its approval by the Committee. Once PRSUs have been granted under this Plan, the Plan will remain in effect until such time as the Company and Participants have no further rights or obligations in respect of PRSUs not yet settled or the Committee otherwise terminates this Plan.

**KONTOOR BRANDS, INC.**

**AWARD CERTIFICATE**

**Restricted Stock Units  
(2019 Launch Grant)**

**Number of RSUs Awarded:** \_\_\_\_\_

To: \_\_\_\_\_ (“Participant”)

I am pleased to advise you that you have been awarded the number of Restricted Stock Units (“RSUs”) set forth above under Kontoor Brands, Inc.’s 2019 Stock Compensation Plan (as it may be amended, the “2019 Plan”), subject to the terms and conditions set forth in the 2019 Plan and the attached Appendix.

**KONTOOR BRANDS, INC.**

By: \_\_\_\_\_  
[Name]  
[Title]

Dated: \_\_\_\_\_ (“Grant Date”)

2019 Launch Grant

KONTOOR BRANDS, INC.

APPENDIX TO

AWARD CERTIFICATE

**Terms and Conditions Relating to  
Restricted Stock Units  
(2019 Launch Grant)**

1. **Grant of RSUs.**

(a) ***Grant of RSUs Under 2019 Plan.*** Participant has been granted the Restricted Stock Units (“RSUs”) specified in the Award Certificate under the Kontoor Brands, Inc. (the “Company”) 2019 Plan, copies of which have been provided to Participant. All of the terms, conditions, and other provisions of the 2019 Plan are hereby incorporated by reference into this document. Capitalized terms used in this document but not defined herein shall have the same meanings as in the 2019 Plan. If there is any conflict between the provisions of this document and the mandatory provisions of the 2019 Plan, the provisions of the 2019 Plan shall govern. By accepting the grant of the RSUs, Participant agrees to be bound by all of the terms and provisions of the 2019 Plan (as presently in effect or later amended), the rules and regulations under the 2019 Plan adopted from time to time, and the decisions and determinations of the Committee made from time to time.

(b) ***Certain Restrictions.*** Until RSUs have become vested in accordance with Section 2(e), RSUs shall be subject to a risk of forfeiture as provided in the 2019 Plan and this document. Until such time as each RSU has become settled by delivery of a share in accordance with Section 3, such RSU will be nontransferable, as provided in the 2019 Plan and Section 2(d). Participant is subject to the Company’s Code of Business Conduct and related policies on insider trading restricting Participant’s ability to sell shares of the Company’s Common Stock received in settlement of RSUs, which may include “blackout” periods during which Participant may not engage in such sales.

2. **General Terms of RSUs.**

(a) ***Nature of RSUs.*** Each RSU represents a conditional right of Participant to receive, and a conditional obligation of the Company to deliver, one share of the Company’s Common Stock at the times specified hereunder and subject to the terms and conditions of the 2019 Plan and this document. Each RSU constitutes an award under Article VIII of the 2019 Plan (including Section 8.6 thereof), representing a bookkeeping unit which is an arbitrary accounting measure created and used solely for purposes of the 2019 Plan and this Agreement. RSUs do not represent ownership rights in the Company, shares of Common Stock, or any asset of the Company.

(b) ***Account.*** An account will be maintained for Participant for purposes of this Award, to which the total number of RSUs granted and any RSUs resulting under Section 2(c) shall be credited.

(c) ***Dividend Equivalents and Adjustments.*** Dividend equivalents (as defined below) shall be paid or credited on RSUs as follows; provided, however, that (x) such dividend equivalents shall be subject to the same risk of forfeiture, other restrictions and deferral of settlement, if applicable, as apply to the RSUs and (y) the Committee may vary the manner and terms of crediting dividend equivalents, for administrative convenience or any other reason, provided that the Committee determines that any alternative manner and terms result in equitable treatment of Participant:

- (i) ***Regular Cash Dividends.*** Each Stock Unit will carry with it the right to crediting of an amount equal to dividends and distributions paid on a share of Common Stock (“dividend equivalents”), which amounts will be deemed reinvested in additional Stock Units, at the Fair Market Value of Common Stock at the dividend payment date.
- (ii) ***Common Stock Dividends and Splits.*** If the Company declares and pays a dividend or distribution on Common Stock in the form of additional shares of Common Stock, or

there occurs a forward split of Common Stock, then the number of RSUs credited to Participant's Account as of the payment date for such dividend or distribution or forward split shall be automatically adjusted by multiplying the number of RSUs credited to the Account as of the record date for such dividend or distribution or split by the number of additional shares of Common Stock actually paid as a dividend or distribution or issued in such split in respect of each outstanding share of Common Stock.

- (iii) *Adjustments.* If the Company declares and pays a dividend or distribution on Common Stock that is not a regular cash dividend and not in the form of additional shares of Common Stock, or if there occurs any other event referred to in Article XI of the 2019 Plan, the Committee shall adjust the number of RSUs credited to Participant's Account in a manner that will prevent dilution or enlargement of Participant's rights with respect to RSUs, in an equitable manner determined by the Committee. In addition, the Committee may vary the manner and terms of crediting dividend equivalents during or following the end of the vesting period(s), for administrative convenience or any other reason, provided that the Committee determines that any alternative manner and terms result in equitable treatment of Participant.
- (iv) *Risk of Forfeiture and Settlement of Dividend Equivalents and RSUs Resulting from Dividend Equivalents and Adjustments.* Rights to dividend equivalents and RSUs which directly or indirectly result from dividend equivalents on or adjustments to an RSU shall be subject to the same risk of forfeiture as applies to the granted RSU and will be settled at the same time as the granted RSU.

(d) *Non-Transferability.* Unless otherwise determined by the Committee, neither Participant nor any beneficiary shall have the right to, directly or indirectly, alienate, assign, transfer, pledge, anticipate, or encumber (except by reason of death) any RSU, Account or Account balance, or other right hereunder, nor shall any such RSU, Account or Account balance, or other right be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of Participant or any beneficiary, or to the debts, contracts, liabilities, engagements, or torts of Participant or any beneficiary or transfer by operation of law in the event of bankruptcy or insolvency of Participant or any beneficiary, or any legal process.

(e) *Vesting and Forfeiture.* The "Stated Vesting Date" of the RSUs will be as follows: [ ] of the RSUs will have a Stated Vesting Date of \_\_\_\_\_, 20\_\_, [ ] of the RSUs will have a Stated Vesting Date of \_\_\_\_\_, 20\_\_ and [ ] of the RSUs will have a Stated Vesting Date of \_\_\_\_\_, 20\_\_, except as otherwise provided herein, if the Participant continues to be an employee of the Company or any of its subsidiaries or affiliates through the applicable Stated Vesting Date. [Modify vesting as appropriate.]

Except to the extent set forth herein, upon a Participant's Termination of Employment prior to the vesting of RSUs at an applicable Stated Vesting Date, all unvested RSUs shall be canceled and forfeited and Participant shall have no further rights hereunder.

- (i) If Termination of Employment is an involuntary separation by the Company not for Cause, a Pro Rata Portion (as defined below) of the RSUs shall vest at the next Stated Vesting Date, with any unvested RSUs in excess of such Pro Rata Portion canceled and forfeited.
- (ii) If Termination of Employment is due to Participant's Retirement, a Pro Rata Portion (as defined below) of the RSUs shall vest at the next Stated Vesting Date, with any unvested RSUs in excess of such Pro Rata Portion canceled and forfeited.
- (iii) If Termination of Employment is due to Participant's death or Disability (as defined below), the RSUs shall immediately vest in full, without proration.

In addition, and notwithstanding anything in this Certificate to the contrary, the RSUs shall be forfeited and shall terminate immediately on the Participant's date of Termination of Employment for any reason (the date of Termination of Employment will be determined without giving effect to any period during which severance payments may be made to a Participant) prior to the first anniversary of the Grant Date.

(f) **Clawback.** The RSUs are subject to the Company's Forfeiture Policy for Equity and Incentive Awards or other forfeiture or recoupment policies or arrangements, each as in effect from time to time and as applicable to Participant. Such policies or arrangements impose conditions that may result in forfeiture of the RSUs or the proceeds to Participant resulting from the RSUs (a so-called "clawback") in certain circumstances if the Company's financial statements are required to be restated as a result of misconduct or upon the occurrence of other events as described in such policies or arrangements.

(g) **Certain Definitions.** The following definitions apply for purposes of this Agreement (as such terms may be interpreted by the Committee):

- (i) "Cause" means (i), if the Participant has an Employment Agreement defining "Cause," the definition under such Employment Agreement, or (ii), if the Participant has no Employment Agreement defining "Cause," the Participant's gross misconduct, meaning (A) the Participant's willful and continued refusal substantially to perform his or her duties with the Company (other than any such refusal resulting from his or her incapacity due to physical or mental illness), or (B) the willful engaging by the Participant in gross misconduct materially and demonstrably injurious to the Company. For purposes of this definition, no act or failure to act on the Participant's part shall be considered "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company.
- (ii) "Disability" means (A), if Participant has an Employment Agreement defining "Disability," the definition under such Employment Agreement, or (B), if Participant has no Employment Agreement defining "Disability," Participant's incapacity due to physical or mental illness resulting in Participant's absence from his or her duties with the Company or any of its subsidiaries or affiliates on a full-time basis for 26 consecutive weeks, and, within 30 days after written notice of termination has been given by the Company, Participant has not returned to the full-time performance of his or her duties.
- (iii) "Pro Rata Portion" means a fraction the numerator of which is the number of days that have elapsed from the Grant Date to the date of Participant's Termination of Employment (or in the case of an involuntary separation by the Company not for Cause, the payment of the final installment of severance pay, if any) and the denominator of which is the number of days from the Grant Date to the applicable Stated Vesting Date; provided, however, that the Pro Rata Portion may not exceed 100%.
- (iv) "Termination of Employment" means Participant's termination of employment with the Company or any of its subsidiaries or affiliates in circumstances in which, immediately thereafter, Participant is not employed by the Company or any of its subsidiaries or affiliates. Service as a non-employee director shall not be treated as employment for purposes of this Agreement

### 3. **Settlement of RSUs.**

(a) **Settlement Date.** Vested RSUs will be settled by delivery of one share of Common Stock for each RSU, together with dividend equivalent amounts payable under Section 2(c). Such settlement will occur within 15 business days after the date on which the RSUs become vested (including vesting at a Stated Vesting Date following termination, as provided in Section 2(e)). Delivery of shares in settlement of RSUs will take place as promptly as practicable after the settlement date (but not later than 15 business

days after the designated settlement date). In the event of Participant's termination due to death or Disability, the certificates representing shares of vested RSUs shall be delivered on or before the 60<sup>th</sup> day following the Termination of Employment due to death or Disability (subject to Section 3(b), which may require a six-month delay in the event of Termination of Employment due to Disability).

(b) **Certain Limitations to Ensure Compliance with Code Section 409A** For purposes of this Agreement, references to a term or event (including any authority or right of the Company or Participant) being "permitted" under Section 409A of the Internal Revenue Code (the "Code") mean that the term or event will not cause Participant to be liable for payment of interest or a tax penalty under Section 409A. The provisions of the 2019 Plan and other provisions of this Agreement notwithstanding, the terms of the RSUs, including any authority of the Company and rights of Participant, shall be limited to those terms permitted under Section 409A, and any terms not permitted under Section 409A shall be automatically modified and limited to the extent necessary to conform with Section 409A. For this purpose, the Company shall have no authority to accelerate distributions relating to RSUs in excess of the authority permitted under Section 409A, and, if the timing of any distribution in settlement of RSUs would result in Participant's constructive receipt of income relating to the RSUs prior to such distribution, the date of distribution will be the earliest date after the specified date of distribution that distribution can be effected without resulting in such constructive receipt (thus, for example, if RSUs were deemed to be a deferral of compensation under Code Section 409A, any distribution in settlement of RSUs subject to Section 409A(a)(2)(A)(i) (separation from service) would be triggered only by a "separation from service" under Treasury Regulation Section 1.409A-1(h) and, if the Participant were a "specified employee" under Treasury Regulation Section 1.409A-1(i), such distribution would be delayed until six months after such separation from service other than due to death).

(c) **Delivery of Common Stock.** Whenever Common Stock is to be delivered hereunder, the Company shall deliver to Participant or Participant's Beneficiary one or more certificates representing the shares of Common Stock, registered in the name of Participant, the Beneficiary, or in such other form of registration as instructed by Participant, except that the Company may provide for alternative methods of delivery for administrative convenience. The obligation of the Company to deliver Common Stock hereunder is conditioned upon compliance by Participant and by the Company with all applicable federal and state securities and other laws and regulations. The Company may determine the manner in which fractional shares of Common Stock shall be dealt with upon settlement of RSUs; provided, however, that no certificate shall be issued representing a fractional share. If there occurs any delay between the settlement date and the date shares are issued or delivered to Participant, a cash amount equal to any dividends or distributions the record date for which fell between the settlement date and the date of issuance or delivery of the shares shall be paid to Participant together with the delivery of the shares.

#### 4. **Tax Withholding.**

If withholding is required by applicable law, the Company shall withhold from the cash and shares deliverable in settlement of RSUs (including a deferred settlement) such cash amount together with the number of shares having an aggregate Fair Market Value equal to the mandatory withholding requirements (but rounded to the nearest whole share). Unless otherwise prohibited by the Committee (and subject to any additional conditions that may be imposed by the Committee), the Participant may elect to satisfy such tax withholding obligations, if any, by means of delivering or withholding shares of Common Stock in accordance with Section 12.4 of the Plan.

#### 5. **Miscellaneous.**

(a) **Binding Effect; Written Amendments.** The terms and conditions set forth in this document shall be binding upon the heirs, executors, administrators and successors of the parties. The Award Certificate and this document constitute the entire agreement between the parties with respect to the RSUs and supersede any prior agreements or documents with respect thereto. No amendment, alteration, suspension, discontinuation or termination of this document which may impose any additional obligation upon the Company or materially adversely affect the rights of Participant with respect to the RSUs shall be valid unless in each instance such amendment, alteration, suspension, discontinuation or termination is

expressed in a written instrument duly executed in the name and on behalf of the Company and, if Participant's rights are materially adversely affected thereby, by Participant.

(b) **No Promise of Employment.** The RSUs and the granting thereof shall not constitute or be evidence of any agreement or understanding, express or implied, that Participant has a right to continue as an officer, employee, director or other service provider of the Company or its subsidiaries for any period of time, or at any particular rate of compensation.

(c) **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws (but not the law of conflicts of laws) of the State of North Carolina and applicable federal law.

(d) **Unfunded Obligations.** The grant of the RSUs and any provision for distribution in settlement of Participant's Account hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in Participant any right to, or claim against any, specific assets of the Company, nor result in the creation of any trust or escrow account for Participant. With respect to Participant's entitlement to any distribution hereunder, Participant shall be a general creditor of the Company.

(e) **Notices.** Any notice to be given the Company under this Agreement shall be addressed to the Company at its principal executive offices, in care of the Vice President–Human Resources, and any notice to Participant shall be addressed to Participant at Participant's address as then appearing in the records of the Company.

(f) **Shareholder Rights.** Participant and any beneficiary shall not have any rights with respect to shares (including voting rights) covered by this Agreement prior to the settlement and distribution of the shares as specified herein.

(g) **Voluntary Participation.** Participant's participation in the Plan is voluntary. The value of the RSUs is an extraordinary item of compensation. As such, the RSUs are not part of normal or expected compensation for purposes of calculating any severance, change in control payments, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

**KONTOOR BRANDS, INC.**

**AWARD CERTIFICATE**

**Performance-Based Restricted Stock Units (“PRSUs”) for  
Two-Year Performance Cycle Fiscal Years [2019-2020] under the  
Mid-Term Incentive Plan**

Target PRSUs Awarded: \_\_\_\_\_

To: \_\_\_\_\_ (“Participant”)

I am pleased to advise you that you have been awarded the opportunity to earn from 0% to [200%] of the number of Performance-Based Restricted Stock Units set forth above under the Mid-Term Incentive Plan of Kontoor Brands, Inc. (the “Company”) for the Performance Cycle commencing at the beginning of fiscal [2019] and ending on the final day of fiscal [2020] under the terms and conditions set forth in the attached Appendix. The actual number of shares of the Company’s Stock, if any, that you may receive at the end of the Performance Cycle will depend, among other things as described in the Appendix, on the level of achievement over the Performance Cycle of specified performance goals set by the Talent and Compensation Committee of the Company’s Board of Directors.

KONTOOR BRANDS, INC.

By: \_\_\_\_\_  
[Name]  
[Title]

Dated: \_\_\_\_\_

**KONTOOR BRANDS, INC.**

**APPENDIX TO**

**PRSUs AWARD CERTIFICATE**

**Terms and Conditions Relating to  
Performance-Based Restricted Stock Units (“PRSUs”)**

1. Opportunity to Earn PRSUs.

Participant has been designated as having the opportunity to earn Performance-Based Restricted Stock Units (“PRSUs”) under the Kontoor Brands, Inc. (the “Company”) Mid-Term Incentive Plan, as it may be amended (the “Mid-Term Plan”), for the two-fiscal-year Performance Cycle specified in the Award Certificate (the “Performance Cycle”). Subject to the terms and conditions of the Mid-Term Plan and this Agreement, Participant will have the opportunity to earn from 0% to [200%] of the targeted number of PRSUs (the “Target PRSUs”) for the Performance Cycle. The number of Target PRSUs shall be the number set forth on the Award Certificate plus additional cash or PRSUs resulting from Dividend Equivalents and adjustments, as specified in Section 3(c).

2. Incorporation of Plans by Reference; Certain Restrictions.

(a) PRSUs that may be earned by the Participant represent Stock Units under the Company’s Mid-Term Plan and 2019 Stock Compensation Plan (as it may be amended, the “2019 Plan”), copies of which have been made available to Participant. All of the terms, conditions, and other provisions of the Mid-Term Plan and the 2019 Plan (together, the “Plans”) are hereby incorporated by reference into this document. Capitalized terms used in this document but not defined herein shall have the same meanings as in the Mid-Term Plan. If there is any conflict between the provisions of this document and the provisions of the Plans, the provisions of the 2019 Plan shall govern.

(b) Until PRSUs have become earned in accordance with Section 4, PRSUs shall be subject to a risk of forfeiture as provided in the Plans and this document. Until such time as the PRSUs have become settled by delivery of shares in accordance with Section 6, PRSUs will be nontransferable, as provided in the Plans and Section 3(d). Participant is subject to the Company’s Code of Business Conduct and related policies on insider trading restricting Participant’s ability to sell shares of the Company’s Common Stock received in settlement of PRSUs, which may include “blackout” periods during which Participant may not engage in such sales.

3. General Terms of PRSUs.

(a) Each PRSU represents a conditional right of the Participant to receive, and a conditional obligation of the Company to deliver, one share of the Company’s Common Stock, at the times specified hereunder and subject to the terms and conditions of the Plans and this document.

(b) Not later than the Determination Date specified in Section 6(c) of the Mid-Term Plan following the end of a given Performance Cycle, the Committee will make a final determination of the extent to which the performance goals for that Performance Cycle were achieved and the number of PRSUs earned for that Performance Cycle.

(c) An account will be maintained for Participant for purposes of the Mid-Term Plan, to which the initial number of Target PRSUs for each Performance Cycle initially shall be credited. Dividend Equivalents will be credited on the PRSUs in accordance with Section 7(b) of the Mid-Term Plan. The Committee may vary

the manner and terms of crediting Dividend Equivalents during or following the end of the Performance Cycle, for administrative convenience or any other reason, provided that the Committee determines that any alternative manner and terms result in equitable treatment of Participant and subject to the provisions of Section 7(b) of the Mid-Term Plan. The number of Target PRSUs and the terms of PRSUs will be subject to adjustment upon the occurrence of certain extraordinary corporate events specified in Section 7(b) of the Mid-Term Plan and otherwise in accordance with Section 6(b) of the Mid-Term Plan, such adjustments to be made by the Committee in order to prevent dilution or enlargement of Participant's opportunity to earn incentive compensation under this Agreement. Thus, the percentage of Target PRSUs earned under Section 4 will include the additional cash or PRSUs resulting from the crediting of Dividend Equivalents.

(d) PRSUs are non-transferable to the extent specified in Section 9(h) of the Mid-Term Plan.

#### 4. Earning of PRSUs.

(a) PRSUs for the Performance Cycle will be earned in accordance with Sections 6(a) and 6(c) of the Mid-Term Plan as follows:

The Performance Goal set forth herein must be achieved at the levels specified by the Committee in order for PRSUs to be earned for the Performance Cycle. Performance shall be based on the Company's ability to achieve the [annual] growth targets for [Insert performance goals], as defined and interpreted by the Committee, by the end of the Performance Cycle (and subject to the Committee's discretion to impose a modifier such as total shareholder return or other performance condition). To determine the number of PRSUs earned, the growth targets achieved will be averaged together. For this purpose, the designation of target performance, the achievement of which is required for the earning of the Target PRSUs, and threshold and maximum performance and the corresponding number of PRSUs deemed earned (with the maximum level of performance corresponding to the earning of [200%] of the target number of PRSUs), have been (or will be) specified by the Committee for the fiscal years in the Performance Cycle.

Performance and the percentage of Target PRSUs earned will be interpolated, if the performance achieved is between threshold and target or between target and maximum. The Committee retains complete discretion in setting the financial goals and related terms that are incorporated into this Performance Goal.

(b) At the Determination Date, at which time the Committee will have determined whether and the extent to which the Performance Goals designated by the Committee in accordance with this Section 4 have been achieved and made other determinations authorized hereunder, any PRSUs that are determined to have not been earned shall cease to be earnable and shall be cancelled.

#### 5. Effect of Termination of Employment.

Upon Participant's Termination of Employment prior to the end of a given Performance Cycle, the Participant's unearned PRSUs relating to that Performance Cycle shall cease to be earnable and shall be cancelled, except to the extent provided in Section 8 of the Mid-Term Plan (which provides for settlement of a specified portion of the PRSUs in certain cases of death, disability, Retirement, termination by the Company not for Cause, and certain other circumstances, including certain terminations following a Change in Control).

6. Settlement of PRSUs.

(a) PRSUs that are earned will be settled by delivery of one share of Common Stock for each PRSU. Such settlement will occur in accordance with Section 9 of the Mid-Term Plan. Participant may not elect to defer receipt of Common Stock issuable in settlement of PRSUs.

(b) Whenever Common Stock is to be delivered hereunder, the Company shall deliver to the Participant or the Participant's Beneficiary one or more certificates representing the shares of Common Stock, registered in the name of the Participant, the Beneficiary, or in such other form of registration as instructed by the Participant, except that the Committee may provide for alternative methods of delivery for administrative convenience. The obligation of the Company to deliver Common Stock hereunder is conditioned upon compliance by the Participant and by the Company with all applicable Federal and state securities and other laws and regulations.

7. Tax Withholding.

Participant shall be responsible for payment of any federal, state, foreign or local taxes of any amount required to be paid with respect to the grant or settlement of the PRSUs and any Dividend Equivalents or otherwise in connection with the PRSUs. In furtherance of the tax withholding obligations imposed under Section 9(g) of the Mid-Term Plan, the Company will withhold from cash payable as Dividend Equivalents and from the shares deliverable in settlement of PRSUs cash plus the number of shares having an aggregate Fair Market Value the sum of which shall equal applicable governmental tax withholding requirements, but with share withholding rounded to the nearest whole share.

8. Binding Effect; Integration; Amendment.

The terms and conditions set forth in this document shall be binding upon the heirs, executors, administrators and successors of the parties. The Award Certificate, this document, and the Plans constitute the entire agreement between the parties with respect to the PRSUs and supersede any prior agreements or documents with respect thereto. No amendment, alteration, suspension, discontinuation or termination of this document that may impose any additional obligation upon the Company or materially adversely affect the rights of the Participant with respect to the PRSUs shall be valid unless in each instance such amendment, alteration, suspension, discontinuation or termination is expressed in a written instrument duly executed in the name and on behalf of the Company and, if Participant's rights are materially adversely affected thereby, by Participant.

9. PRSUs subject to Forfeiture Policy for Equity and Incentive Awards.

The PRSUs subject to this Award Certificate are subject to the Company's Forfeiture Policy for Equity and Incentive Awards or other forfeiture or recoupment policies or arrangements, each as in effect from time to time and as applicable to Participant. Such policies or arrangements impose conditions that may result in forfeiture of such PRSUs or the proceeds to Participant resulting from such PRSUs (a so-called "clawback") in certain circumstances if the Company's financial statements are required to be restated as a result of misconduct or upon the occurrence of other events as described in such policies or arrangements.

10. Miscellaneous.

(a) No Promise of Continued Employment. The PRSUs and the granting thereof shall not constitute or be evidence of any agreement or understanding, express or implied, that Participant has a right to continue as an employee or service provider of the Company for any period of time, or at any particular rate of compensation.

(b) Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws (but not the law of conflicts of laws) of the State of North Carolina and applicable federal law.

(c) Unfunded Obligations. The grant of the PRSUs and any provision for distribution in settlement of Participant's Account hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in Participant any right to, or claim against any, specific assets of the Company, nor result in the creation of any trust or escrow account for Participant. With respect to Participant's entitlement to any distribution hereunder, Participant shall be a general creditor of the Company.

(d) Notices. Any notice to be given the Company under this Agreement shall be addressed to the Company at its principal executive offices, in care of the Vice President–Human Resources, and any notice to Participant shall be addressed to Participant at Participant's address as then appearing in the records of the Company.

(e) Shareholder Rights. Participant and any beneficiary shall not have any rights with respect to shares (including voting rights) covered by this Agreement prior to the settlement and distribution of the shares as specified herein.

**KONTOOR BRANDS, INC.**

**AWARD CERTIFICATE**

**Performance-Based Restricted Stock Units (“PRSUs”) for  
Three-Year Performance Cycle Fiscal Years [2019-2021] under the  
Mid-Term Incentive Plan  
(2019 Launch Form)**

Target PRSUs Awarded: \_\_\_\_\_

To: \_\_\_\_\_ (“Participant”)

I am pleased to advise you that you have been awarded the opportunity to earn from 0% to [200%] of the number of Performance-Based Restricted Stock Units set forth above under the Mid-Term Incentive Plan of Kontoor Brands, Inc. (the “Company”) for the Performance Cycle commencing at the beginning of fiscal [2019] and ending on the final day of fiscal [2021] under the terms and conditions set forth in the attached Appendix. The actual number of shares of the Company’s Stock, if any, that you may receive at the end of the Performance Cycle will depend, among other things as described in the Appendix, on the level of achievement over the Performance Cycle of specified performance goals set by the Talent and Compensation Committee of the Company’s Board of Directors.

KONTOOR BRANDS, INC.

By: \_\_\_\_\_  
[Name]  
[Title]

Dated: \_\_\_\_\_

**KONTOOR BRANDS, INC.**

**APPENDIX TO**

**PRSUs AWARD CERTIFICATE**

**Terms and Conditions Relating to  
Performance-Based Restricted Stock Units (“PRSUs”)  
(2019 Launch Form)**

1. Opportunity to Earn PRSUs.

Participant has been designated as having the opportunity to earn Performance-Based Restricted Stock Units (“PRSUs”) under the Kontoor Brands, Inc. (the “Company”) Mid-Term Incentive Plan, as it may be amended (the “Mid-Term Plan”), for the three-fiscal-year Performance Cycle specified in the Award Certificate (the “Performance Cycle”). Subject to the terms and conditions of the Mid-Term Plan and this Agreement, Participant will have the opportunity to earn from 0% to [200%] of the targeted number of PRSUs (the “Target PRSUs”) for the Performance Cycle. The number of Target PRSUs shall be the number set forth on the Award Certificate plus additional cash or PRSUs resulting from Dividend Equivalents and adjustments, as specified in Section 3(c).

2. Incorporation of Plans by Reference; Certain Restrictions.

(a) PRSUs that may be earned by the Participant represent Stock Units under the Company’s Mid-Term Plan and 2019 Stock Compensation Plan (as it may be amended, the “2019 Plan”), copies of which have been made available to Participant. All of the terms, conditions, and other provisions of the Mid-Term Plan and the 2019 Plan (together, the “Plans”) are hereby incorporated by reference into this document. Capitalized terms used in this document but not defined herein shall have the same meanings as in the Mid-Term Plan. If there is any conflict between the provisions of this document and the provisions of the Plans, the provisions of the 2019 Plan shall govern.

(b) Until PRSUs have become earned in accordance with Section 4, PRSUs shall be subject to a risk of forfeiture as provided in the Plans and this document. Until such time as the PRSUs have become settled by delivery of shares in accordance with Section 6, PRSUs will be nontransferable, as provided in the Plans and Section 3(d). Participant is subject to the Company’s Code of Business Conduct and related policies on insider trading restricting Participant’s ability to sell shares of the Company’s Common Stock received in settlement of PRSUs, which may include “blackout” periods during which Participant may not engage in such sales.

3. General Terms of PRSUs.

(a) Each PRSU represents a conditional right of the Participant to receive, and a conditional obligation of the Company to deliver, one share of the Company’s Common Stock, at the times specified hereunder and subject to the terms and conditions of the Plans and this document.

(b) Not later than the Determination Date specified in Section 6(c) of the Mid-Term Plan following the end of a given Performance Cycle, the Committee will make a final determination of the extent to which the performance goals for that Performance Cycle were achieved and the number of PRSUs earned for that Performance Cycle.

(c) An account will be maintained for Participant for purposes of the Mid-Term Plan, to which the initial number of Target PRSUs for each Performance Cycle initially shall be credited. Dividend Equivalents will be credited on the PRSUs in accordance with Section 7(b) of the Mid-Term Plan. The Committee may vary the manner and terms of crediting Dividend Equivalents during or following the end of the Performance Cycle, for administrative convenience or any other reason, provided that the Committee determines that any alternative manner and terms result in equitable treatment of Participant and subject to the provisions of Section 7(b) of the Mid-Term Plan. The number of Target PRSUs and the terms of PRSUs will be subject to adjustment upon the occurrence of certain extraordinary corporate events specified in Section 7(b) of the Mid-Term Plan and otherwise in accordance with Section 6(b) of the Mid-Term Plan, such adjustments to be made by the Committee in order to prevent dilution or enlargement of Participant's opportunity to earn incentive compensation under this Agreement. Thus, the percentage of Target PRSUs earned under Section 4 will include the additional cash or PRSUs resulting from the crediting of Dividend Equivalents.

(d) PRSUs are non-transferable to the extent specified in Section 9(h) of the Mid-Term Plan.

#### 4. Earning of PRSUs.

(a) PRSUs for the Performance Cycle will be earned in accordance with Sections 6(a) and 6(c) of the Mid-Term Plan as follows:

The Performance Goal set forth herein must be achieved at the levels specified by the Committee in order for PRSUs to be earned for the Performance Cycle. Performance shall be based on the Company's ability to achieve the [annual] growth targets for [Insert performance goals], as defined and interpreted by the Committee, by the end of the Performance Cycle (and subject to the Committee's discretion to impose a modifier such as total shareholder return or other performance condition). To determine the number of PRSUs earned, the growth targets achieved will be averaged together. For this purpose, the designation of target performance, the achievement of which is required for the earning of the Target PRSUs, and threshold and maximum performance and the corresponding number of PRSUs deemed earned (with the maximum level of performance corresponding to the earning of [200%] of the target number of PRSUs), have been (or will be) specified by the Committee for the fiscal years in the Performance Cycle.

Performance and the percentage of Target PRSUs earned will be interpolated, if the performance achieved is between threshold and target or between target and maximum. The Committee retains complete discretion in setting the financial goals and related terms that are incorporated into this Performance Goal.

(b) At the Determination Date, at which time the Committee will have determined whether and the extent to which the Performance Goals designated by the Committee in accordance with this Section 4 have been achieved and made other determinations authorized hereunder, any PRSUs that are determined to have not been earned shall cease to be earnable and shall be cancelled.

#### 5. Effect of Termination of Employment.

(a) Upon Participant's Termination of Employment prior to the end of a given Performance Cycle, the Participant's unearned PRSUs relating to that Performance Cycle shall cease to be earnable and shall be cancelled, except (i) to the extent provided in Section 8 of the Mid-Term Plan with respect to termination due to death, disability, termination by the Company not for Cause, and certain other circumstances, including certain terminations following a Change in Control (but excluding Retirement)), or (ii) to the extent provided in Section 5(b) below with respect to termination due to Retirement.

(b) If Termination of Employment is due to Retirement, the Participant shall be entitled to receive settlement of a Pro Rata Portion of the total number of PRSUs that would have been actually earned for the

Performance Cycle in accordance with Section 6(c) of the Mid-Term Plan, assuming continued employment throughout the Performance Cycle. For this purpose, the proration date (used to calculate the Pro Rata Portion) shall be the earlier of (A) the last day of the payroll period with respect to which a severance payment in the nature of salary continuation will be made and (B) the last day of the Performance Cycle. If no severance payments are to be made, the applicable proration date shall be the date of Termination of Employment. The foregoing notwithstanding, PRSUs that have not been held for the minimum vesting period under Section 6.2 of the 2019 Plan (i.e., from the Designation of Participation to the date of Termination of Employment by reason of Retirement) will not be earnable and will be canceled as of the date of Termination of Employment. The settlement of PRSUs shall occur promptly (and in any event not later than the Settlement Deadline) following completion of the applicable Performance Cycle. Any deferral election filed by the Participant shall be effective and apply to the time of settlement of the PRSUs.

6. Settlement of PRSUs.

(a) PRSUs that are earned will be settled by delivery of one share of Common Stock for each PRSU. Such settlement will occur in accordance with Section 9 of the Mid-Term Plan. Participant may not elect to defer receipt of Common Stock issuable in settlement of PRSUs.

(b) Whenever Common Stock is to be delivered hereunder, the Company shall deliver to the Participant or the Participant's Beneficiary one or more certificates representing the shares of Common Stock, registered in the name of the Participant, the Beneficiary, or in such other form of registration as instructed by the Participant, except that the Committee may provide for alternative methods of delivery for administrative convenience. The obligation of the Company to deliver Common Stock hereunder is conditioned upon compliance by the Participant and by the Company with all applicable Federal and state securities and other laws and regulations.

7. Tax Withholding.

Participant shall be responsible for payment of any federal, state, foreign or local taxes of any amount required to be paid with respect to the grant or settlement of the PRSUs and any Dividend Equivalents or otherwise in connection with the PRSUs. In furtherance of the tax withholding obligations imposed under Section 9(g) of the Mid-Term Plan, the Company will withhold from cash payable as Dividend Equivalents and from the shares deliverable in settlement of PRSUs cash plus the number of shares having an aggregate Fair Market Value the sum of which shall equal applicable governmental tax withholding requirements, but with share withholding rounded to the nearest whole share.

8. Binding Effect; Integration; Amendment.

The terms and conditions set forth in this document shall be binding upon the heirs, executors, administrators and successors of the parties. The Award Certificate, this document, and the Plans constitute the entire agreement between the parties with respect to the PRSUs and supersede any prior agreements or documents with respect thereto. No amendment, alteration, suspension, discontinuation or termination of this document that may impose any additional obligation upon the Company or materially adversely affect the rights of the Participant with respect to the PRSUs shall be valid unless in each instance such amendment, alteration, suspension, discontinuation or termination is expressed in a written instrument duly executed in the name and on behalf of the Company and, if Participant's rights are materially adversely affected thereby, by Participant.

9. PRSUs subject to Forfeiture Policy for Equity and Incentive Awards.

The PRSUs subject to this Award Certificate are subject to the Company's Forfeiture Policy for Equity and Incentive Awards or other forfeiture or recoupment policies or arrangements, each as in effect from time to time and as applicable to Participant. Such policies or arrangements impose conditions that may result in forfeiture

of such PRSUs or the proceeds to Participant resulting from such PRSUs (a so-called “clawback”) in certain circumstances if the Company’s financial statements are required to be restated as a result of misconduct or upon the occurrence of other events as described in such policies or arrangements.

10. Miscellaneous.

(a) No Promise of Continued Employment. The PRSUs and the granting thereof shall not constitute or be evidence of any agreement or understanding, express or implied, that Participant has a right to continue as an employee or service provider of the Company for any period of time, or at any particular rate of compensation.

(b) Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws (but not the law of conflicts of laws) of the State of North Carolina and applicable federal law.

(c) Unfunded Obligations. The grant of the PRSUs and any provision for distribution in settlement of Participant’s Account hereunder shall be by means of bookkeeping entries on the books of the Company and shall not create in Participant any right to, or claim against any, specific assets of the Company, nor result in the creation of any trust or escrow account for Participant. With respect to Participant’s entitlement to any distribution hereunder, Participant shall be a general creditor of the Company.

(d) Notices. Any notice to be given the Company under this Agreement shall be addressed to the Company at its principal executive offices, in care of the Vice President–Human Resources, and any notice to Participant shall be addressed to Participant at Participant’s address as then appearing in the records of the Company.

(e) Shareholder Rights. Participant and any beneficiary shall not have any rights with respect to shares (including voting rights) covered by this Agreement prior to the settlement and distribution of the shares as specified herein.

**CERTIFICATION OF CHIEF 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)) 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) 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
  - (c) 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.

August 13, 2019

/s/ Scott H. Baxter

Scott H. Baxter  
President and Chief Executive Officer

**CERTIFICATION OF CHIEF 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)) 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) 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
  - (c) 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.

August 13, 2019

/s/ Rustin Welton

Rustin Welton

Vice President and Chief Financial Officer

**CERTIFICATION OF CHIEF 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 June 29, 2019 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.

August 13, 2019

/s/ Scott H. Baxter

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Scott H. Baxter

President and Chief Executive Officer

**CERTIFICATION OF CHIEF 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 June 29, 2019 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.

August 13, 2019

/s/ Rustin Welton

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Rustin Welton

Vice President and Chief Financial Officer