

**KONTOOR**<sup>TM</sup>

**INVESTOR DAY**

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MAY 24, 2021

# ERIC TRACY

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SENIOR DIRECTOR  
INVESTOR RELATIONS

# KTB INVESTOR DAY 2021

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## CATALYZING GROWTH

# DISCLOSURE

## Forward-Looking Statements

Certain statements included in this presentation are "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on our expectations and beliefs concerning future events impacting the Company and therefore involve several risks and uncertainties. You can identify these statements by the fact that they use words such as "will," "anticipate," "estimate," "expect," "should," "may" and other words and terms of similar meaning or use of future dates. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements. We do not intend to update any of these forward-looking statements or publicly announce the results of any revisions to these forward-looking statements, other than as required under the U.S. federal securities laws. 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 presentation include, but are not limited to: risks associated with the COVID-19 pandemic, which could continue to result in closed factories and stores, reduced workforces, supply chain interruption, and reduced consumer traffic and purchasing; the level of consumer demand for apparel; intense industry competition; the Company's ability to gauge consumer preferences and product trends, and to respond to constantly changing markets; the ability to accurately forecast demand for products; the Company's ability to maintain the images of its brands; increasing pressure on margins; e-commerce operations through the Company's direct-to-consumer business; the financial difficulty experienced by the retail industry; possible goodwill and other asset impairment; reliance on a small number of large customers; the ability to implement the Company's business strategy; the stability of manufacturing facilities and foreign suppliers; fluctuations in wage rates and the price, availability and quality of raw materials and contracted products; the reliance on a limited number of suppliers for raw material sourcing and the ability to obtain raw materials on a timely basis or in sufficient quantity or quality; disruption to distribution systems; seasonality; unseasonal or severe weather conditions; impact of challenges with the implementation of its enterprise resource planning software system; the Company's and its vendors' ability to maintain the strength and security of information technology systems; the risk that facilities and systems and those of third-party service providers may be vulnerable to and unable to anticipate or detect data security breaches and data or financial loss; ability to properly collect, use, manage and secure consumer and employee data; foreign currency fluctuations; the impact of climate change and related legislative and regulatory responses; legal, regulatory, political and economic risks; changes to trade policy, including tariff and import/export regulations; compliance with anti-bribery, anti-corruption and anti-money laundering laws by the Company and third-party suppliers and manufacturers; changes in tax laws and liabilities; the costs of compliance with or the violation of national, state and local laws and regulations for environmental, consumer protection, employment, privacy, safety and other matters; the Company's ability to maintain effective internal controls; continuity of members of management; labor relations; the ability to protect trademarks and other intellectual property rights; the ability of the Company's licensees to generate expected sales and maintain the value of the Company's brands; disruption and volatility in the global capital and credit markets and its impact on the Company's ability to obtain short-term or long-term financing on favorable terms; the Company maintaining satisfactory credit ratings; restrictions on the Company's business relating to its debt obligations; volatility in the price and trading volume of the Company's common stock; anti-takeover provisions in the Company's organizational documents; the failure to declare future cash dividends; and the Company's spin-off from VF Corporation, including not realizing all of the expected benefits from the spin-off; the representativeness of the historical financial information for the periods prior to the spin-off; the significant costs to the Company to perform certain functions (currently being performed by VF Corporation for the Company on a transitional basis) following the transition period; indemnification obligations related to the spin-off; having limited access to the insurance policies maintained by VF Corporation for events occurring prior to the spin-off; the actual or potential conflicts of interest of the Company's directors and officers because of their equity ownership in VF Corporation; the tax treatment of the spin-off; and the significant restrictions on the Company's actions in order to avoid triggering tax-related liabilities. Many of the foregoing risks and uncertainties will continue to be exacerbated by the COVID-19 pandemic and any continued worsening of the global business and economic environment as a result. More information on potential factors that could affect the Company's financial results are described in detail in the Company's most recent Annual Report on Form 10-K and in other reports and statements that the Company files with the SEC.

## Non-GAAP Information

This presentation includes certain "non-GAAP financial measures" as defined in Regulation G under the Securities Exchange Act of 1934. Please refer to the Appendix to find a reconciliation of any non-GAAP financial measures to their most directly comparable GAAP measures. Management uses these non-GAAP financial measures internally in its budgeting and review process and, in some cases, as a factor in determining compensation. In addition, adjusted EBITDA is a key financial measure for the Company's shareholders and financial leaders, as the Company's debt financing agreements require the measurement of adjusted EBITDA, along with other measures, in connection with the Company's compliance with debt covenants. While management believes that these non-GAAP measures are useful in evaluating the business, this information should be considered supplemental in nature and should be viewed in addition to, and not as an alternate for, reported results under GAAP. In addition, these non-GAAP measures may be different from similarly titled measures used by other companies. A reconciliation of non-GAAP forward looking information to the corresponding GAAP measures cannot be provided without unreasonable efforts due to the challenge in quantifying various items including, but not limited to, the effects of foreign currency movements, ERP implementation expenses, gains or losses on sales of assets, taxes, and any future restructuring or impairment charges.

# AGENDA

## CATALYZING GROWTH

- **STRATEGIC VISION**
  - Global Kontoor
  - Global Wrangler, Global Lee
- **GROWTH CATALYSTS**
  - Enhance/Accelerate the Core (U.S. Wholesale)
  - Category (Outdoor/ATG, Work, Tees)
  - Geographic (China)
  - Channel (Digital)
- **GROWTH ENABLERS**
  - Product/Design
  - Innovation/Sustainability
  - Supply Chain
  - Talent/Culture
  - Demand Creation
- **FINANCIAL STRATEGY/3-YEAR TARGETS**
- **Q&A**



KONTOOR

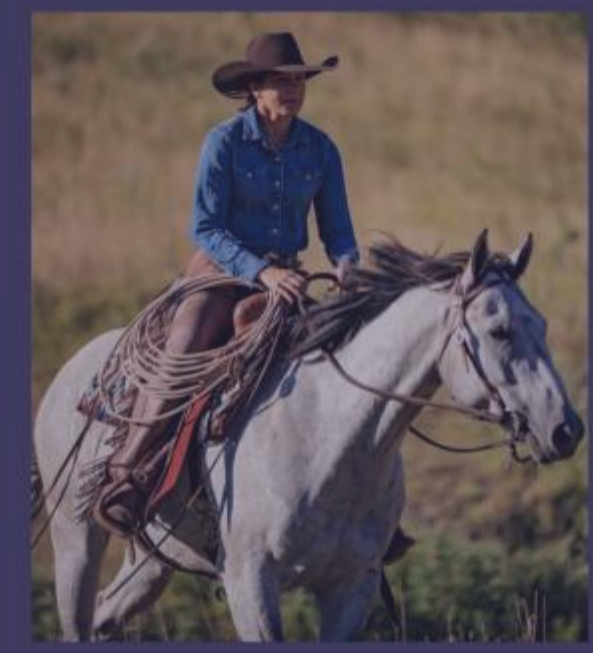
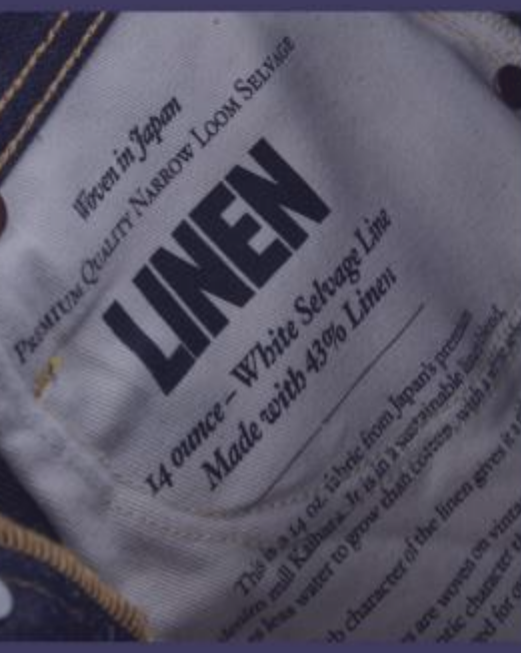
# SCOTT BAXTER

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PRESIDENT AND  
CHIEF EXECUTIVE OFFICER



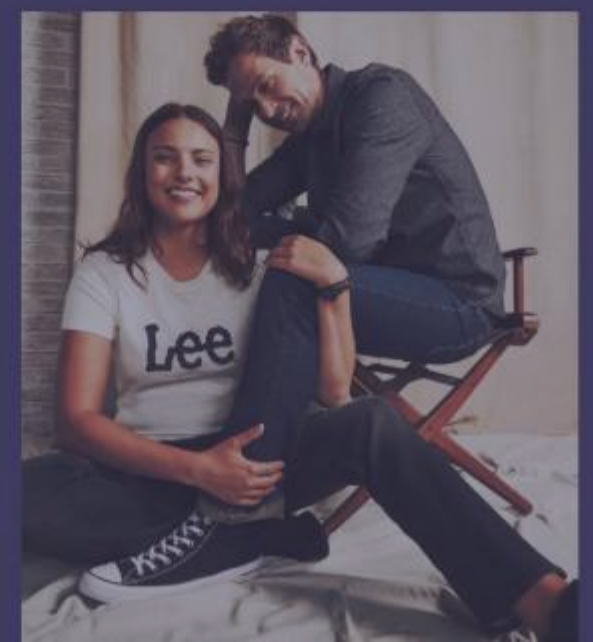
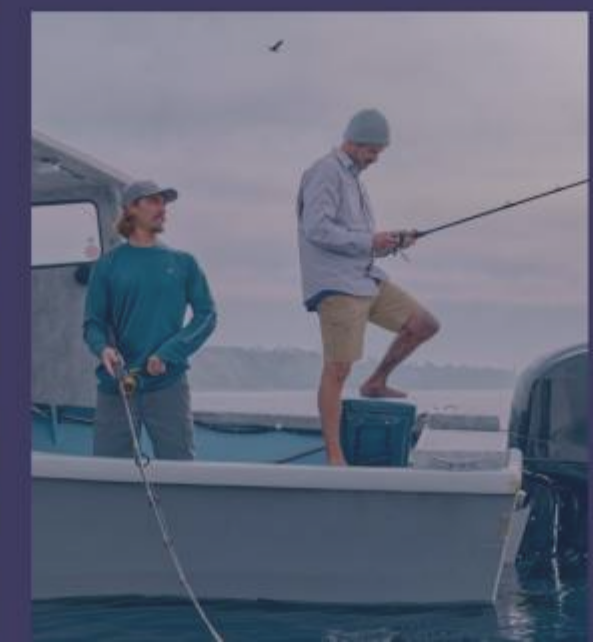
NEXT 3 YEARS



CATALYZING



GROWTH



KONTOOR™

# KTB STRATEGIC VISION

CATALYZING GROWTH

ACCELERATING  
FUNDAMENTAL  
ALGORITHM

+

INCREASING  
CASH FLOW  
OPTIONALITY

=

ENHANCED TARGETED TSR



# KTB STRATEGIC VISION

## HORIZON 1: STRATEGIC ACTIONS SINCE SPIN

### WHAT WE SAID

### WHAT WE DELIVERED

Fundamental Optimization

Accretive restructuring & quality-of-sales actions, \$25M+ cost saves, and NA & APAC ERP implementations

Healthy margin expansion

40bps<sup>1</sup> expansion in FY'20, and triple-digit<sup>1</sup> expansion in each of the last 3 quarters

Compelling, durable cash generation

>\$500M cumulative cash from operations since May '19 spin

Commitment to a healthy balance sheet

Sub 2x net leverage<sup>2</sup> ratio driven by \$575M debt repayment over the last 4 quarters

Strong dividend policy

5% yield<sup>3</sup>

8-10% Annual Total Shareholder Return

+33% annual average since May '19 spin<sup>4</sup>

May  
2019

Spin

Fundamental  
stabilization &  
optimization

2020

COVID-19

Financial Flexibility

2021

Strategy  
Amplification

Fundamental  
Acceleration &  
Optionality

<sup>1</sup> On an Adjusted basis; See Appendix for reconciliation to nearest GAAP measure

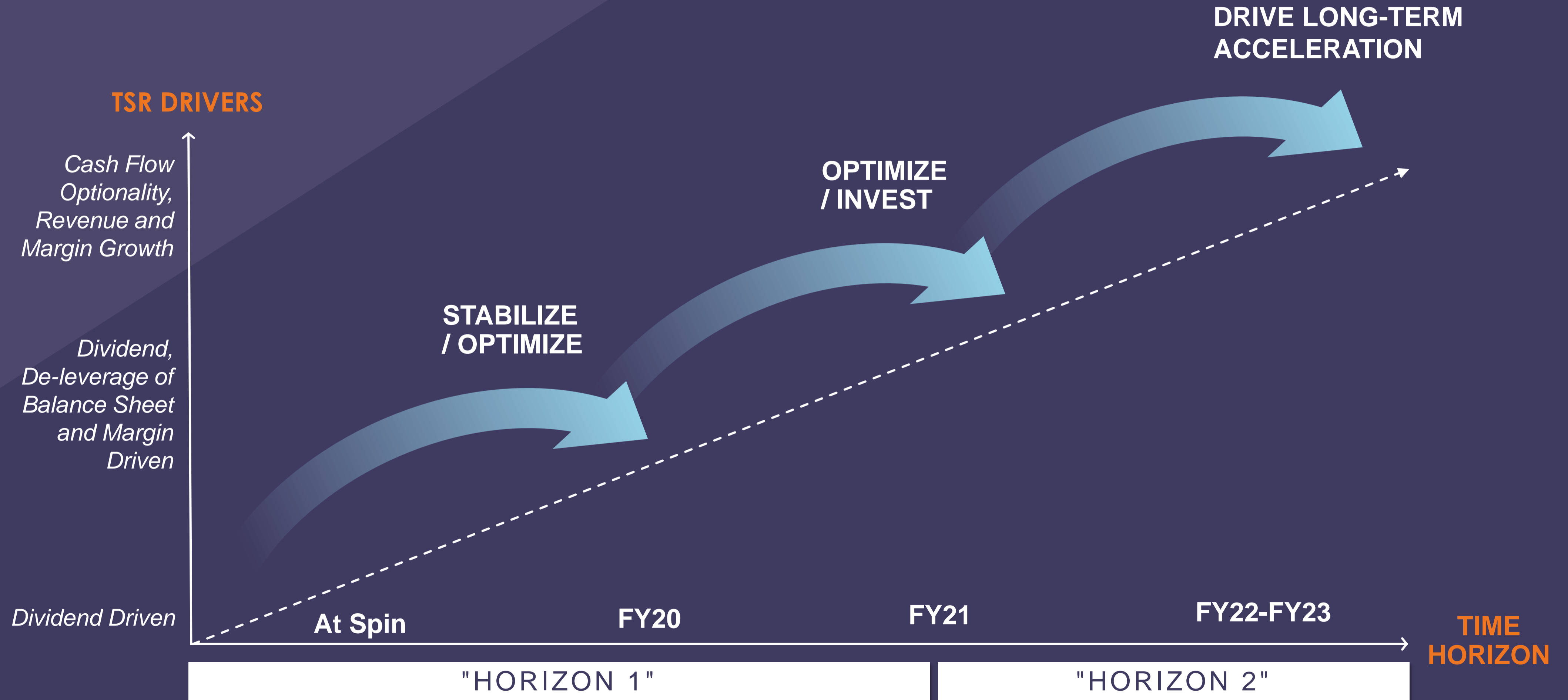
<sup>2</sup> Net leverage ratio defined as Net Debt (Total Debt less Cash), divided by Adjusted EBITDA for the four quarters ending Q1 '21. See Appendix for reconciliation to nearest GAAP measure

<sup>3</sup> Period starting July 23, 2019 through May 14, 2021; Excludes temporary dividend suspension period (February 20, 2020 through October 28, 2020)

<sup>4</sup> Through our first quarter 2021 quarterly earnings report (May 6, 2021); Source: Bloomberg

# KTB STRATEGIC VISION

## SEQUENCING MATTERS



# KTB STRATEGIC VISION

## HORIZON 2: GROWTH CATALYSTS

### REVENUE GROWTH VECTORS OF LONG-TERM KTB INVESTMENT THESIS

**1** ENHANCE/ACCELERATE THE CORE (FOCUS ON **U.S. WHOLESALE**)

**2** CATEGORY EXTENSIONS (FOCUS ON **OUTDOOR, TEES, WORK**)

**3** GEOGRAPHIC EXPANSION (FOCUS ON **CHINA**)

**4** CHANNEL EXPANSION (FOCUS ON **DIGITAL**)

# KTB STRATEGIC VISION

## HORIZON 2: GROWTH ENABLERS

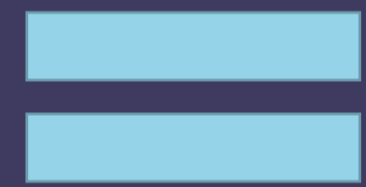
### INVESTING IN TSR / GROWTH ENABLERS...

- 1 PRODUCT & DESIGN**  
Superior Product | Enhanced Global Designs Driving Premiumization & Elevated Price
- 2 INNOVATION & SUSTAINABILITY**  
Product | Manufacturing | Sustainability/ESG
- 3 SUPPLY CHAIN**  
Owned vs Sourced | Speed, Scale | Proprietary Technologies/ Processes
- 4 TALENT & CULTURE**  
Purpose-Led | Authenticity & Integrity | High-performance | Inclusion and Diversity
- 5 DEMAND CREATION**  
Highest ROI Investments

# KTB STRATEGIC VISION

HORIZON 2: INCREASING CASH FLOW OPTIONALITY

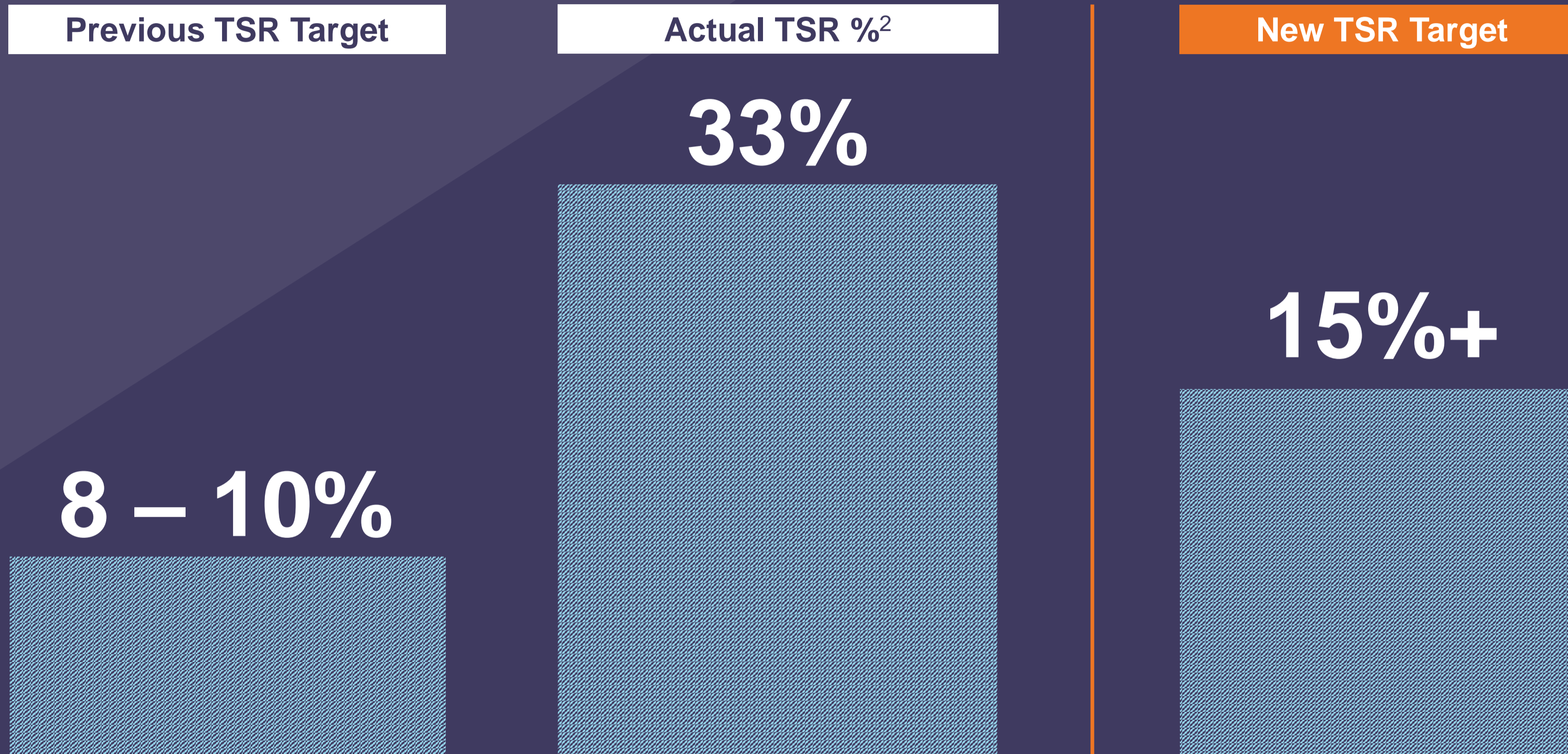
**OPTIMIZED  
CAPITAL  
STRUCTURE**



**OPPORTUNITY FOR  
TSR-BOLSTERING  
CAPITAL ALLOCATION  
ACTIONS**

# KTB STRATEGIC VISION

## EVOLVING TSR<sup>1</sup> ALGORITHM



<sup>1</sup> TSR on an annual average basis

<sup>2</sup> Total Shareholder Return assumes re-invested dividends; May 9, 2019 – May 6, 2021; Source: Bloomberg

# STRATEGIC VISION

GLOBAL WRANGLER

GLOBAL LEE

# TOM WALDRON

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EXECUTIVE VICE PRESIDENT AND  
GLOBAL BRAND PRESIDENT, WRANGLER





Wrangler  
JEANS

Wrangler®



# WRANGLER

HORIZON 1: SETTING THE FOUNDATION

**BEGIN INVESTING IN KEY GROWTH ENABLERS**

**ELEVATED PRODUCT**

**WORLD CLASS TALENT**

**AMPLIFIED DEMAND CREATION**

**INNOVATION IN ALL WE DO**

# WRANGLER

## HORIZON 2: DIVERSIFIED GROWTH

### REVENUE GROWTH CATALYSTS OF WRANGLER BUSINESS

#### ENHANCE/ACCELERATE THE CORE

Focus on U.S. Wholesale

#### CHANNEL DIVERSIFICATION

Focus on Digital

#### GEOGRAPHIC EXPANSION

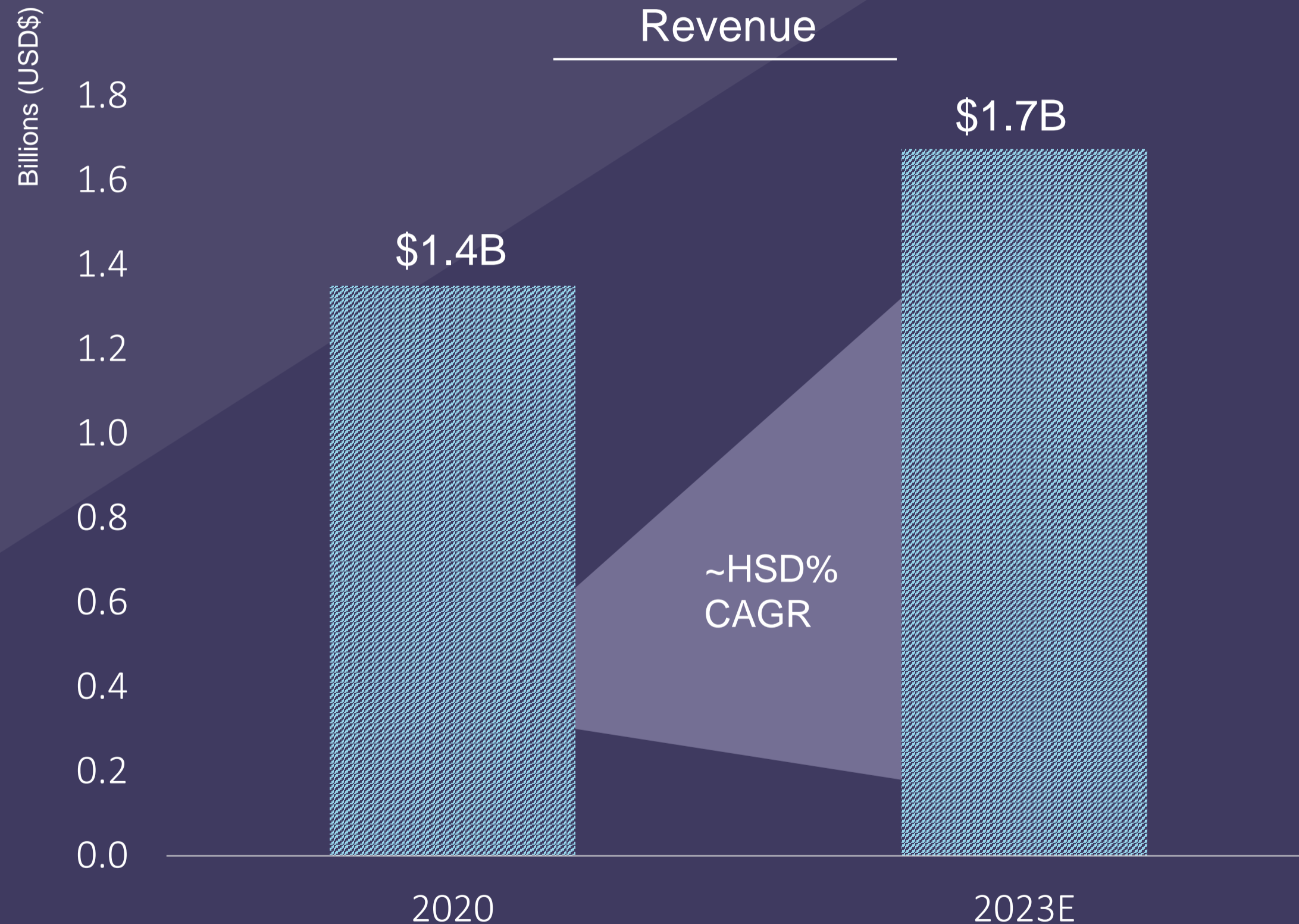
Focus on China

#### CATEGORY EXTENSIONS

Focus on Outdoor, Tees, Work

# WRANGLER

## 3-YEAR TARGETS



### 3-Year Targets (2020 – 2023E)

#### HSD% 3-Year CAGR

Adding ~\$300M Incremental Revenue

#### Geographic Expansion

Focus on Significant White Space in China

#### Channel Expansion

Leverage Innovation Platforms, ATG and Digital

#### Category Extensions

Focus on Outdoor, Work, and Tees

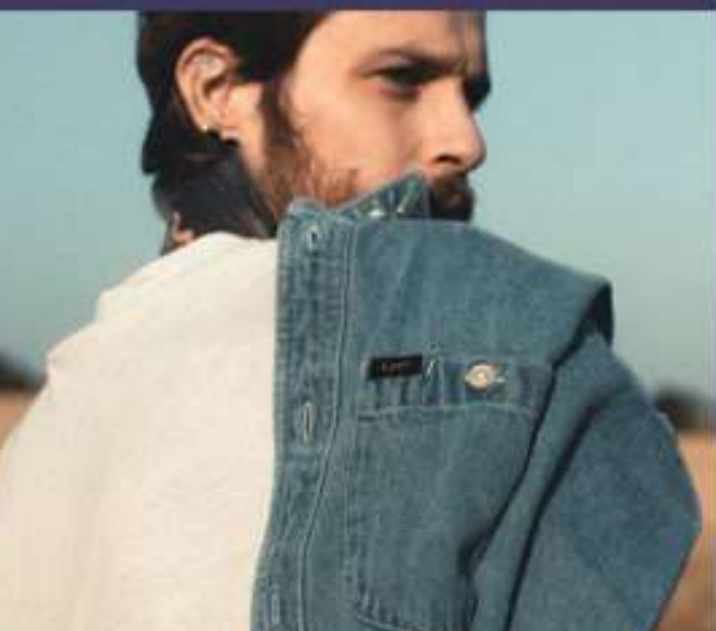
#### Profitable Growth

Continued Margin Expansion

# CHRIS WALDECK

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EXECUTIVE VICE PRESIDENT AND  
GLOBAL BRAND PRESIDENT, LEE



# LEE

## HORIZON 1: SETTING THE FOUNDATION

**SIGNIFICANT BRAND TRANSFORMATION**

**QUALITY OF SALES**

**DESIGN, INNOVATION AND PRODUCT DEVELOPMENT**

**SUSTAINABILITY**

**DEMAND CREATION**

# LEE

## HORIZON 2: BRAND ENHANCING GROWTH

REVENUE GROWTH CATALYSTS OF LEE BUSINESS

### ENHANCE/ACCELERATE THE CORE

Focus on U.S. Wholesale

### CHANNEL DIVERSIFICATION

Focus on Digital

### GEOGRAPHIC EXPANSION

Focus on China

### CATEGORY EXTENSIONS

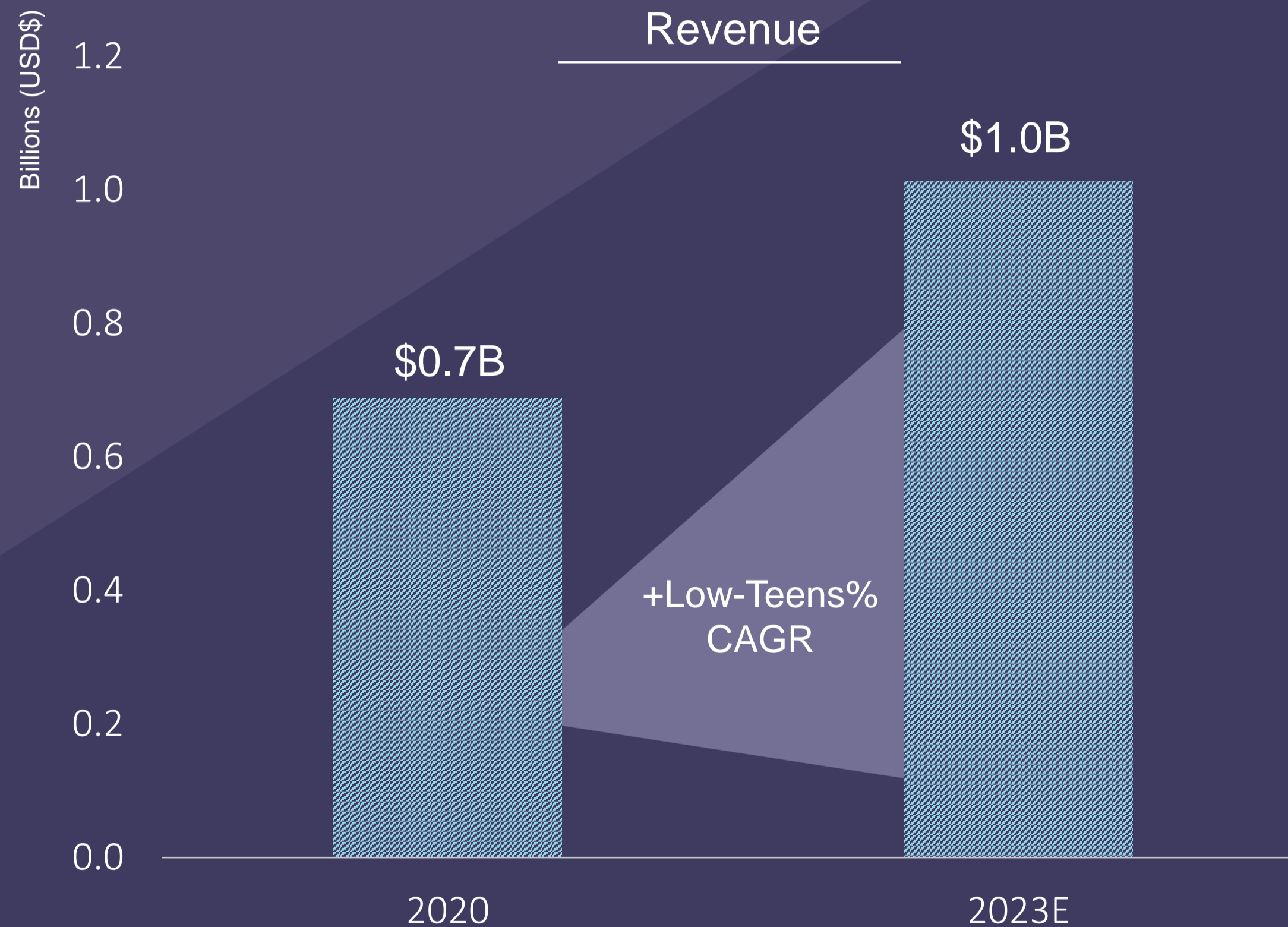
Focus on Tops, Workleisure

KONTOOR™



# LEE

## 3-YEAR TARGETS



### 3-Year Targets (2020 – 2023E)

#### Low-Teens% 3-Year CAGR

Adding >\$300M Incremental Revenue

#### Geographic Expansion

Focus on Tier 3 and Tier 4 China Markets

#### Channel Expansion

Significant Opportunity in Premium/Value and Digital

#### Category Extensions

Focus on Tops and Leisure

#### Profitable Growth

Continued Margin Expansion

# GROWTH CATALYSTS

1

ENHANCE  
THE CORE

2

CATEGORY  
GROWTH

3

GEOGRAPHIC  
EXPANSION

4

CHANNEL  
GROWTH

# GROWTH CATALYSTS

ENHANCE THE CORE

# BILL LYNCH

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VICE PRESIDENT, U.S. GENERAL MANAGER  
LEE

# LEE U.S. WHOLESALE

## AREAS OF FOCUS



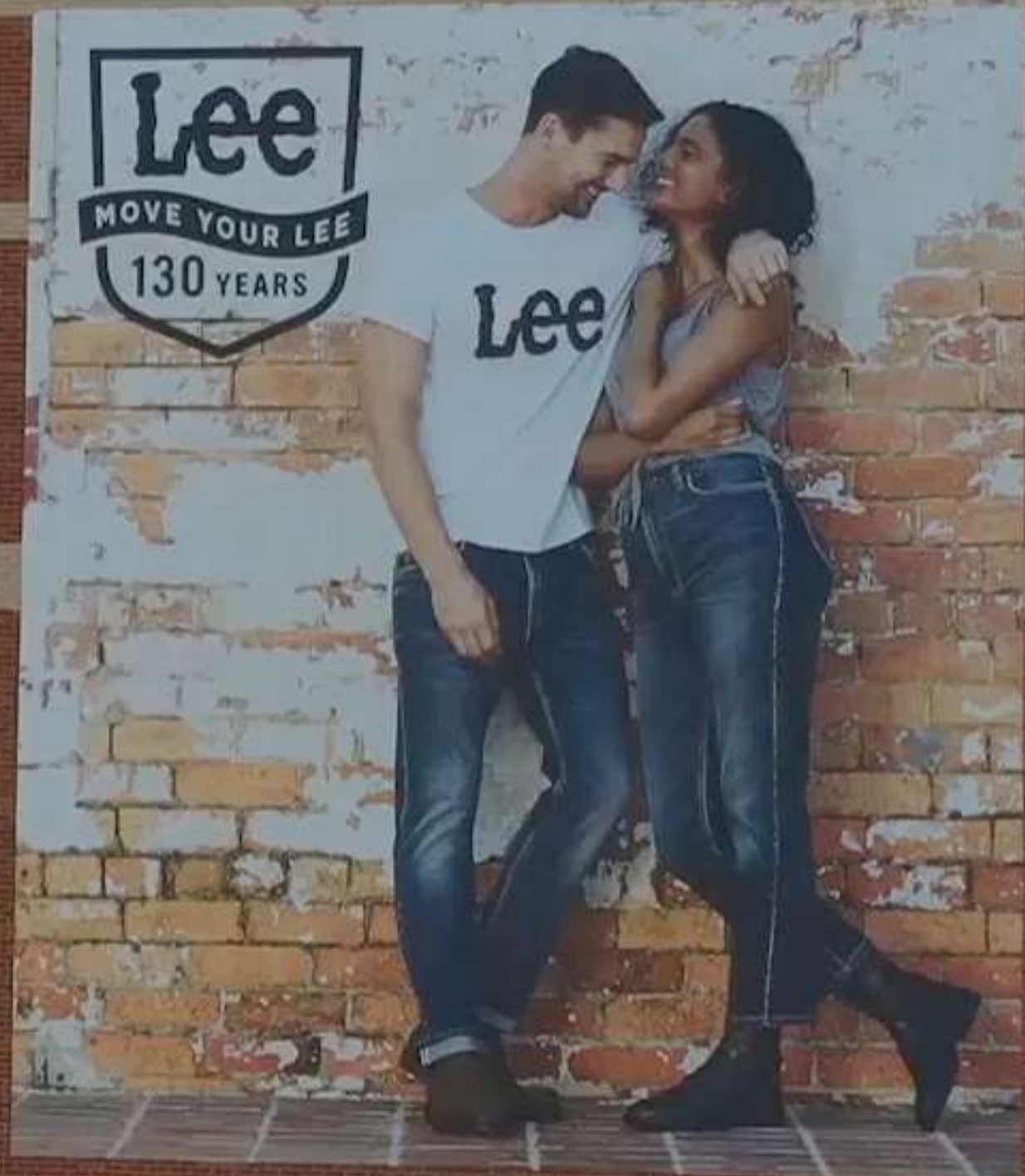
RE-ESTABLISH HEALTHIER  
LONG-TERM FOUNDATION

GROW MARKET SHARE  
IN EXISTING  
DISTRIBUTION

NEW BUSINESS  
DEVELOPMENT

Whangier

Lee



# RE-ESTABLISHING HEALTHIER FOUNDATION

## OPTIMIZING DOMESTIC BRAND POSITION



STABILIZE

- Take share in existing channels
- Improve profitability
- Category extensions
- Leverage innovation platforms

ACCELERATE

- Significant investment
- Collaborations
- Premiumization of the brand

# RE-ESTABLISHING HEALTHIER FOUNDATION

QUALITY OF SALES



8

CONSECUTIVE  
QUARTERS OF U.S.  
GROSS MARGIN  
EXPANSION<sup>1</sup>

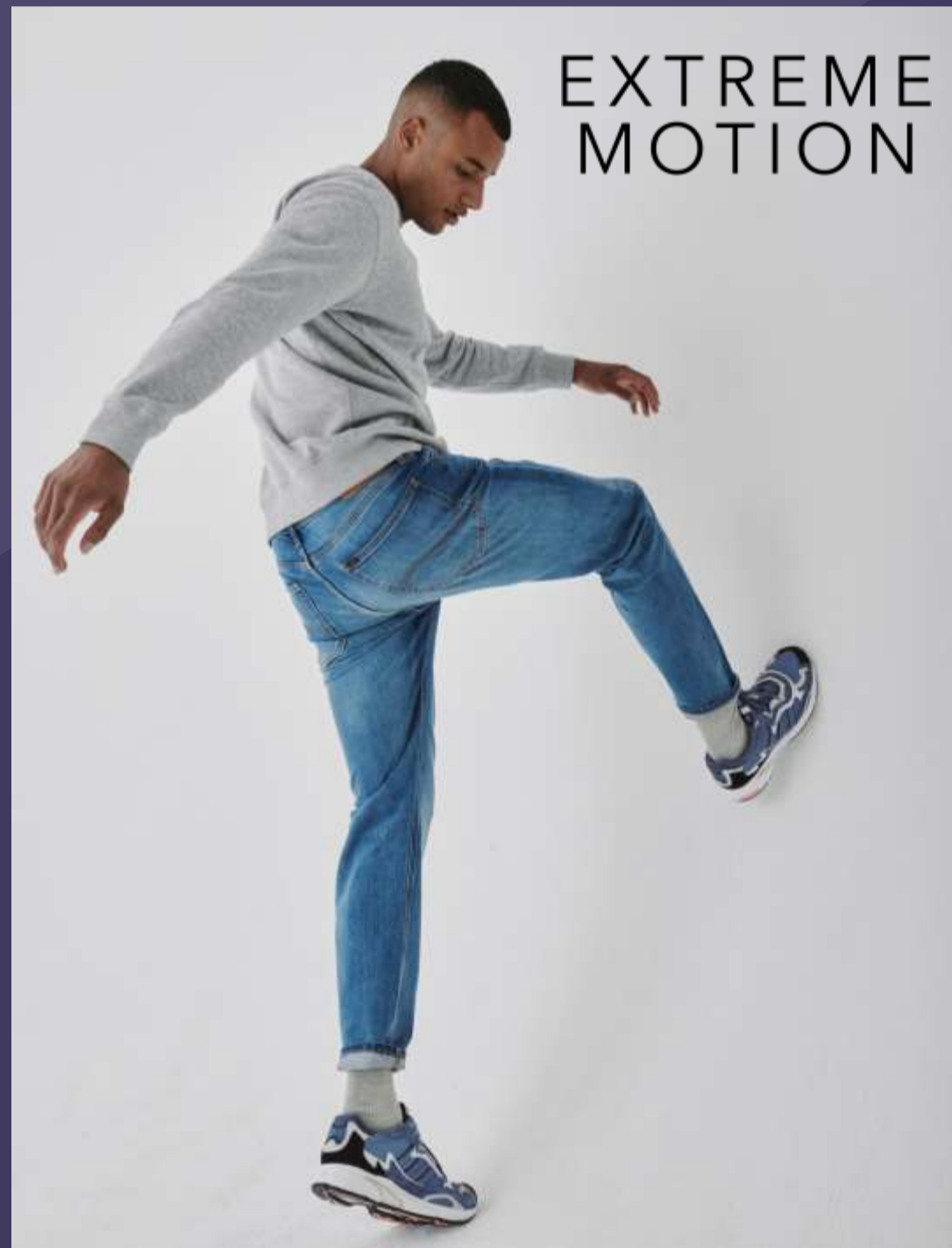
<sup>1</sup> Year-over-year on an Adjusted basis



# GROW SHARE IN EXISTING DISTRIBUTION

## ACCELERATE U.S. WHOLESALE CORE

INNOVATION



STRONG  
DEMAND CREATION

Drive New Consumer Acquisition via  
Scaling Investment in Retailer.com

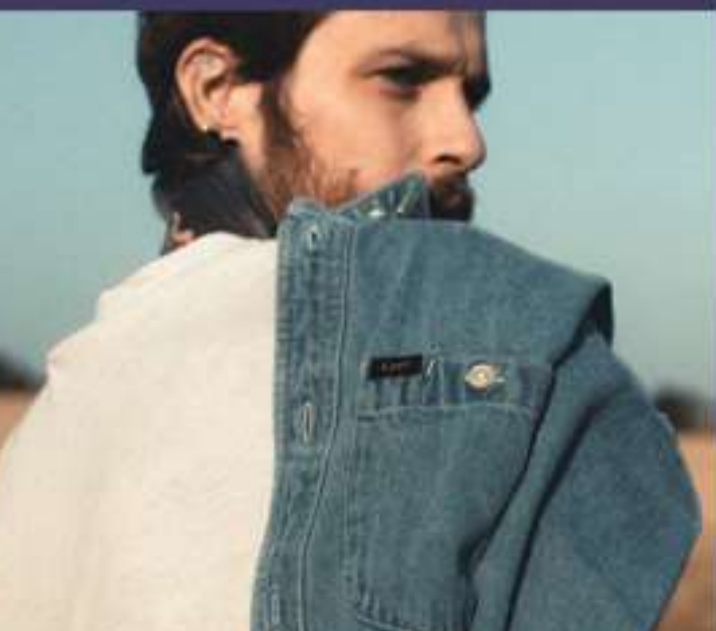
Omni-Channel with Digital Focus

Brand Elevation at Retail

CATEGORY EXTENSIONS

Tees    Wovens    Jackets

KONTOOR™



# NEW BUSINESS DEVELOPMENT

SIGNIFICANT OPPORTUNITY IN ELEVATED CHANNELS

PENETRATE  
NEW CHANNELS

ACCELERATE DIGITAL  
WHOLESALE

PREMIUM CHANNEL  
BRAND HALO

PINNACLE  
SPECIALTY

PREMIUM

CLUBS

SPORTING GOODS

~70% INCREASE IN  
DIGITAL  
WHOLESALE<sup>1</sup>

~70% INCREASE IN  
DIGITAL  
MARKETING<sup>2</sup>



NORDSTROM

*free people*

ANTHROPOLOGIE

1. Q1 2021 vs Q1 2020 Lee North America wholesale revenue

2. Q1 2021 vs Q1 2020; Includes Digital media investments, wholesale specific media and social media.

# JENNI BROYLES

---

VICE PRESIDENT, U.S. GENERAL MANAGER  
WRANGLER

# ACCELERATE CORE U.S. WHOLESALE

WRANGLER BRAND WELL-POSITIONED

CLEAR PRODUCT ARCHITECTURE

LEVERAGING WINNERS

UNIQUE POSITIONING

DIVERSE PORTFOLIO

1



2



3



4



5



amazon

BOOT BARN®

KOHL'S

TARGET

Walmart

FREE

Adventurous &  
Optimistic

STRONG

Tenacious & Confident

TRUE

Rooted & Soulful

DENIM &  
NON-DENIM LONGS

SHORTS

WOVENS

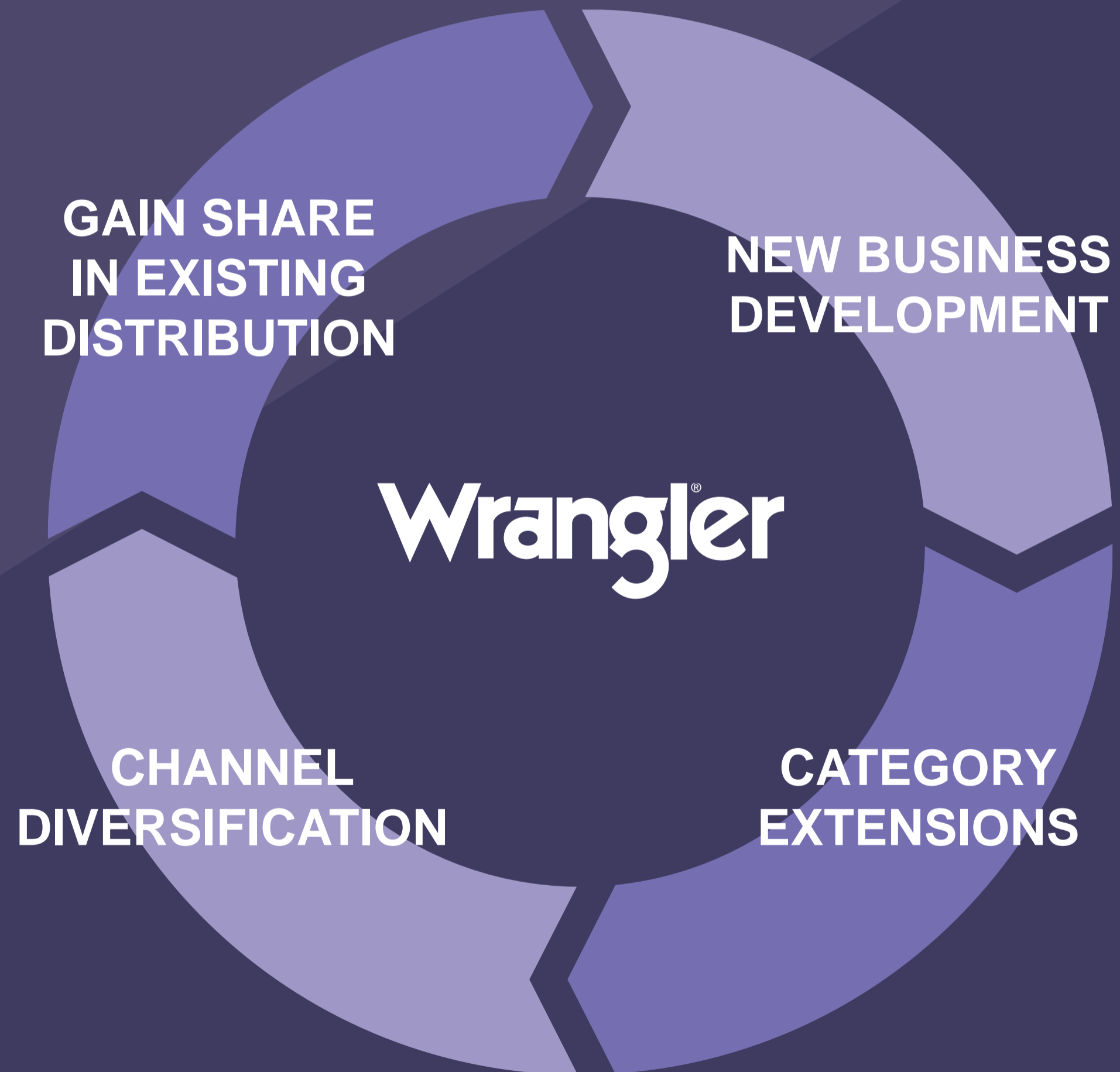
KNITS

JACKETS

KONTOOR™

# ACCELERATE CORE U.S. WHOLESALE

OPPORTUNITY TO GAIN SHARE & ADD INCREMENTAL GROWTH



New investments in growth enablers drive accelerated top-line growth

# ACCELERATE CORE U.S. WHOLESALE

TAKE SHARE IN EXISTING DISTRIBUTION

CONTINUOUS  
INNOVATION



ATG BY  
WRANGLER



WRANGLER  
WORKWEAR



WRANGLER  
ROOTED  
COLLECTION

STRONG  
DEMAND CREATION



ACQUIRING NEW  
CUSTOMERS



ELEVATING ACROSS  
RETAILERS



DIGITAL-DRIVEN  
ECOSYSTEM



WIN IN  
WESTERN

BEST IN CLASS  
SUPPLY CHAIN



SPEED



SCALE



FLEXIBILITY

KONTOOR™

# ACCELERATE CORE U.S. WHOLESALE

## NEW BUSINESS DEVELOPMENT

PENETRATE  
NEW CHANNELS

ACCELERATE DIGITAL  
WHOLESALE

PREMIUM CHANNEL  
BRAND HALO

PREMIUM

SPECIALTY

SPORTING GOODS

CLUBS

~60% INCREASE IN  
DIGITAL  
WHOLESALE<sup>1</sup>

~50% INCREASE IN  
DIGITAL  
MARKETING<sup>2</sup>

NORDSTROM

*free people*

URBAN OUTFITTERS

**SCHEELS**<sup>®</sup>  
GEAR. PASSION. SPORTS.

<sup>1</sup> Q1 2021 vs Q1 2020 Wrangler North America wholesale revenue

<sup>2</sup> Q1 2021 vs Q1 2020; Includes Digital media investments, wholesale specific media and social media.



# ACCELERATE CORE U.S. WHOLESALE

## CATEGORY EXTENSIONS

ACCELERATE COMPLEMENTARY CATEGORIES TO CORE DENIM BOTTOMS

WOVENS

TEES

JACKETS



GROW FASTER IN NEW CATEGORIES WHERE WRANGLER HAS PERMISSION TO PLAY

OUTDOOR

WORKWEAR

FEMALE

TEES/KNITS



# ACCELERATE CORE U.S. WHOLESALE

## CHANNEL DIVERSIFICATION



### MAINTAIN AND GROW SHARE IN CORE

- Mass
- Western Specialty

### DISTORT GROWTH IN NEW DISTRIBUTION

- Premium
- Specialty
- Sporting Goods
- Digital

# ACCELERATE CORE U.S. WHOLESAL

LEADING MARKET SHARE



COMBINED TOP MARKET SHARE

**MEN'S DENIM**

**MEN'S CASUAL PANTS**

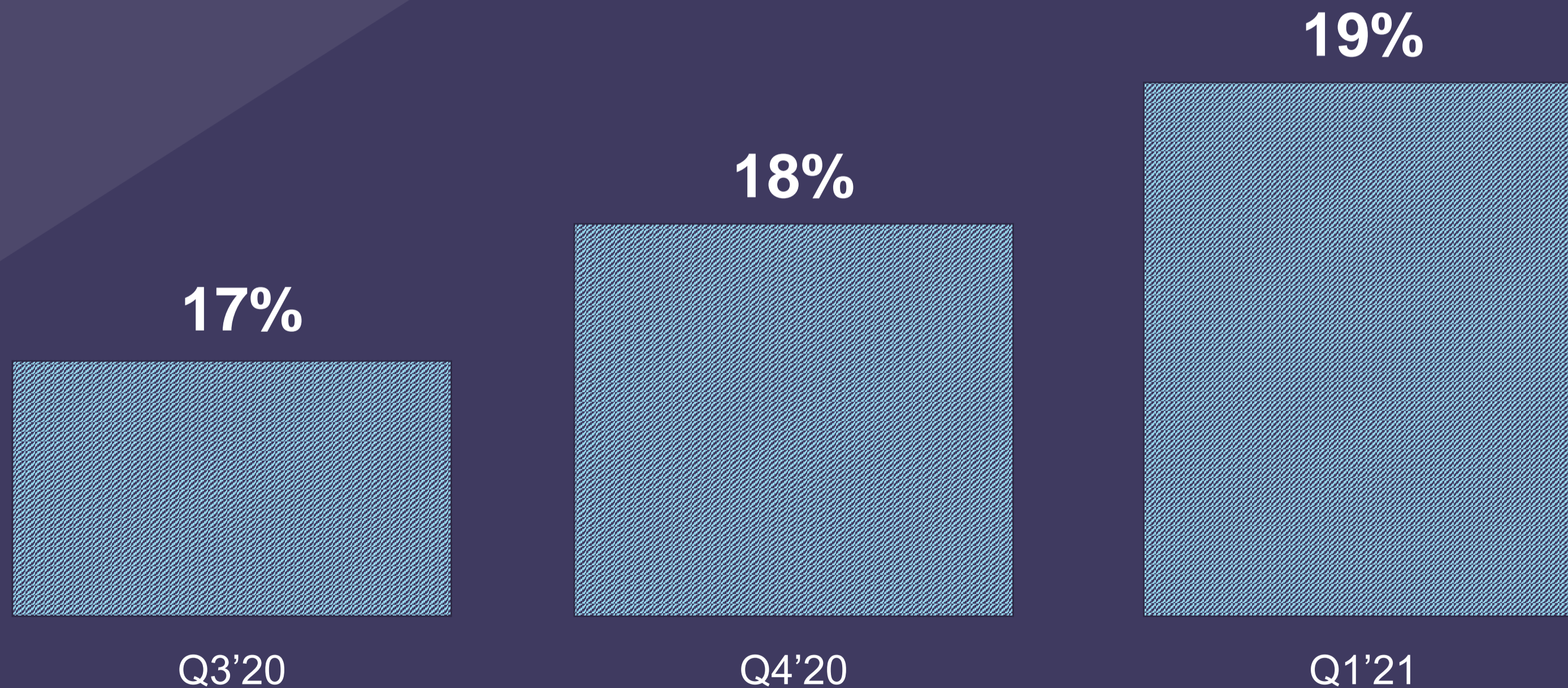
**MEN'S WOVEN SHIRTS**

**MEN'S CASUAL SHORTS**

# ACCELERATE CORE U.S. WHOLESALE

U.S. WHOLESALE MARKET SHARE<sup>1</sup> SHOWS MOMENTUM

AND IT'S WORKING

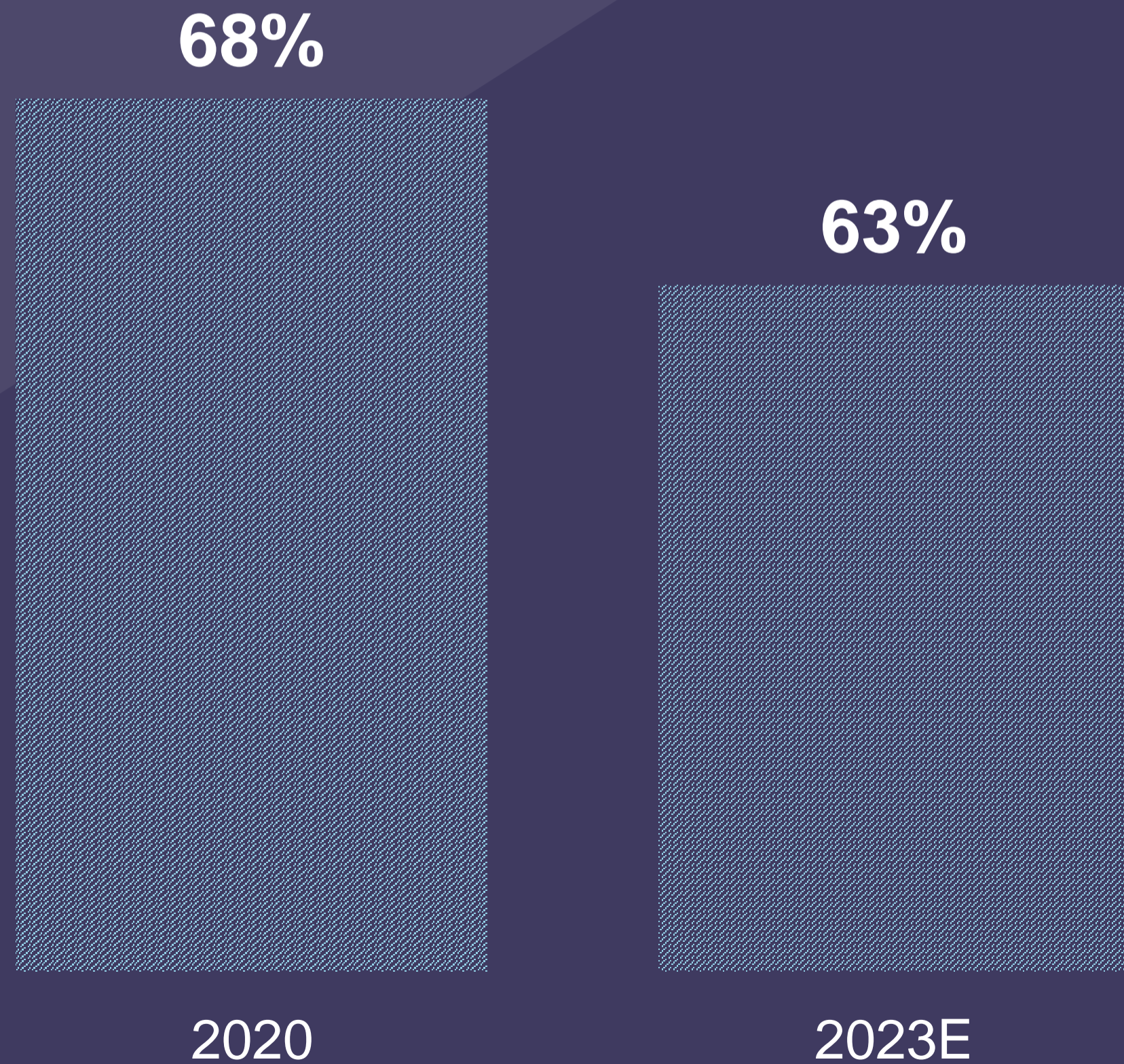


<sup>1</sup> Source: The NPD Group, Retail Tracking Service, Wrangler/Rustler/Riggs Workwear by Wrangler combined U.S. Dollar Share, Men's: Jeans/Casual Pants combined, 9ME March 2021

# ACCELERATE THE CORE

## 3-YEAR TARGETS

KONTOOR U.S. WHOLESAL  
% OF REVENUE



### 3-Year Targets (2020 – 2023E)

2021  
GROWTH

+HSD-  
+LDD%

2022/2023  
CAGR

+LSD%

# GROWTH CATALYSTS

CATEGORY EXTENSIONS

# JIMMY SHAFER

---

VICE PRESIDENT & GENERAL MANAGER  
TRADITIONAL & OUTDOOR

# CATEGORY EXTENSIONS

OUTDOOR



WORK



TEES



KONTOOR™



# CATEGORY OPPORTUNITY

OUTDOOR<sup>1</sup>

~\$30B

WORK<sup>2</sup>

~\$15B

TEES<sup>3</sup>

~\$100B

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## ADDRESSABLE MARKET

~\$145B

- 1. WWD May 2021; 2025 expected global market
- 2. Workwear Report and KTB market analysis, 2021
- 3. Statista, 2021

# CATEGORY GROWTH

OUTDOOR



WORK



TEES



KONTOOR™

# OUTDOOR

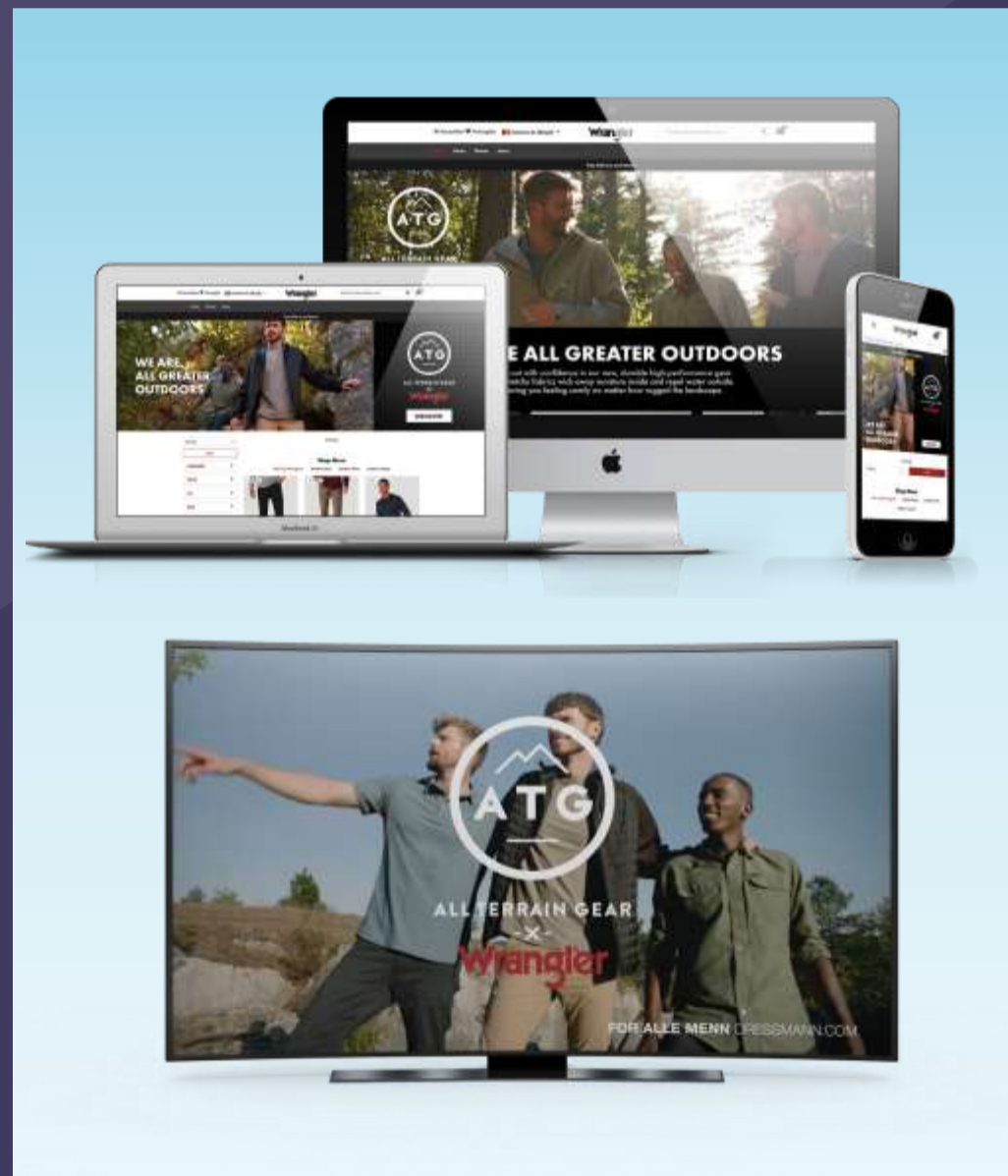
## CATEGORY GROWTH DRIVERS

BUILD BRAND  
AWARENESS

EXTEND PRODUCT  
PORTFOLIO

SCALE  
DISTRIBUTION

PRODUCT  
INNOVATION



ADDRESSABLE MARKET<sup>1</sup> : ~\$30B

1. WWD May 2021; 2025 expected global market



ALL TERRAIN GEAR

-X-

**Wrangler®**



# Wrangler<sup>®</sup> ANGLER



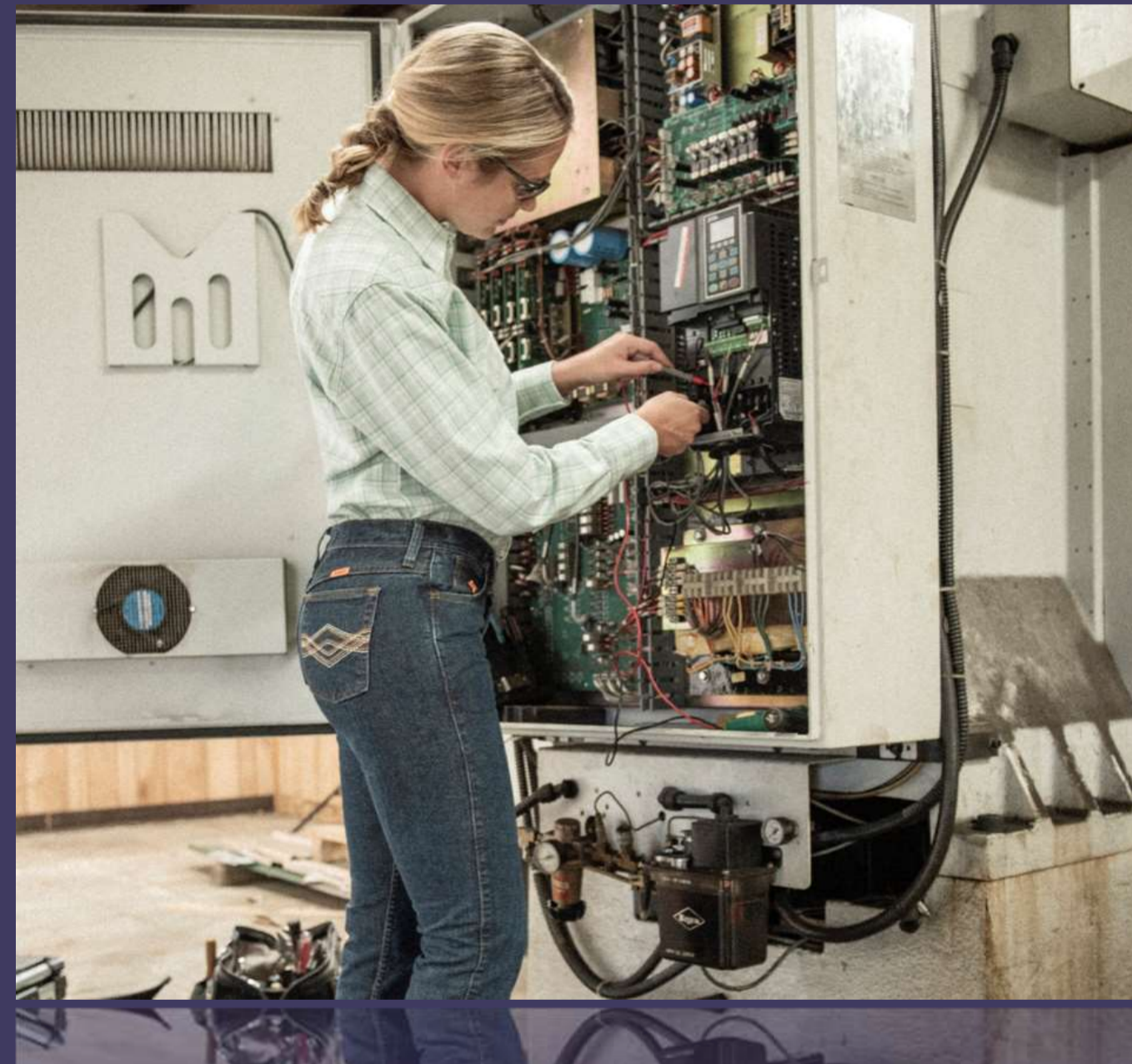
# WORKWEAR

## CATEGORY GROWTH DRIVERS

PRODUCT  
SEGMENTATION

B2B / INDUSTRIAL

PRODUCT  
INNOVATION



ADDRESSABLE MARKET<sup>1</sup> : ~\$15B

1. Workwear Report and KTB market analysis, 2021

# TEES

## CATEGORY GROWTH DRIVERS

### LOGO

### LIFESTYLE GRAPHICS

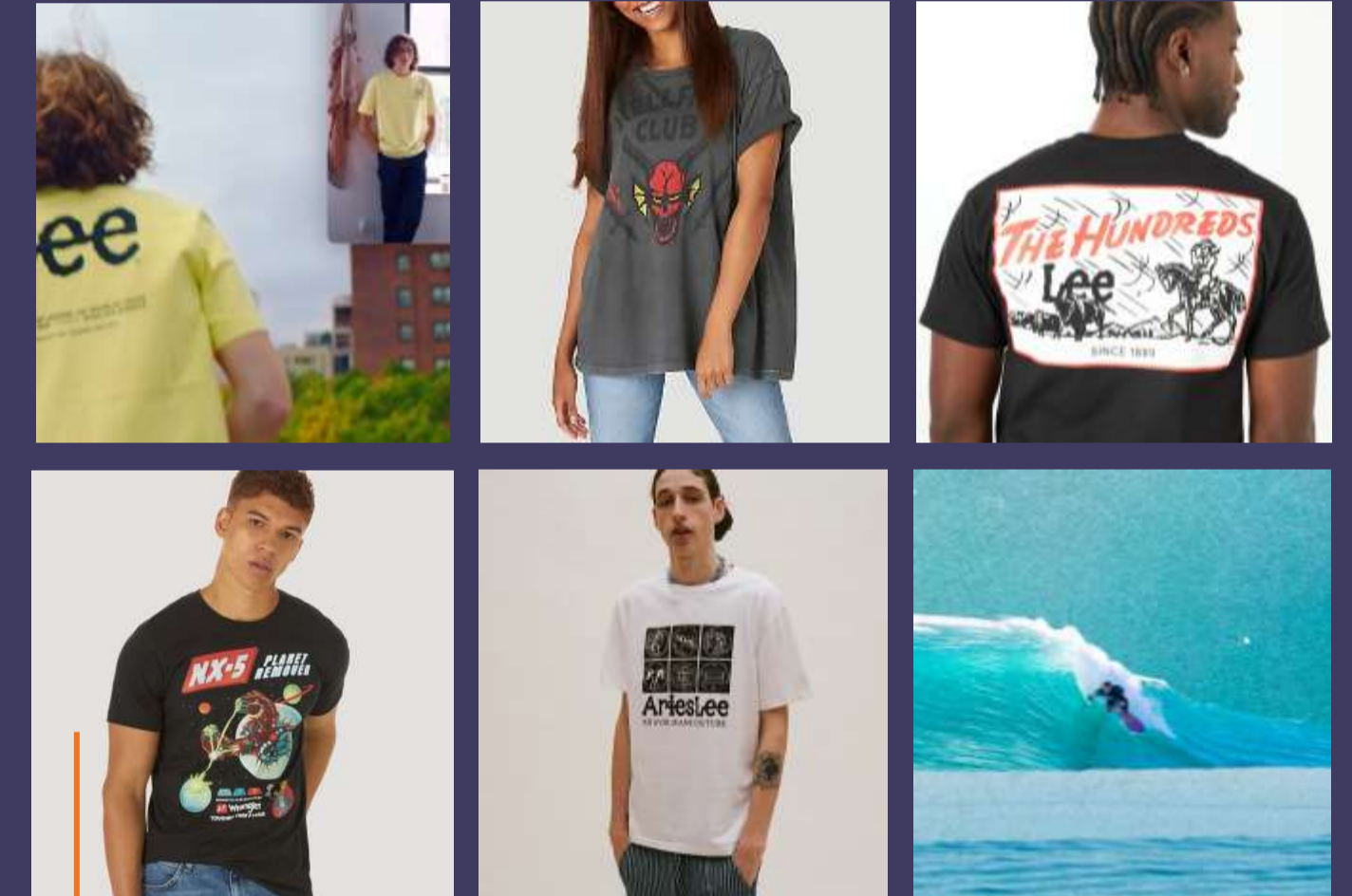
### LICENSED IP + COLLABS



Halo Brand Marketing  
Builds Brand Fandom  
Limited Creative Risk



Emotional Connection  
Purpose-Led Messaging  
Self Expression / Individuality



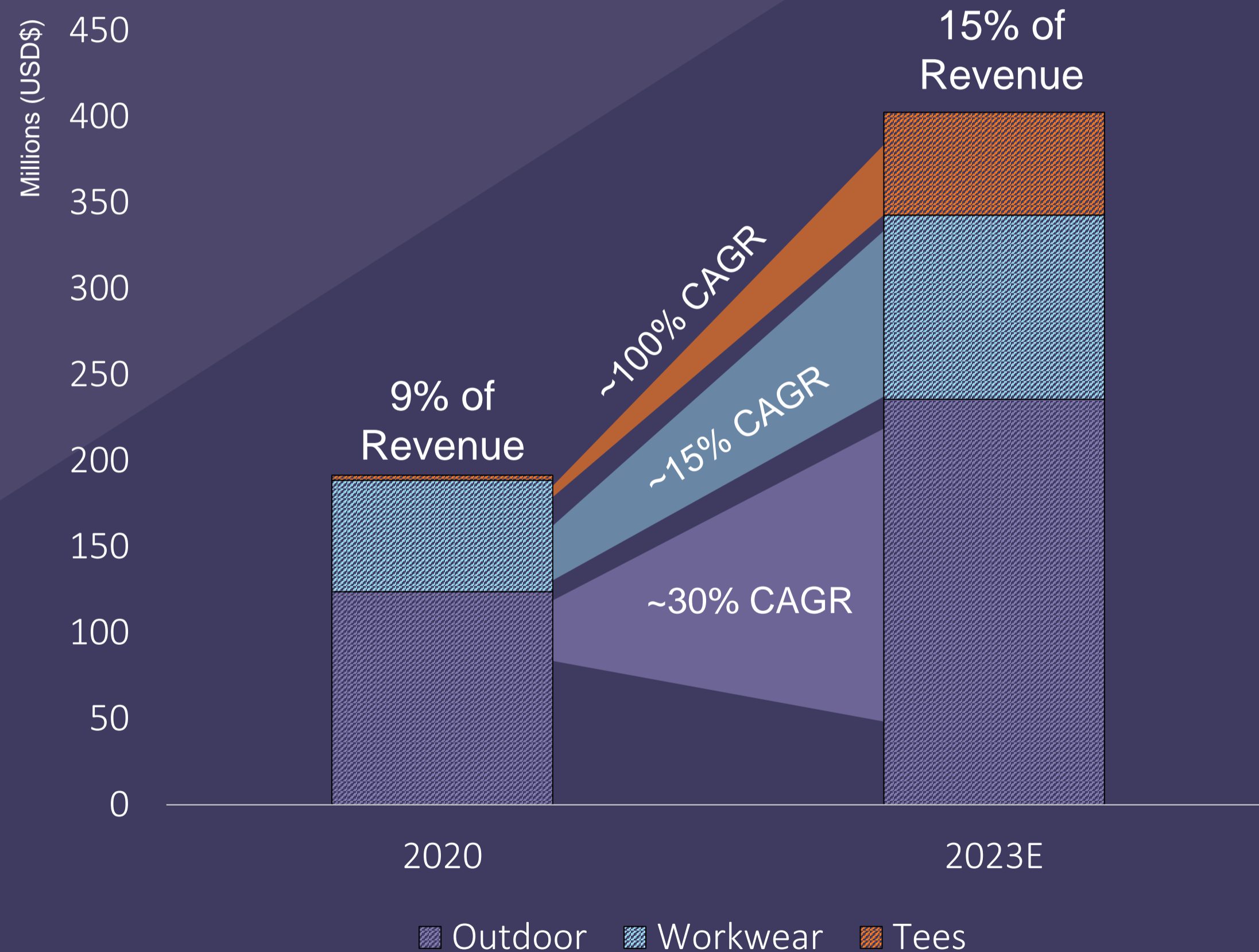
Established Market Value  
Style Guide Creative  
Shared Marketing

ADDRESSABLE MARKET<sup>1</sup> : ~\$100B

1. Statista, 2021

# CATEGORY GROWTH

## 3-YEAR TARGETS



### 3-Year Targets (2020 – 2023E)

**Double Revenue in 3 Years**

**Adding >\$200M Incremental Revenue**

**~15% Penetration**

**From 9% in 2020**

**Gross Margin Improvement  
Over Time**





# GROWTH CATALYSTS

GEOGRAPHIC EXPANSION

# JOHN GEARING

---

VICE PRESIDENT & MANAGING DIRECTOR  
ASIA PACIFIC

# CHRISTY KILMARTIN

---

VICE PRESIDENT MARKETING & MERCHANDISING  
ASIA PACIFIC

# JOHN GEARING

---

VICE PRESIDENT & MANAGING DIRECTOR  
ASIA PACIFIC

## CHINA STRATEGIC VISION

# GEOGRAPHIC EXPANSION

CHINA OPPORTUNITY SIGNIFICANT

## Pre-Spin

### All Channels Shrinking; Unsustainable

#### E-Comm

- Non-expert leadership
- 3rd party operator vacancy
- Less connection with TMALL
- No clear product strategy

#### Wholesale

- Unstable partner portfolio due to unfavorable trade term
- Sell-in focus model
- High trade inventory

#### Brick & Mortar

- Penetration is slowing down
- Challenged profitability
- Competition with W/S partners and online business

## Post-Spin (2019-2021)

### Return to Profitable Growth

- Channel expert leadership
- 3rd party operator acting as internal function
- Multiple levels relationship (Won SBD, SPD)
- X-line re-launched

- Equitable trade terms to improve partner's profitability
- New store formats, franchisee excellence
- Healthy inventory

- Outlet expansion, with 15 outlets opened and 5 in the pipeline
- Profitability is dramatically improved
- An offline ecosystem build up

# GEOGRAPHIC EXPANSION

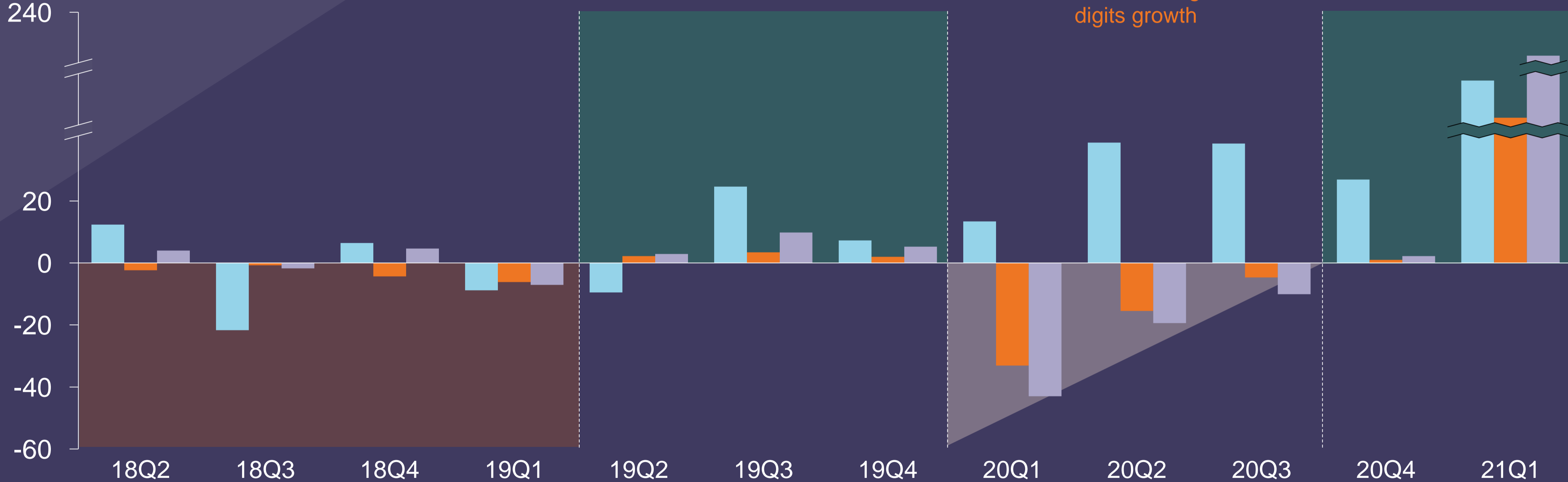
## RETURN TO GROWTH

**Pre-Spin**  
Challenging for all channels

**Post-Spin Before COVID**  
All channels delivered positive comps in Q3 & Q4

**COVID Impacted**  
Heavily impacted by COVID in Q1; Quickly recovered in Q2 & Q3. e-Comm delivered high double digits growth

**Return to Growth**  
All channels return to growth



■ TMALL Comp\*   
 ■ WS Dealer Comp   
 ■ B&M Comp

\* Comp in GMV, which is an accurate reflection of the underlying business trend



# CHINA STRATEGIC FOCUS

Lee<sup>®</sup>

STRENGTHEN LEADING  
POSITION IN CHINA

Wrangler<sup>®</sup>

LAUNCH IN '21  
BUILD IN '22  
ACCELERATE IN '23

1

DIGITAL FOCUS

2

DTC EXPANSION

3

WHOLESALE RETURN TO  
GROWTH

4

WRANGLER LAUNCH & BUILD

5

DEMAND CREATION

# CHRISTY KILMARTIN

---

VICE PRESIDENT MARKETING & MERCHANDISING  
ASIA PACIFIC

## CHINA GO-TO-MARKET STRATEGY

# LEE IN CHINA TODAY

FULL VALUE  
CHAIN  
OWNERSHIP

PREMIUM  
RETAIL  
FOOTPRINT

LEADING  
PREMIUM DENIM  
BRAND

JEANSWEAR  
CATEGORY  
CAPTAIN

#1 LIVE-  
STREAM  
PARTNER



Competitors	2021 vs 2020	2021 vs 2019
UNI OLO	26%	5%
JACK & JONES	-15%	-26%
GXG	-39%	-42%
PEACEBIRD	-3%	2%
LEVI'S	3%	7%
Lee	44%	13%
Lee	76%	100%
CALVIN KLEIN	32%	16%



VERTICAL  
INTEGRATION

*Think like a consumer,  
act like a retailer*

~670 DOORS

*World-class branded retail  
experiences.  
Tier 1-3 focus*

ACCELERATED  
GROWTH

*\$150US median RRP's.  
Outperforming competitors  
(per Tmall)*

HIGH STATUS

*Awarded by Tmall to those  
brands who lead their  
category*

BRAND VALIDATION

*Huge traffic and  
exceptional sales*





小红书号: 266164419



小红书

小红书号: 549631918



小红书

小红书号: 549631918



小红书

小红书号: 549631918



小红书

小红书号: 266164419



@李墨街拍

小红书

小红书

小红书号: L1M0521521521



@李墨街拍

小红书

小红书

小红书号: L1M0521521521



小红书

小红书号: 425882391

# CHINA PREMIUM POSITIONING

## BUILT ON 6 KEY INVESTMENTS



### LOCALISED INSIGHTS & CONTENT

#### China for China

In lock step with  
consumer trends and  
insights



### SPEED TO CONSUMER

#### Fast Calendars

Read and react on  
same terms as local  
brands



### INNOVATION WE GET PAID FOR

#### Elevated Style

Address demands  
from highly  
discerning  
consumers



### CELEBRITIES

#### Build Trust

A+ celebs deliver  
both brand aspiration  
plus overcome trust  
issues



### COLLABS WITH GLOBAL BRANDS

#### Drive Traffic

Continuous stream of  
new consumers into  
funnel



### LEGENDARY RETAIL

#### Premium Branded Retail

Strong and growing  
footprint undergoing  
premium make-over

Lee

不自信的「透明人」  
先为你的天赋穿上这套牛仔服

# 我就这一套



VIEWS  
340M

TMALL  
UV  
6.6M

TMALL  
FANS  
100K

SOCIAL  
FANS  
139K



广告

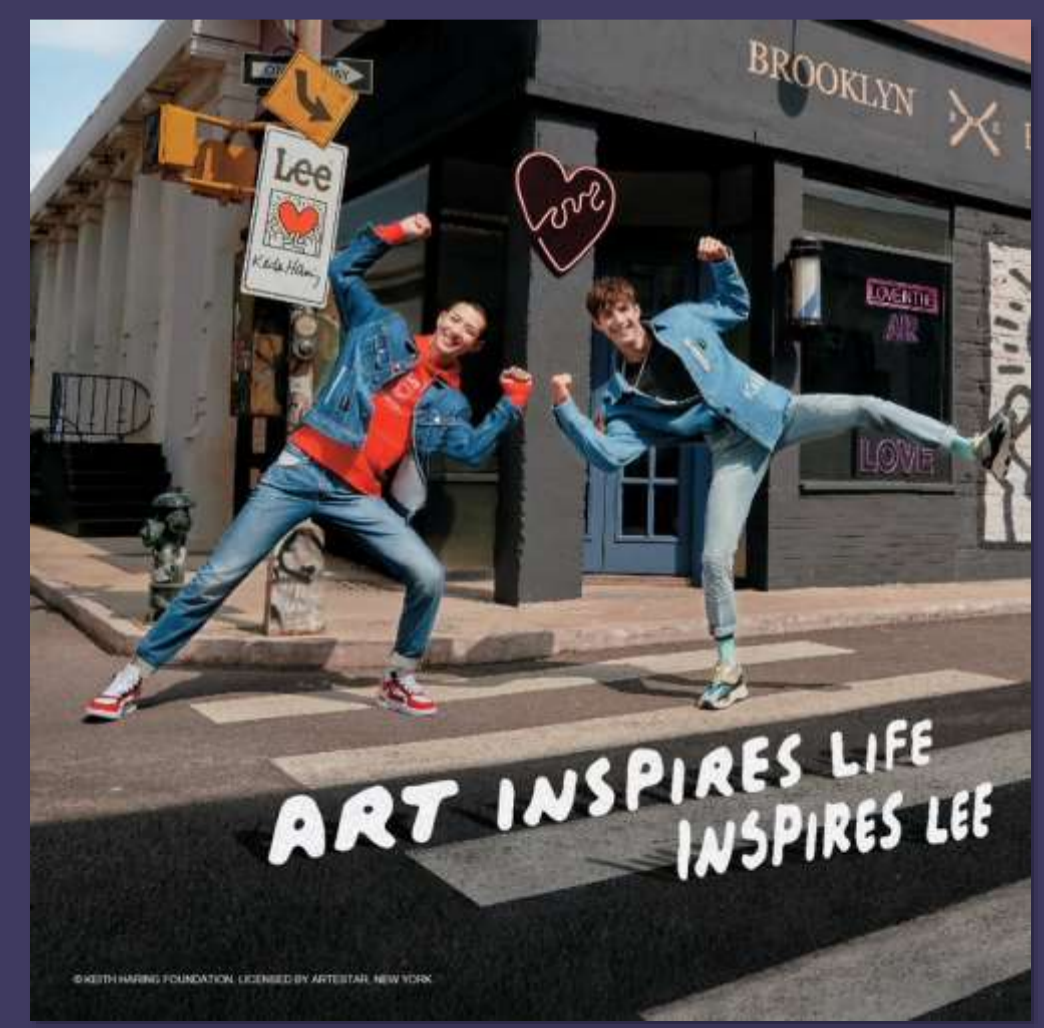
啊，你看得到我吗？  
Hey, can you see me?

直播在线观看人数 15W+ | 直播曝光量 120W+ | 播放量 1300W+ | 曝光量 过亿 | 销售总额 +50%

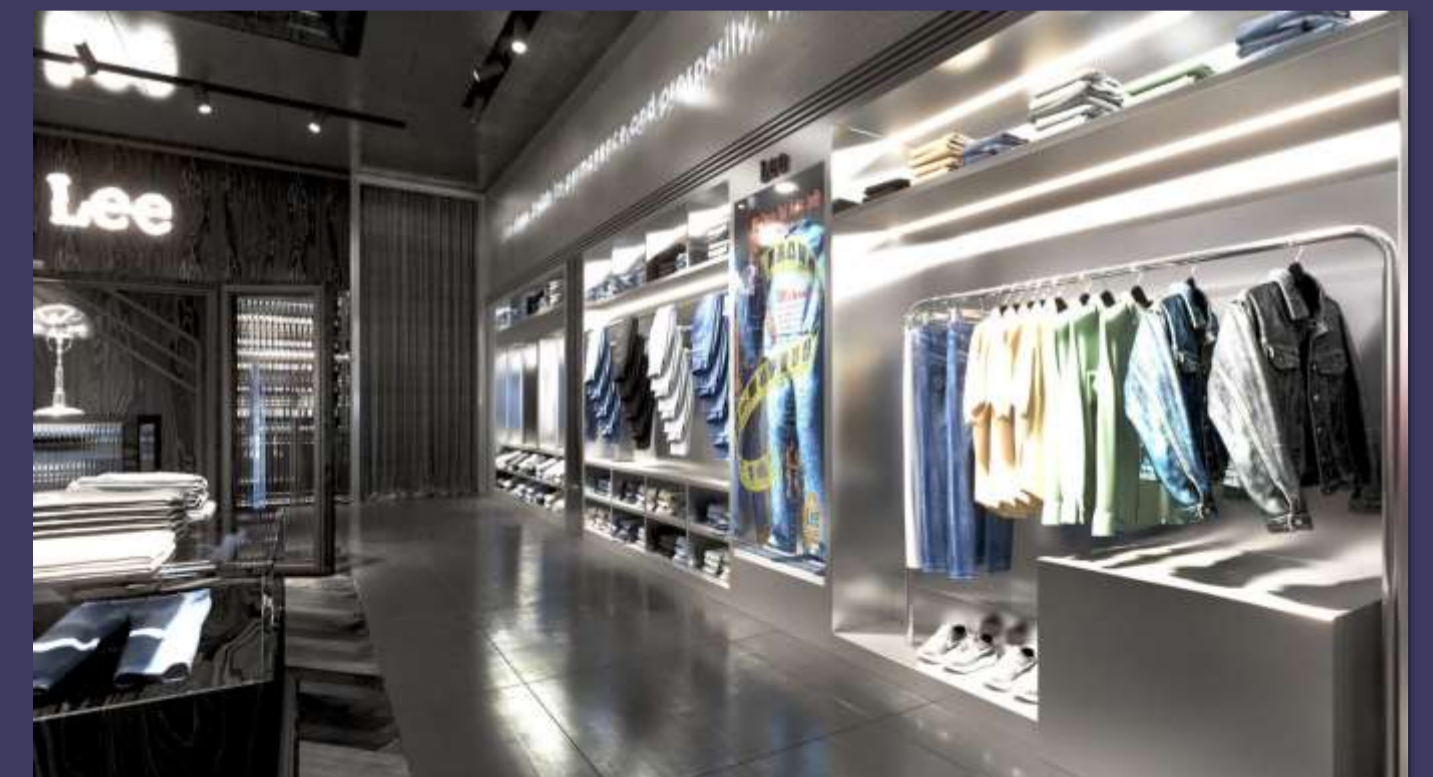
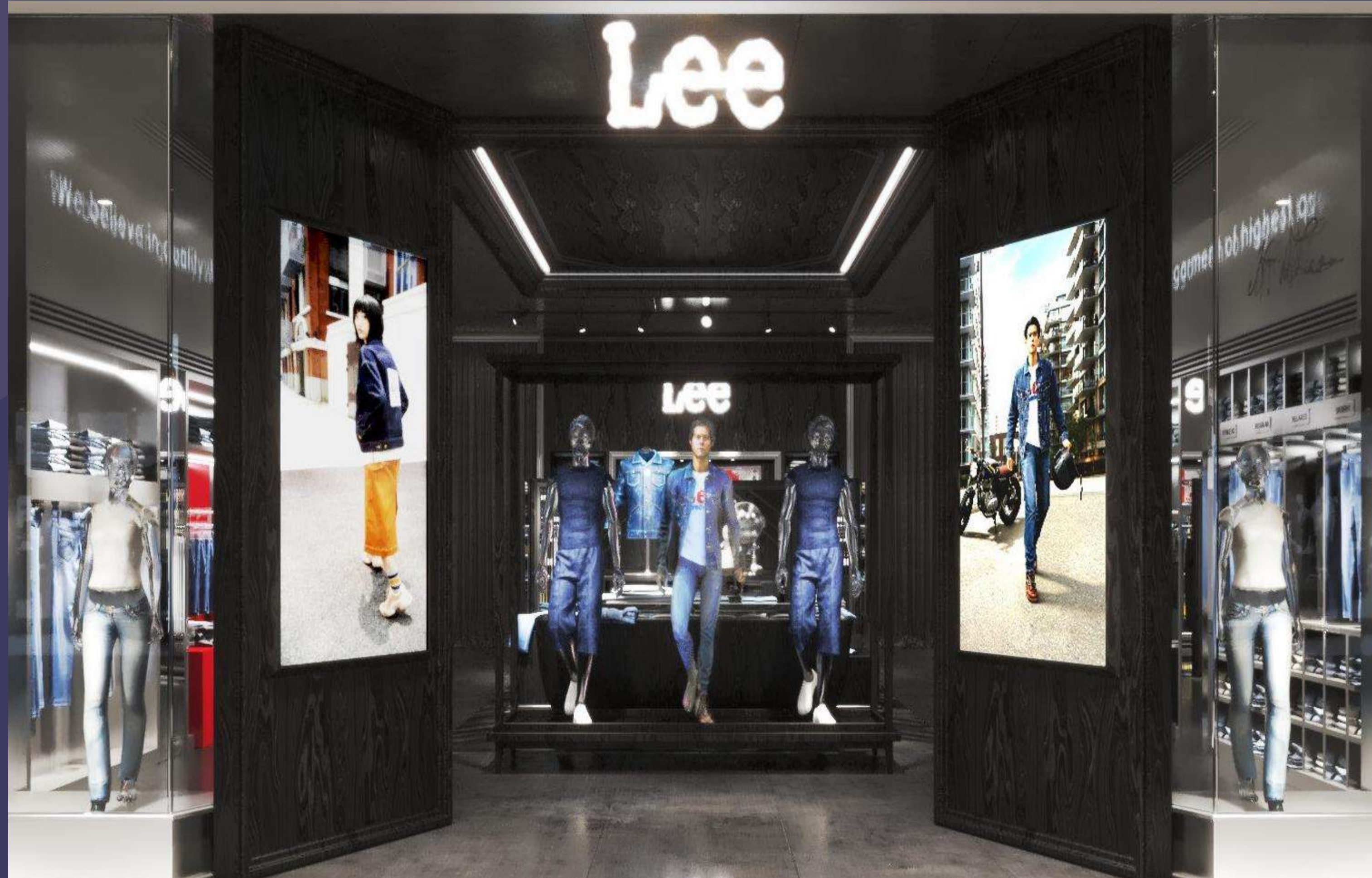








# LEGENDARY RETAIL



就去燃  
Wrangler®





# THE WRANGLER STORY... SO FAR

INNERSECT  
YOUTH EXPO



Tmall  
FLAGSHIP



#1  
LIVESTREAMER





# SCALING MOMENTUM

## IN 2021 AND BEYOND

LIVESTREAM



MEDIA



SEEDING

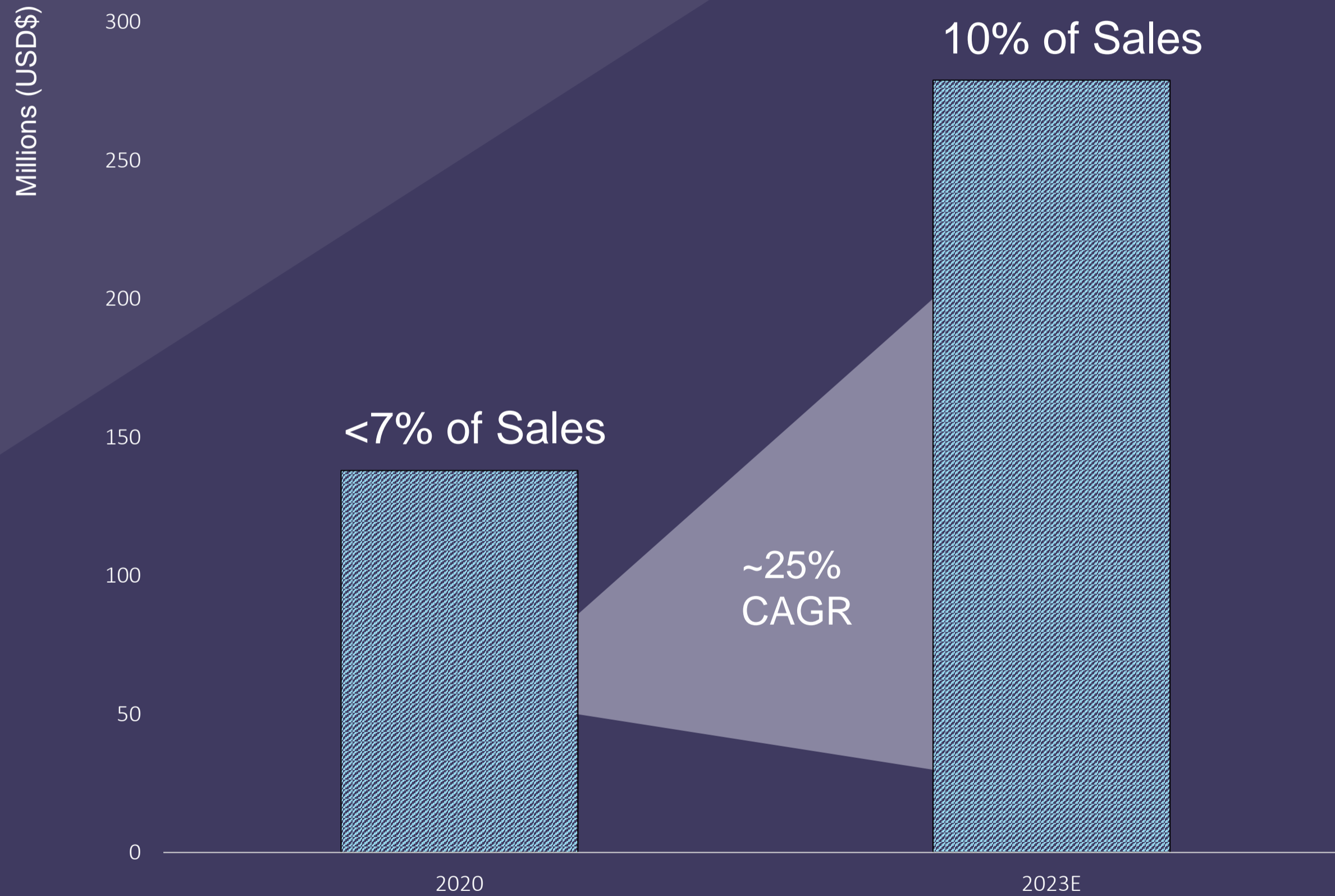


BRAND SHOWCASE STORES



# CHINA

## 3-YEAR TARGETS



### 3-Year Targets (2020 – 2023E)

**~25% 3-Year CAGR**

**>30% Growth Expected in 2021**

**2X Revenue In 3 Years**

**Adding ~\$150M Incremental Revenue \$**

**10% Penetration In 3 Years**

**From Under 7% in 2020**

**Gross Margin Accretive**

4

# GROWTH CATALYSTS

CHANNEL EXPANSION

# CHRIS REID

---

VICE PRESIDENT  
GLOBAL DIGITAL

# DIGITAL STRATEGIC VISION

## AREAS OF FOCUS

**DIGITAL EVOLUTION**

**SIGNIFICANT GROWTH OPPORTUNITIES**

**DEMONSTRATING HIGH RETURN ON INVESTMENT**

**3-YEAR FINANCIAL TARGETS**

# DIGITAL STRATEGY POISED FOR AMPLIFIED GROWTH

CONSUMER REVOLUTION HAS ACCELERATED



MORE  
KNOWLEDGEABLE



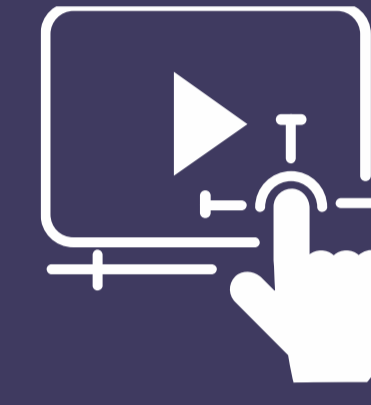
MORE  
DEMANDING



MORE  
EMPOWERED



MORE  
COLLABORATIVE



MORE  
INTERACTIVE



MORE  
MOBILE



**WE ARE MAKING SIGNIFICANT  
INVESTMENTS IN DIGITAL GROWTH  
OPPORTUNITY**



# DIGITAL ECOSYSTEM

## TAKING A HOLISTIC APPROACH

### CONTENT



Email



Site/Ads



Influencer



Collab



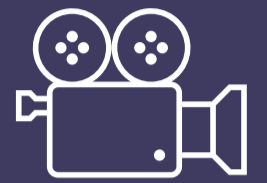
Blog



PR



Events



Video

### SEARCH

Google

Bing

yahoo!

### SHOPPING

ONLINE

Own.com  
Digital Wholesale

STORES

Brick & Mortar  
Wholesale Partners

SOCIAL

Social Media  
Commerce

### SOCIAL MEDIA



KONTOOR™



“Know Me”  
“Acknowledge Me”  
“Appreciate Me”

# DIGITAL STRATEGIC VISION

IMMERSIVE PLATFORM DRIVES ENGAGEMENT

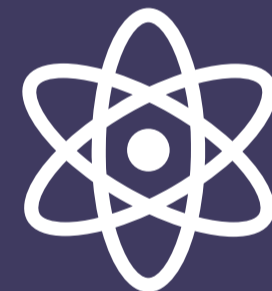
Maximize consumer spend by creating  
**ON-BRAND, CHANNEL-RELEVANT DIGITAL EXPERIENCES**  
of our Wrangler & Lee brands so  
more people love to engage with our brands and buy our products



CONSUMER  
CENTRIC



DATA  
DRIVEN



DYNAMIC &  
FLEXIBLE



SEAMLESS

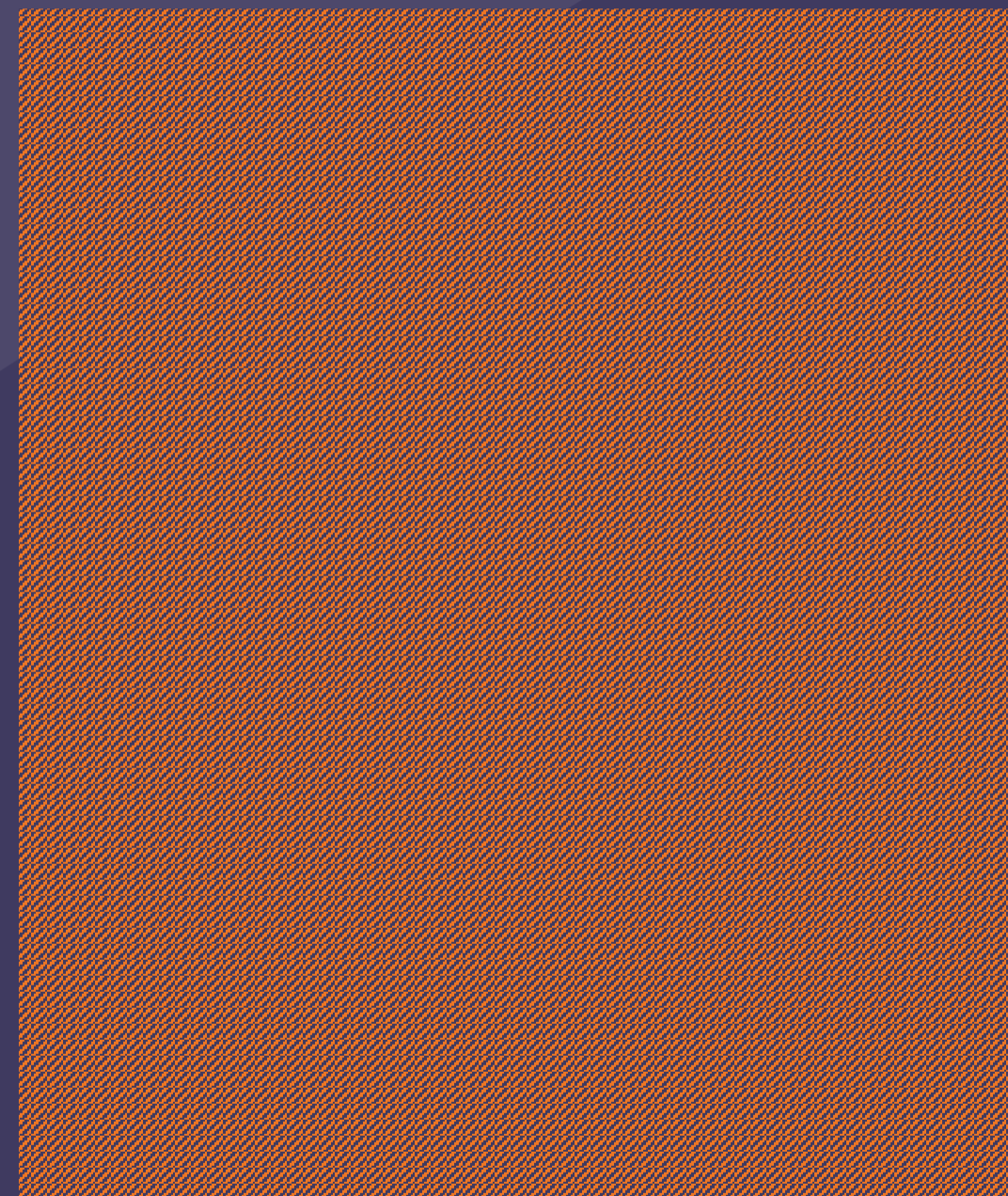


SIMPLE

# OWNED DIGITAL PENETRATION OPPORTUNITY

UNDERPENETRATED RELATIVE TO PEER SET

>20%



Benchmark<sup>1</sup>

DIGITAL PENETRATION INCREASED  
TO 5% OF REVENUE IN FY'20

5%



Global KTB

<sup>1</sup> Based on KTB market analysis of select peer set; FY'20

# KONTOOR'S DIGITAL EVOLUTION

HORIZON 1 FOUNDATION → HORIZON 2 ACCELERATED GROWTH

Leading Ecommerce Platform

Digital Talent

Digital Demand Generation

Site Enhancements

Compelling Content

Mobile Commerce

Data & Analytics Foundation

Margin Expansion

Personalization

Social Commerce

CRM & Loyalty

Shopping Ease

Seamless Ecosystem

Advanced Analytics

Augmented/Virtual Reality

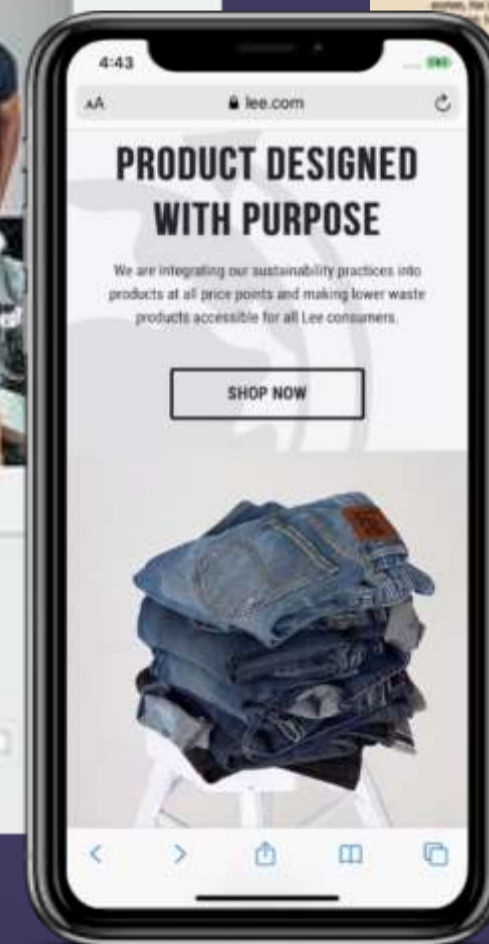
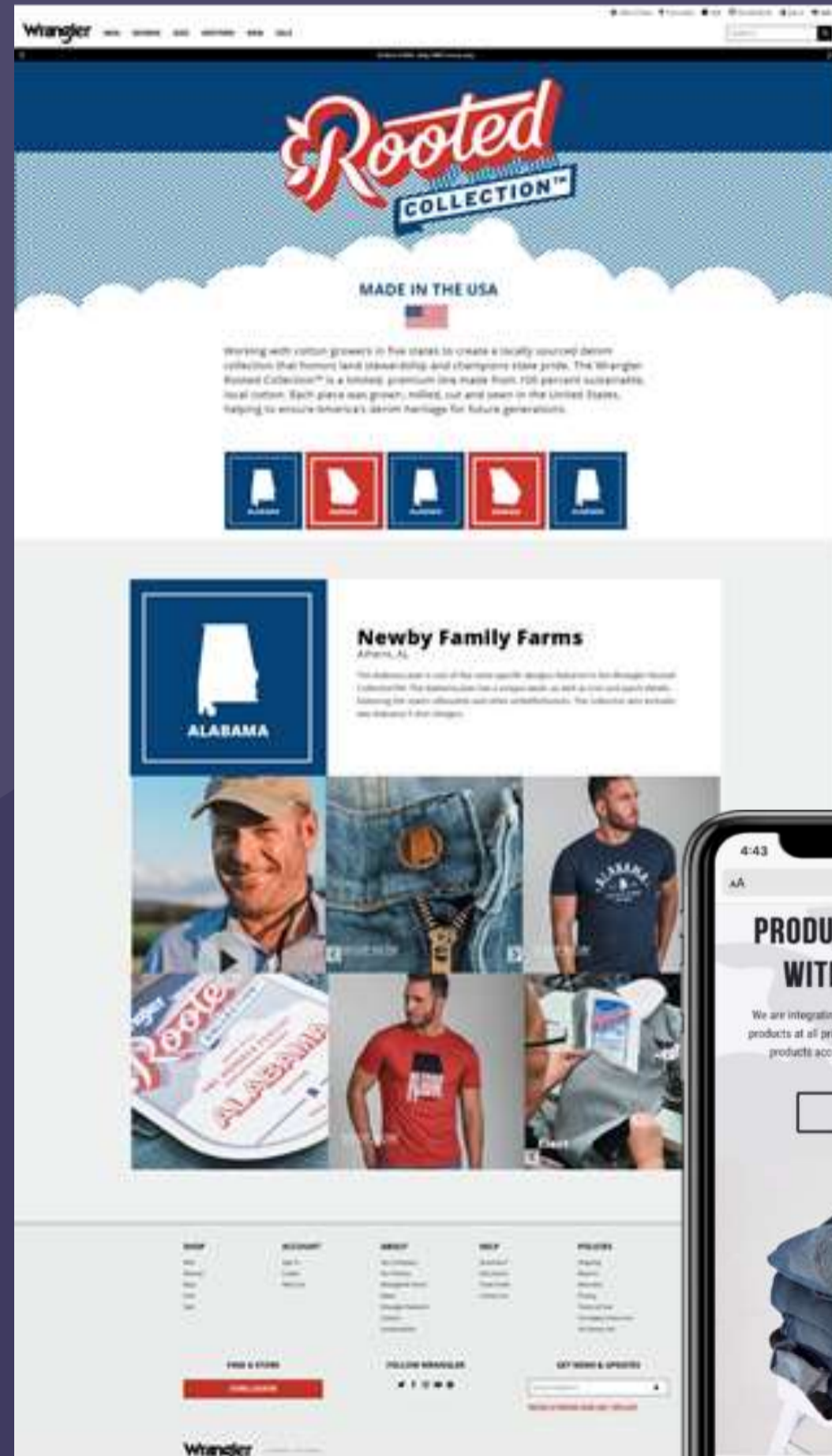
Growth-Driving Service

HORIZON 1

HORIZON 2

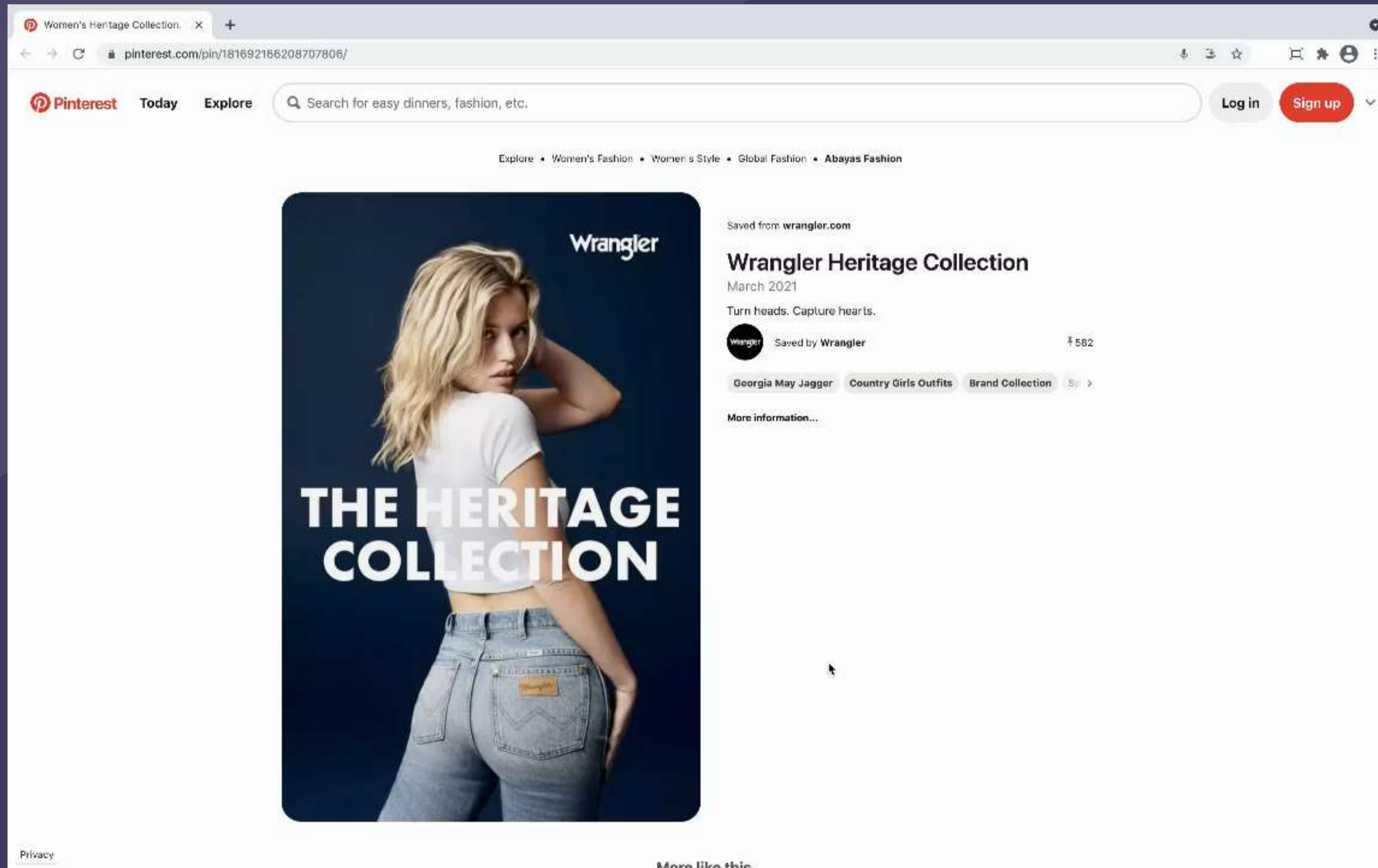
# TRANSACTIONAL TO EXPERIENTIAL

## PINNACLE BRAND EXPRESSION



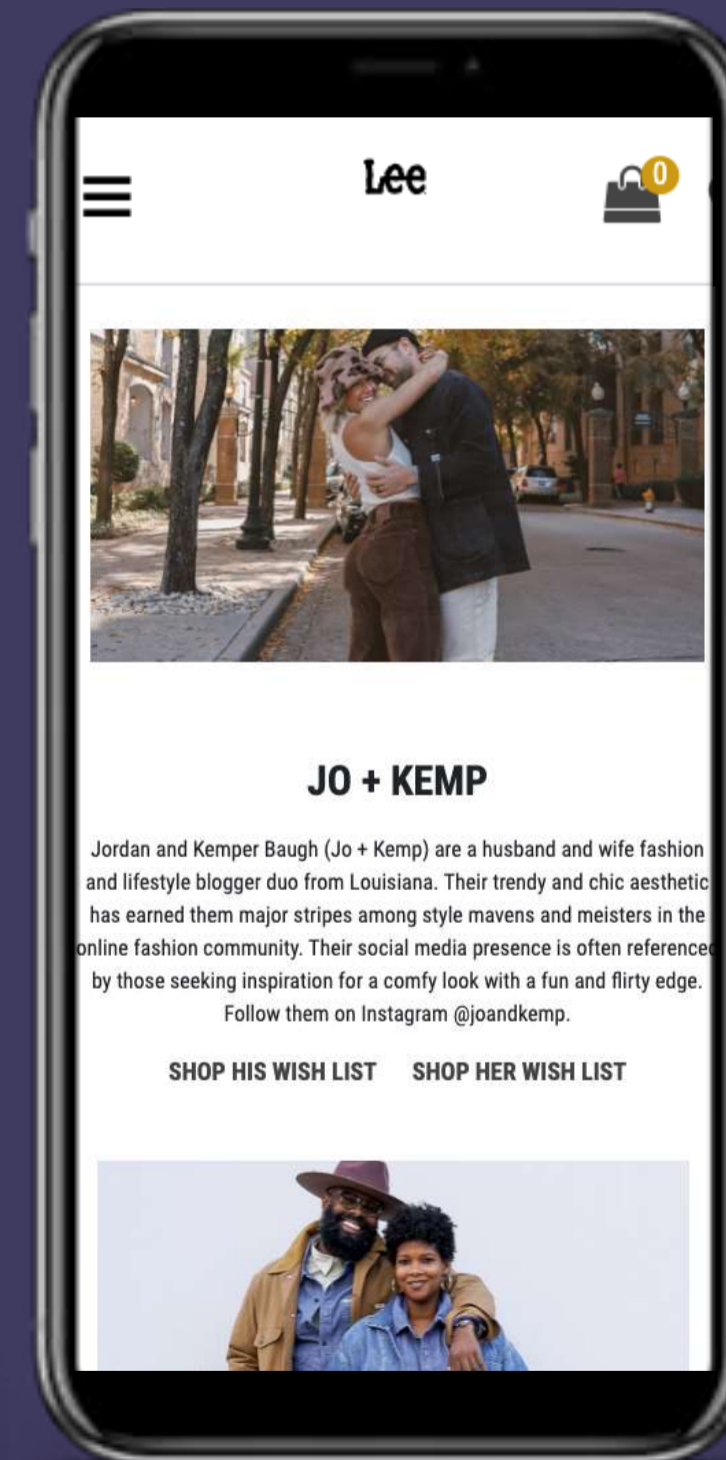
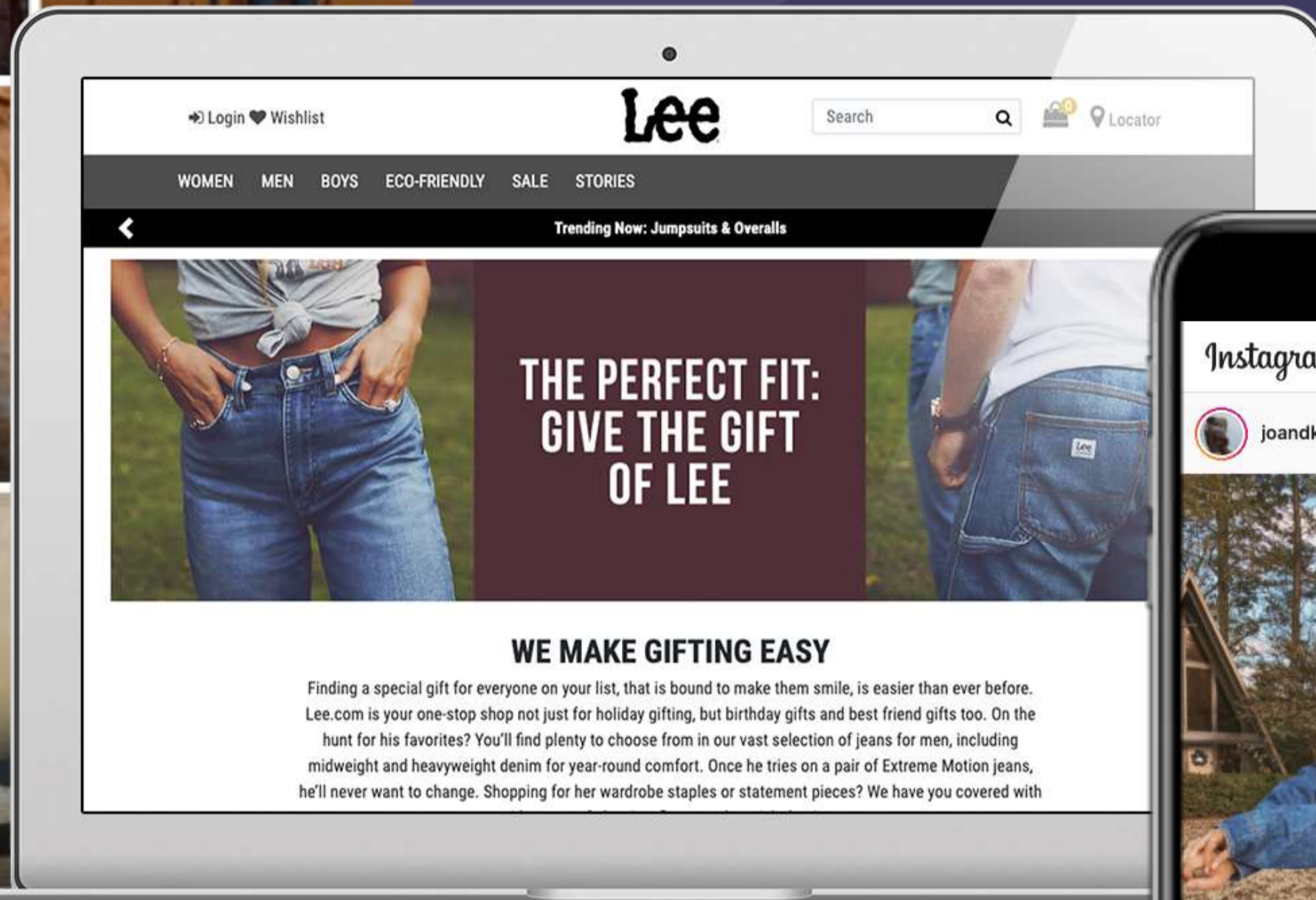
# SEAMLESS EXPERIENCE

REMOVING FRICTION DRIVES INCREASED CONVERSION



# AUTHENTIC BRAND EXPERIENCES

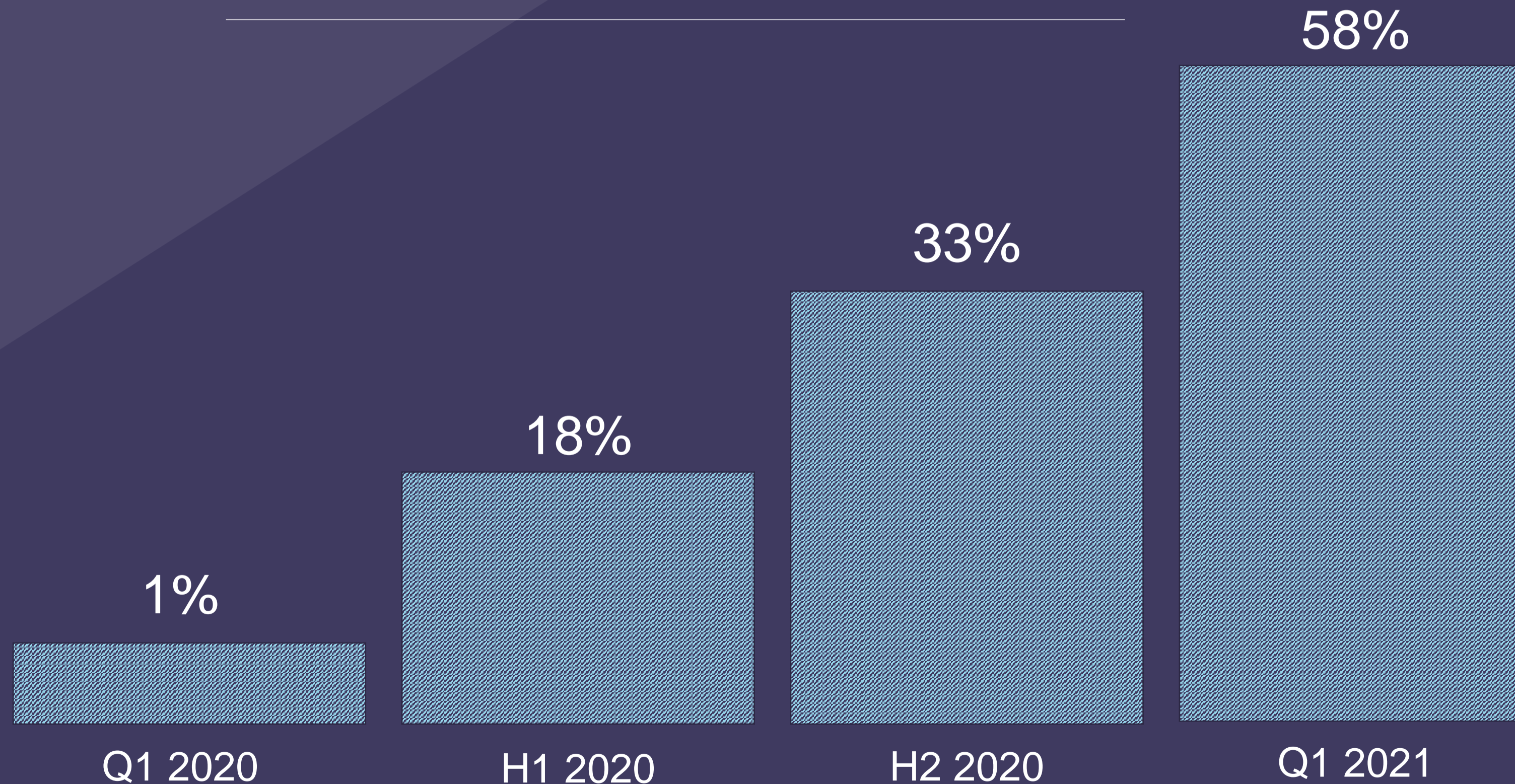
## INVESTMENTS SUPPORT BRAND-ENHANCING GROWTH



# DIGITAL STRATEGY ALREADY WORKING

## STRONG RETURNS ON AMPLIFIED INVESTMENTS

### GLOBAL OWNED ECOMMERCE REVENUE GROWTH<sup>1</sup>

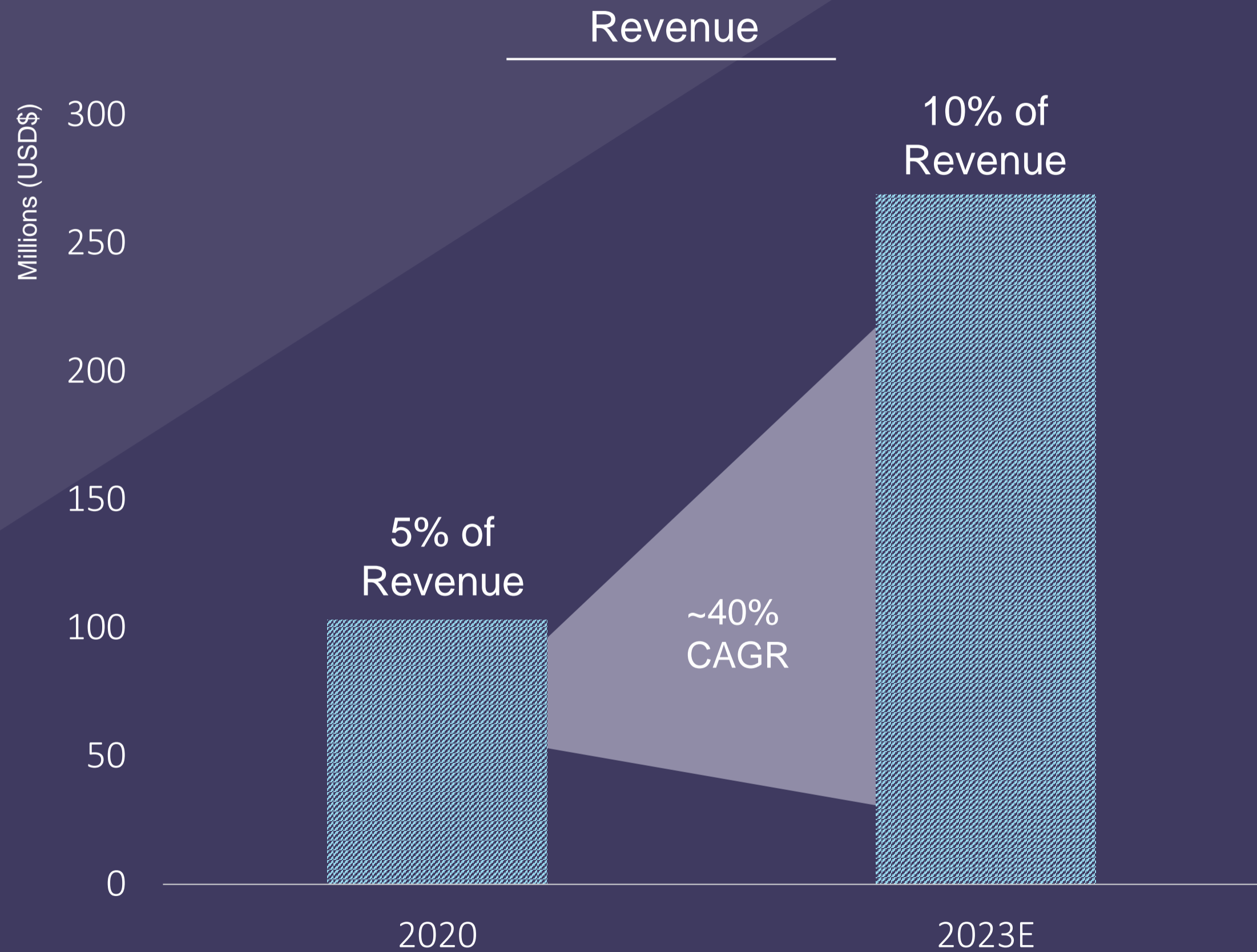


<sup>1</sup> Constant currency basis



# DIGITAL

## 3-YEAR TARGETS



### 3-Year Targets (2020 – 2023E)

**~40% 3-Year CAGR**  
Back-End Weighted

**2.5X Revenue in 3 Years**  
Adding >\$150M Incremental Revenue

**2X Penetration in 3 Years**  
From 5% in 2020 to 10% in 2023

**Gross Margin Accretive**

# GROWTH ENABLERS

1  
PRODUCT &  
DESIGN

2  
INNOVATION &  
SUSTAINABILITY

3  
SUPPLY CHAIN

4  
TALENT &  
CULTURE

5  
DEMAND  
CREATION

# GROWTH ENABLERS

PRODUCT DESIGN &  
DEVELOPMENT

# BETTY MADDEN

---

VICE PRESIDENT  
GLOBAL DESIGN, LEE



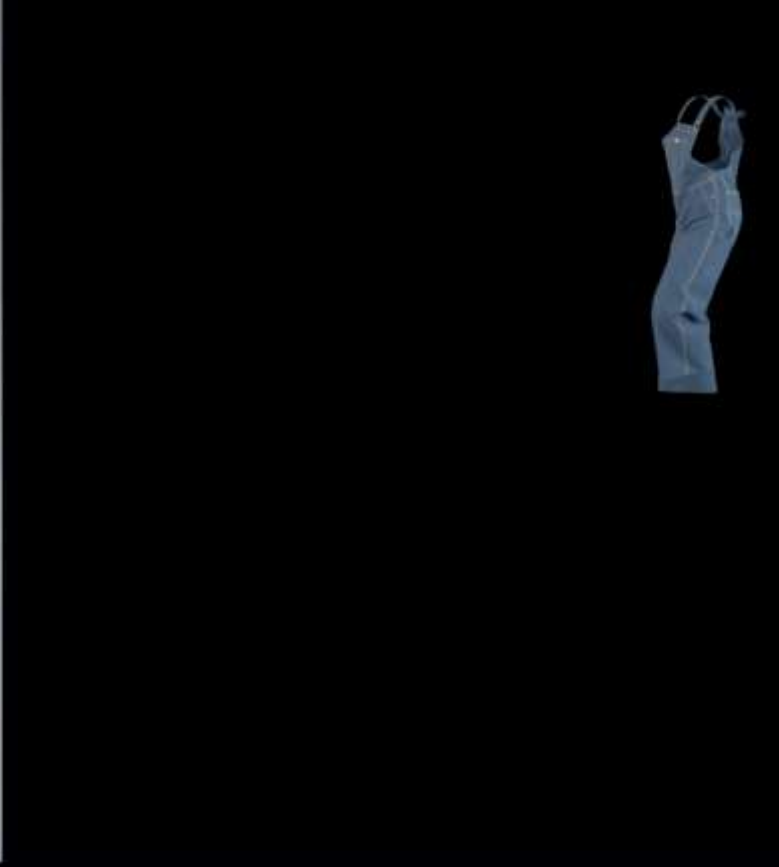
Lee<sup>®</sup>

Lee<sup>®</sup>

**LEGENDS  
BORN HERE**

Lee<sup>®</sup>

Lee<sup>®</sup>



# 130 YEARS OF LEGENDARY PRODUCTS



# AESTHETIC CHARACTERISTICS



**Lee**<sup>®</sup>



Lee<sup>®</sup>



# VIVIAN RIVETTI

---

VICE PRESIDENT  
GLOBAL DESIGN, WRANGLER









**FWDS**  
FOUR WAY DIMENSIONAL STRETCH



# Wrangler®

## ANGLER



# COLOR & MOOD

---



ALL TERRAIN GEAR  
-X-  
**Wrangler**

Sugar Swizzle  
TCX: 11-0607

Jet Block  
TCX: 19-0303

Faded Denim  
TCX: 17-4021

Harbor Mist  
TCX: 14-4202

Submerged  
TCX: 19-4312

Exotic Plume  
TCX: 18-4631

Fresh Pink  
TCX: 15-1530

Mint  
TCX: 14-0848

Rosado  
TCX: 15-6414





# GROWTH ENABLERS

INNOVATION &  
SUSTAINABILITY

# JEFF FRYE

---

VICE PRESIDENT

PRODUCT DEVELOPMENT, INNOVATION,  
SUSTAINABILITY AND PROCUREMENT

# KONTOOR INNOVATION

## AREAS OF FOCUS

**SUSTAINABILITY IN ALL WE DO**

**COMFORT, FIT & PERFORMANCE**

**NEXT-GENERATION TECHNOLOGIES**

**MANUFACTURING REVOLUTION**

# KONTOOR INNOVATION

## SUSTAINABILITY



PEOPLE, PRODUCT &  
PLANET



MEASURE TO  
MANAGE



IMPROVING OUR  
BASE LINE

DYNAMIC PROCESS OF CONTINUAL IMPROVEMENT



Worker  
Well-being



Chemistry



Materials



Water



Climate



Energy

# KONTOOR INNOVATION

COMFORT, PERFORMANCE & FIT

CONSUMERS SEARCHING FOR CLOTHING THAT IS  
COMFORTABLE & STYLISH

KONTOOR-LED INNOVATIONS COMBINE BEST OF  
BOTH WORLDS

IDEAL FIT, ALL-DAY COMFORT AND FLATTERING

# KONTOOR INNOVATION

NEXT-GENERATION TECHNOLOGIES

CONSUMER IS TECHNOLOGY-FOCUSED, DATA  
DRIVEN & AWARE

LEVERAGING BREAKTHROUGH SCIENTIFIC  
RESEARCH

FUNCTIONAL

PERFORMANCE

LIFESTYLE  
ENHANCING

# KONTOOR INNOVATION

DEVELOPMENT AND MANUFACTURING REVOLUTION

**SUSTAINABLE INNOVATION**

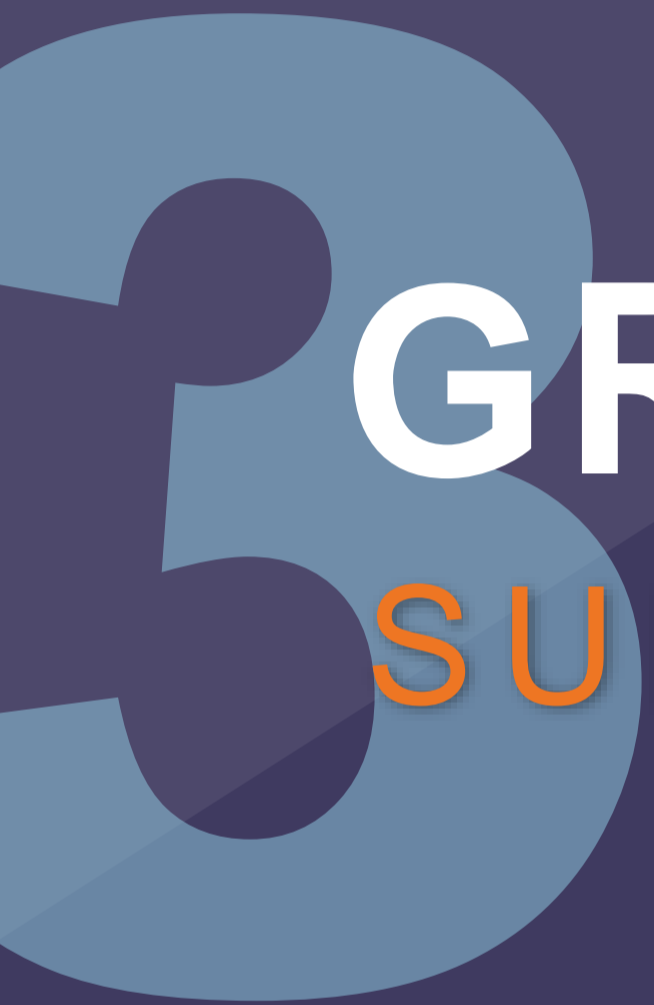


**DEVELOPMENT & MANUFACTURING**

KONTOOR

INNOVATION





# GROWTH ENABLERS

SUPPLY CHAIN

# KAREN SMITH

---

EXECUTIVE VICE PRESIDENT  
GLOBAL SUPPLY CHAIN

# SUPPLY CHAIN

AREAS OF FOCUS

**OWNED MANUFACTURING FUELS COMPETITIVE ADVANTAGE**

**IMPROVED SERVICE AND AGILITY**

**ERP & TECHNOLOGY-DRIVEN PRODUCTIVITY GAINS**

# SUPPLY CHAIN AS A COMPETITIVE ADVANTAGE

HIGHLY DIVERSIFIED GLOBAL MANUFACTURING BASE

Scale, Speed to Market, Reduced Lead Times, Improved Flexibility

Top 5 Countries = ~85% of Production

~60% Sourced

~40% Owned



# SUPPLY CHAIN EVOLUTION

OWNED MANUFACTURING AS A COMPETITIVE ADVANTAGE

INNOVATION  
&  
TECHNOLOGY



SPEED  
FLEXIBILITY  
EFFICIENCY

---

MARGIN ENHANCEMENTS

# SUPPLY CHAIN AS A COMPETITIVE ADVANTAGE

VERTICALLY INTEGRATED PRODUCTION = SPEED AT SCALE

LEADING THE MANUFACTURING REVOLUTION AT SCALE

LESS THAN **3** Weeks<sup>1</sup>

Compared to  
20 Weeks  
Sourced

1. Kontoor denim jackets produced internally compared with those sourced in Asia

# SUPPLY CHAIN AS A COMPETITIVE ADVANTAGE

## ADVANCED TECHNOLOGIES

LEADING THE MANUFACTURING REVOLUTION AT SCALE

90%  
Recycled H<sub>2</sub>O<sup>1</sup>

Save 10B  
Liters by  
2025

1. Enzyme washing process utilized in Torreon facility

# SUPPLY CHAIN AS A COMPETITIVE ADVANTAGE

## ADVANCED TECHNOLOGIES

LEADING THE MANUFACTURING REVOLUTION AT SCALE

40%  
Faster<sup>1</sup>

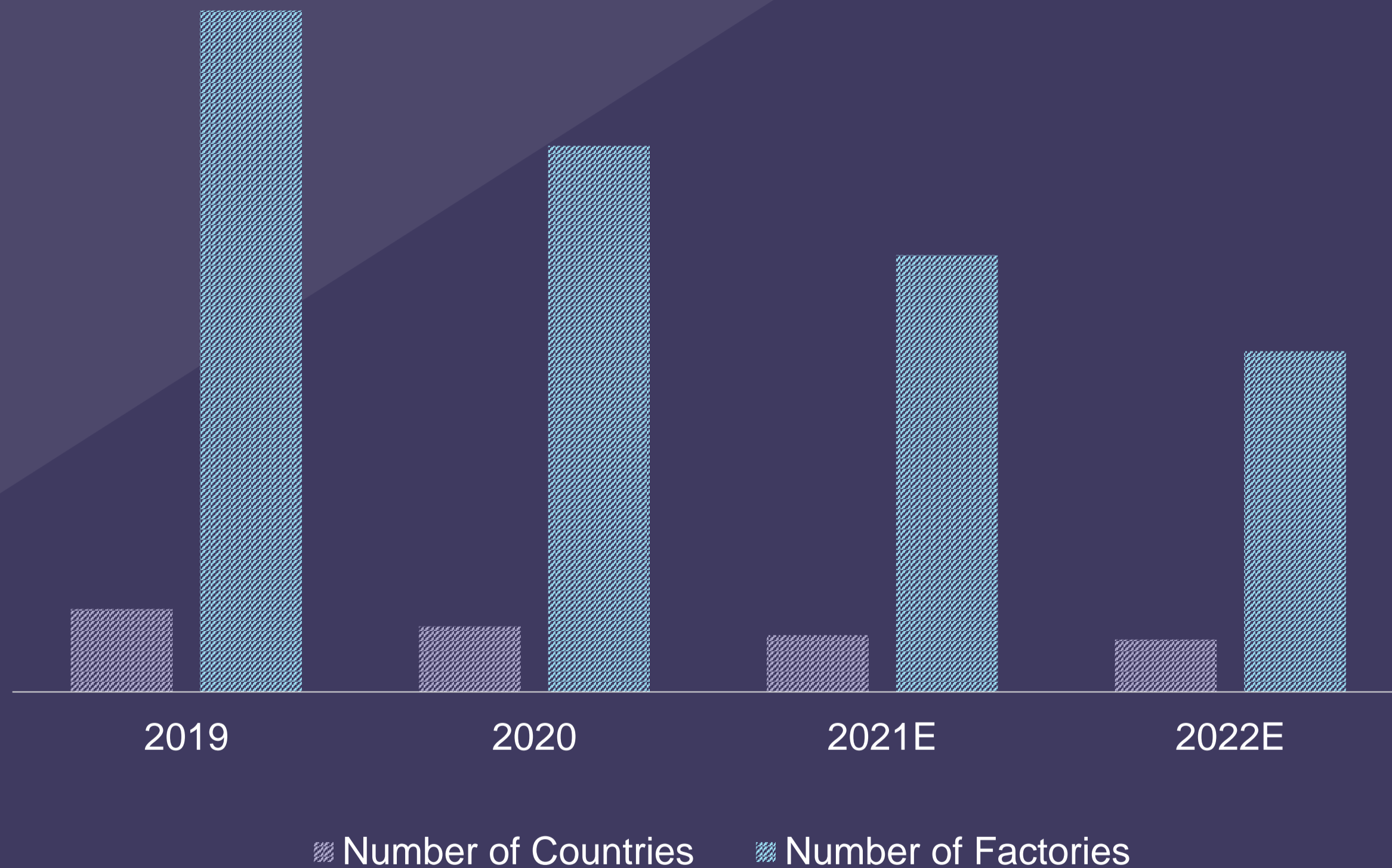
Laser  
Finishing

1. Relative to traditional finishing techniques



# SOURCING FOOTPRINT

## IMPROVING LEVERAGE



### OPTIMIZE

Countries  
Factories  
Mills

- Drive Efficiencies
- Consolidate Factories
- Build More Vertical Supply
- Smartly Grow in Selective Markets

# RESPONSIBLE SOURCING

## PILLARS OF WORK



WORKER RIGHTS  
& SAFETY



PRODUCT  
STEWARDSHIP



ENVIRONMENTAL  
SUSTAINABILITY



WORKER &  
COMMUNITY  
DEVELOPMENT

DOING THE RIGHT THING, EVEN WHEN IT'S HARD

# SUPPLY CHAIN EVOLUTION

## GLOBAL ERP AND PLANNING TOOLS

**NEW ERP PLATFORM = SINGLE SOURCE OF CLEAN,  
GLOBAL DATA**

**DRIVE PRODUCTIVITY AND REDUCE COMPLEXITY**

Faster Decisions on SKU and Material Rationalization

**NEW PLANNING TECHNOLOGY = CONTINUED FOCUS ON  
QUALITY OF INVENTORY**

Improved Demand / Supply Signals

Enable Speed to Market

Reduce Excess and Distressed Inventory

# 20%

**TARGETED SKU  
REDUCTION**

# SUPPLY CHAIN EVOLUTION

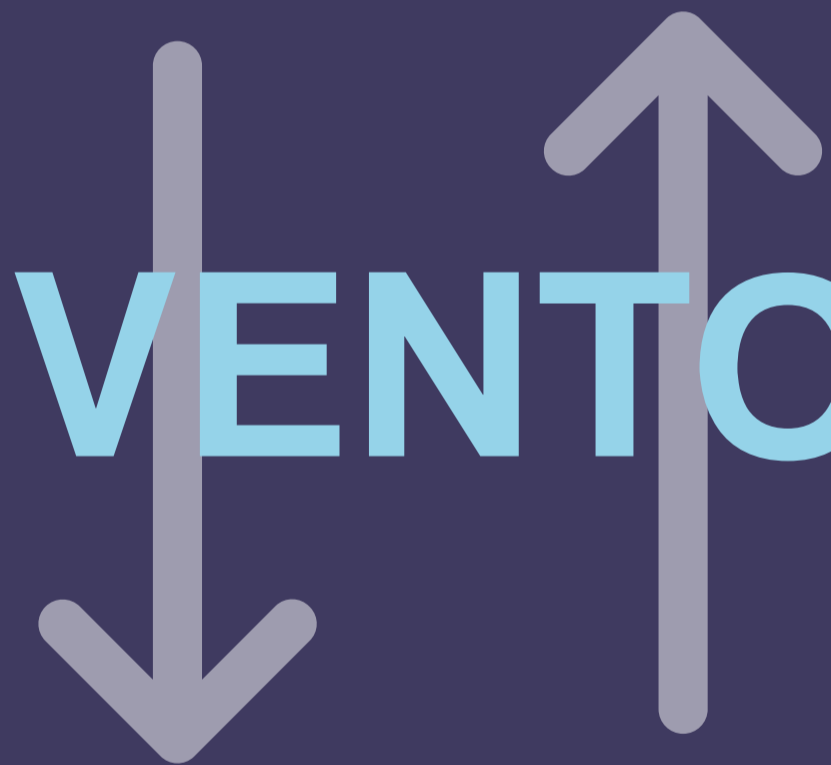
GLOBAL ERP AND PLANNING TOOLS

Owned  
+  
Sourced  
+  
ERP &  
Technology

Improved  
Demand  
Signals



INVENTORY





# SUPPLY CHAIN EVOLUTION

GLOBAL TRANSFORMATION

SUPPLY CHAIN  
AS A  
COMPETITIVE  
ADVANTAGE



# GROWTH ENABLERS

TALENT & CULTURE

# JEN MOLINARO

---

VICE PRESIDENT  
GLOBAL TALENT

# WE ARE KONTOOR

## PURPOSE, MISSION, VALUES

### PURPOSE

Why we exist

WE ARE THE COMMON THREAD THAT INSPIRES PEOPLE TO LIVE WITH PASSION AND CONFIDENCE

### MISSION

What we do

WE GROW OUR ICONIC BRANDS THROUGH INNOVATION, DESIGN, AND SUSTAINABLE PERFORMANCE TO EXCITE MORE AND MORE CONSUMERS

### VALUES

How we operate

#### WE ARE KONTOOR

We are one team and we embrace our unique differences

We understand, challenge, believe in and learn from each other

#### WE WIN TOGETHER

We have a passion to win. We set ambitious goals, consistently deliver and celebrate our success

We are built on a foundation of trust that ignites our entrepreneurial spirit and shapes our future

#### WE DO THE RIGHT THING

We stand for each other, our consumers, customers, partners, shareholders, community and planet

We earn the respect of others because we do what's right, even when it's hard



# WE ARE KONTOOR

CULTURE DRIVES SUCCESS

87%

ENGAGEMENT  
FAVORABILITY<sup>1</sup>

<sup>1</sup> Kontoor Brands 2020 Employee Engagement Survey; Respondents favorability to: Intent to Stay is High, Pride in Company, Recommend Kontoor Brands, and Sense of Personal Accomplishment

# WE ARE KONTOOR

## STRATEGIC PILLARS OF INCLUSION & DIVERSITY



### WORKPLACE BELONGING

Foster a culture of inclusion and respect that encourages collaboration, flexibility and fairness to enable all employees to feel heard, valued, and empowered to reach their full potential



### WORKFORCE DIVERSITY

Recruit, retain and promote from a diverse group of candidates to increase diversity of thinking and perspective



### MARKETPLACE EQUITY

Drive inclusion & diversity through corporate and brand marketing, images and messaging



### SUSTAINABILITY & ACCOUNTABILITY

Identify and break down systemic barriers to full inclusion and equity by constantly evaluating and improving our policies, practices, and processes

# WE ARE KONTOOR

CULTIVATING A GROWTH CULTURE

## HORIZON 1

---

- Performance Mindset
- Optimization
- Leveraging
- Responsive
- Operational



## HORIZON 2

---

- Growth Mindset
- Transformation
- Empowering
- Proactive
- Strategic

TAKE CARE OF EACH OTHER



# GROWTH ENABLERS

DEMAND CREATION

# HOLLY WHEELER

---

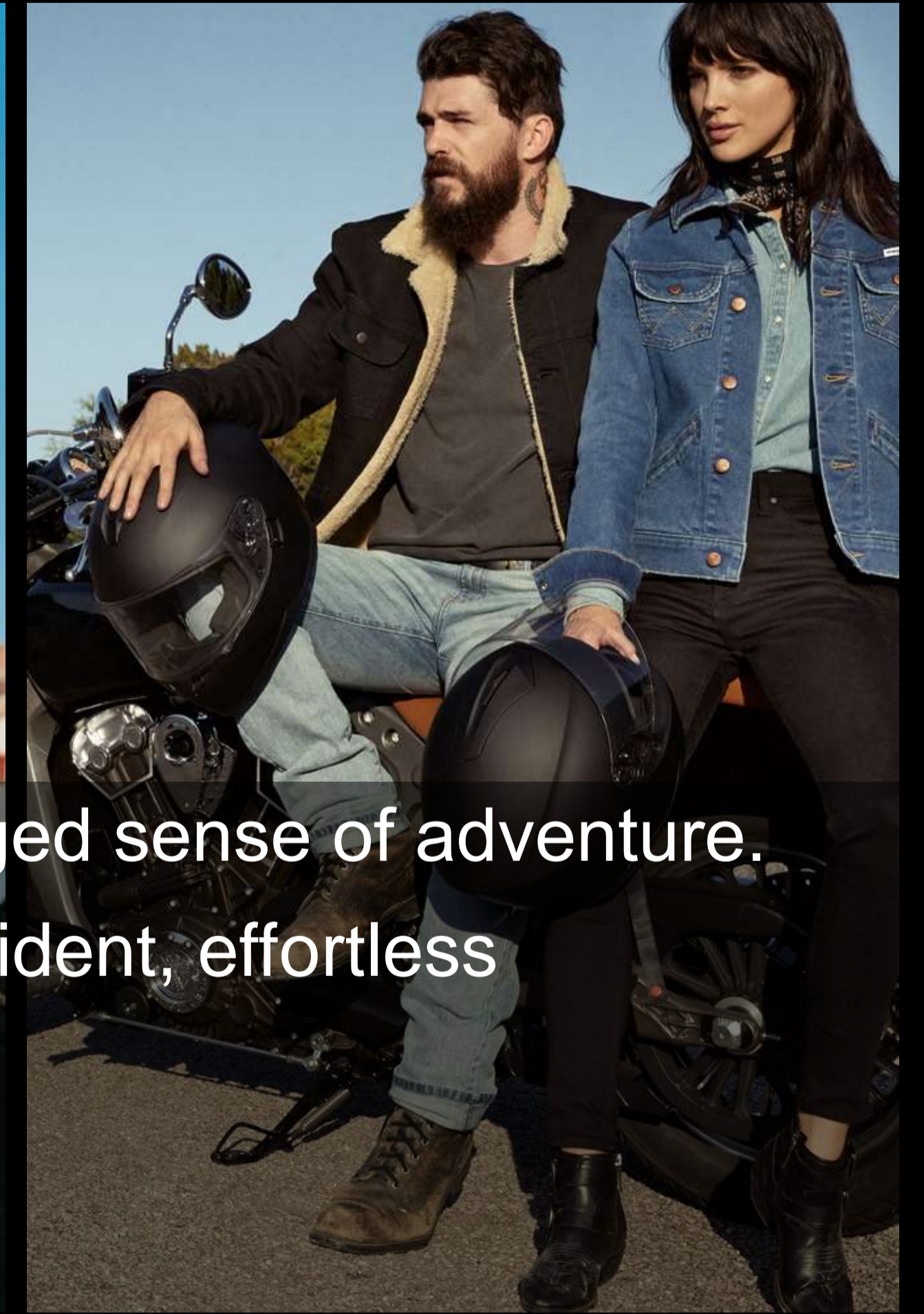
VICE PRESIDENT  
GLOBAL MARKETING, WRANGLER

WRANGLER CREATIVE VISION

# HERITAGE UNLEASHED

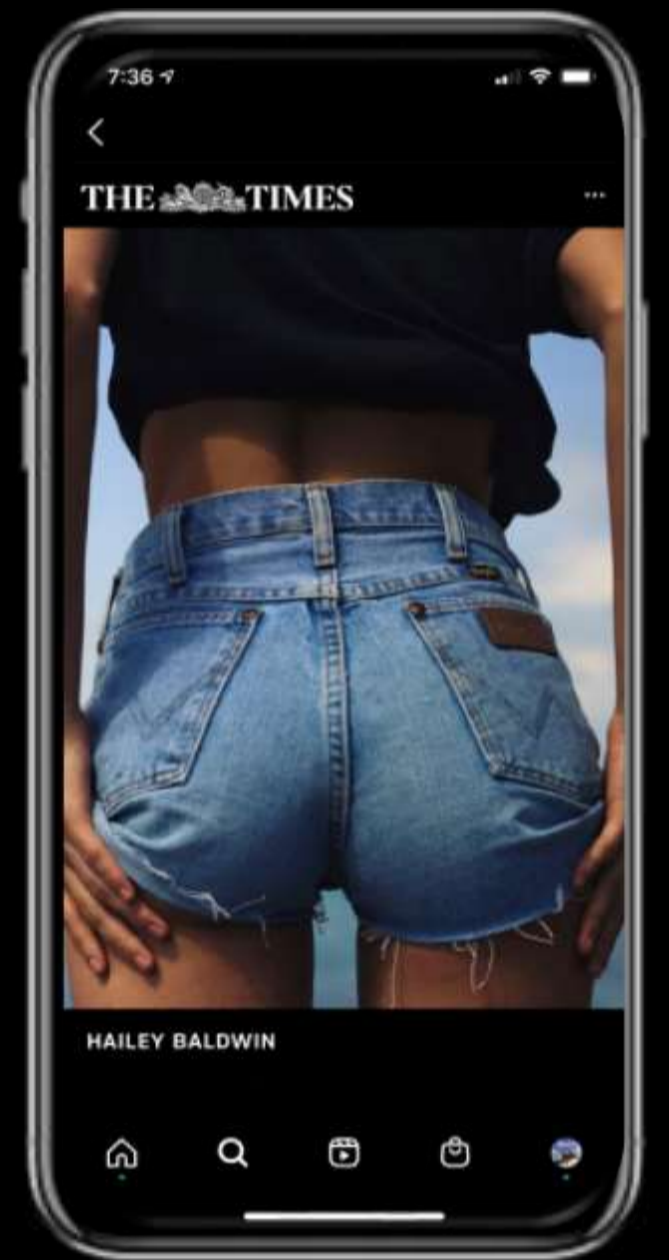
Wrangler®

# COWBOY COOL



We're inspired by their courage, independent spirit and rugged sense of adventure.  
"Cowboy Cool" is a timeliness uniform that is confident, effortless  
and unapologetically free.

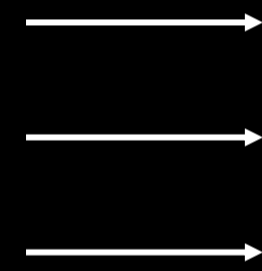
**Wrangler**<sup>®</sup>



Wrangler®



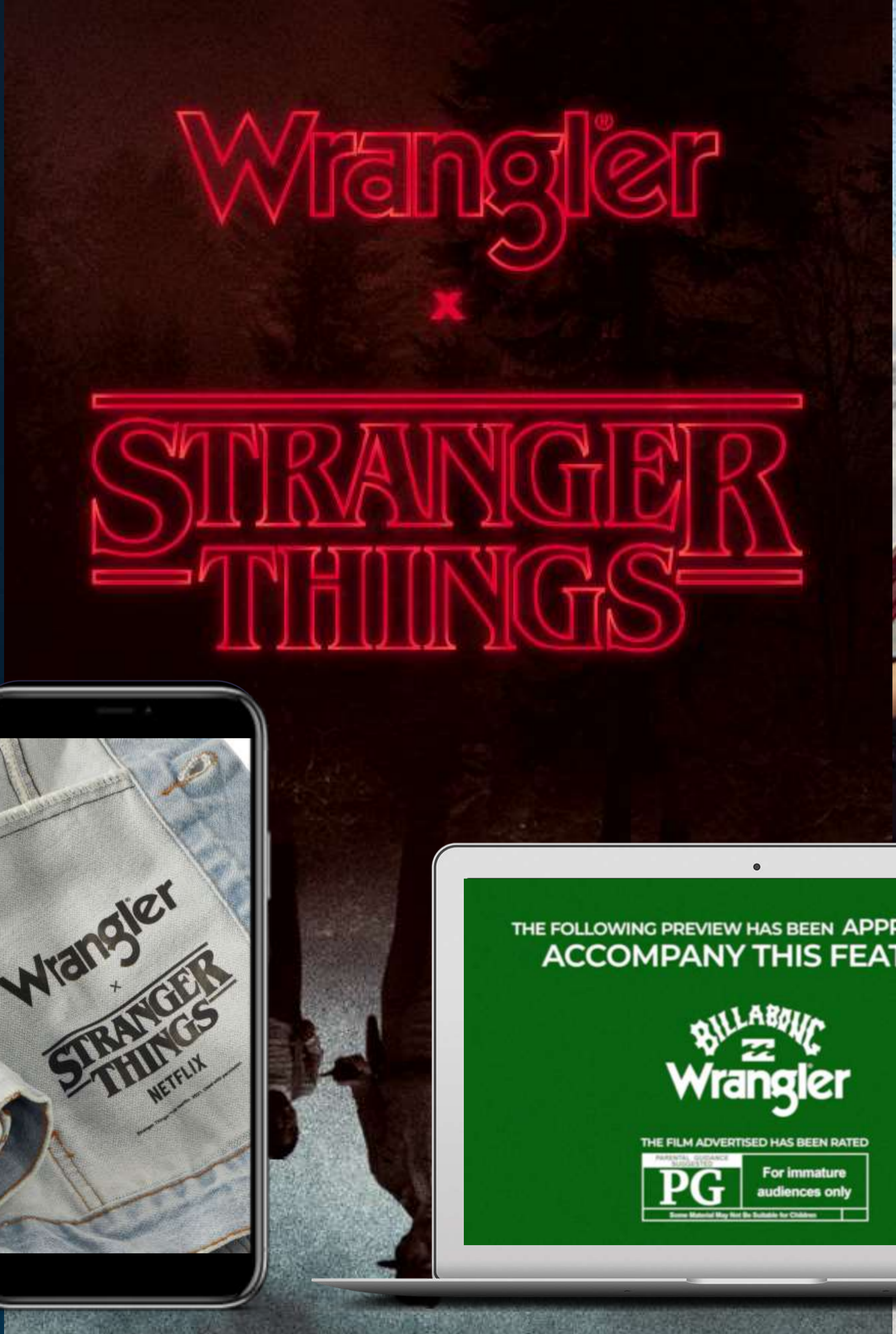
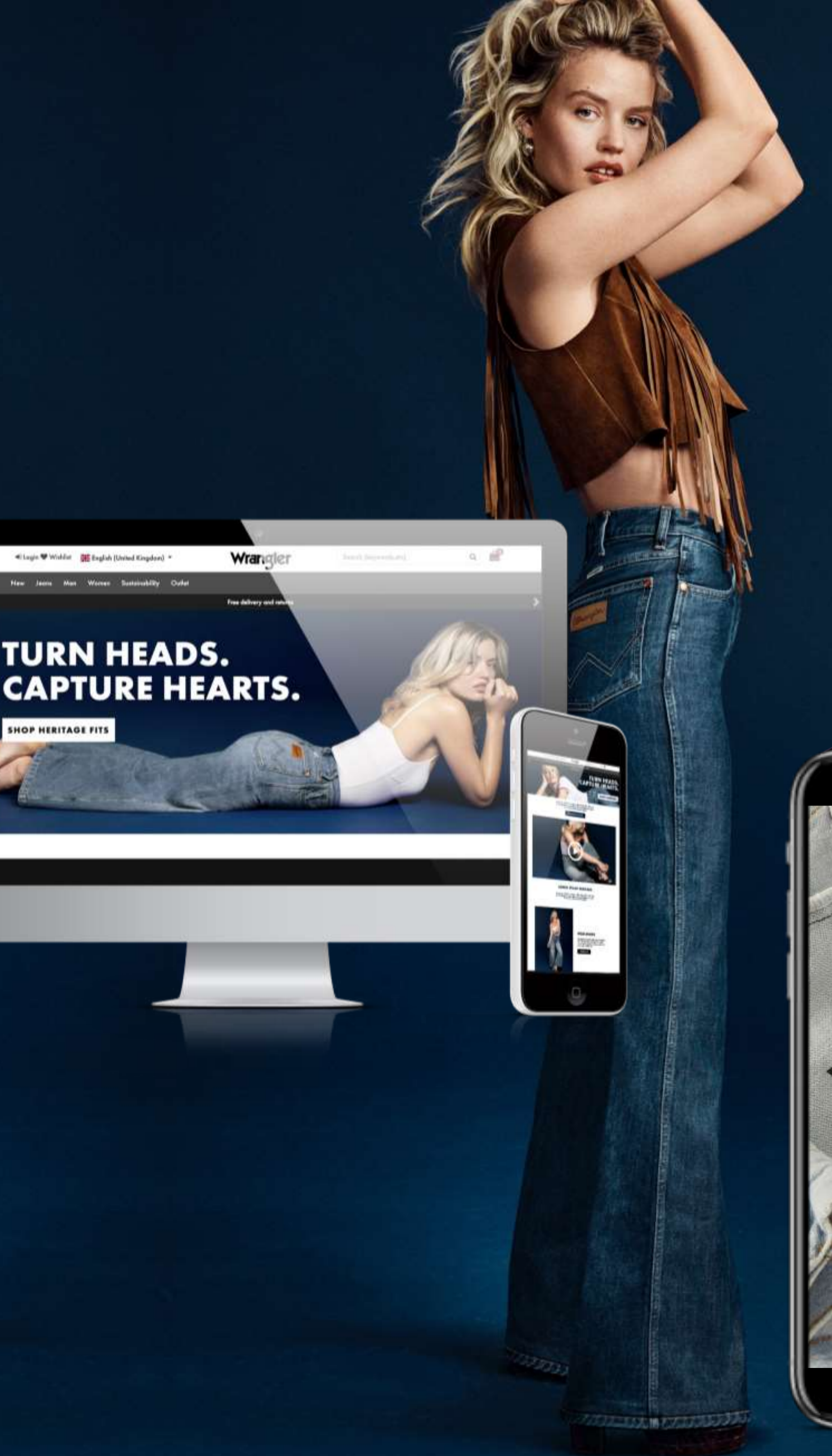
[ COURAGE ]



INDEPENDENCE  
INTEGRITY  
CONFIDENCE

Wrangler®



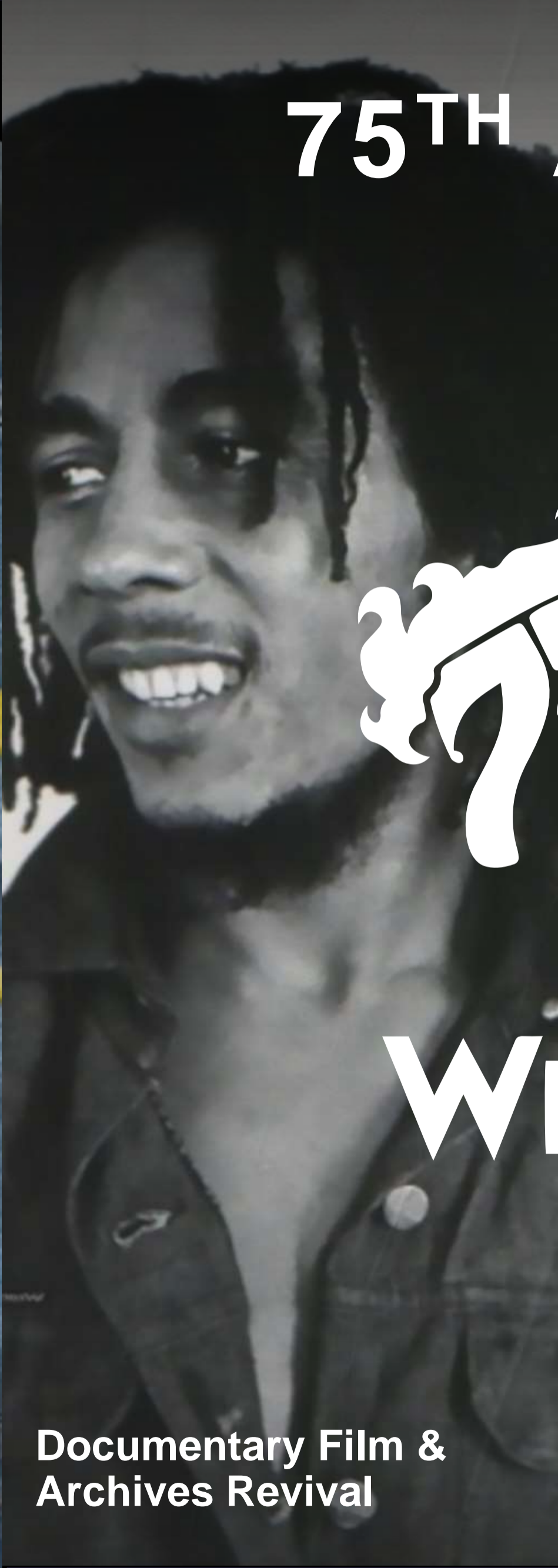


BILLABONG  
Wrangler



SEASON 3 2021

# 75<sup>TH</sup> ANNIVERSARY



Limited Edition Product

Documentary Film & Archives Revival

Music Partnerships

Iconic Collaborations

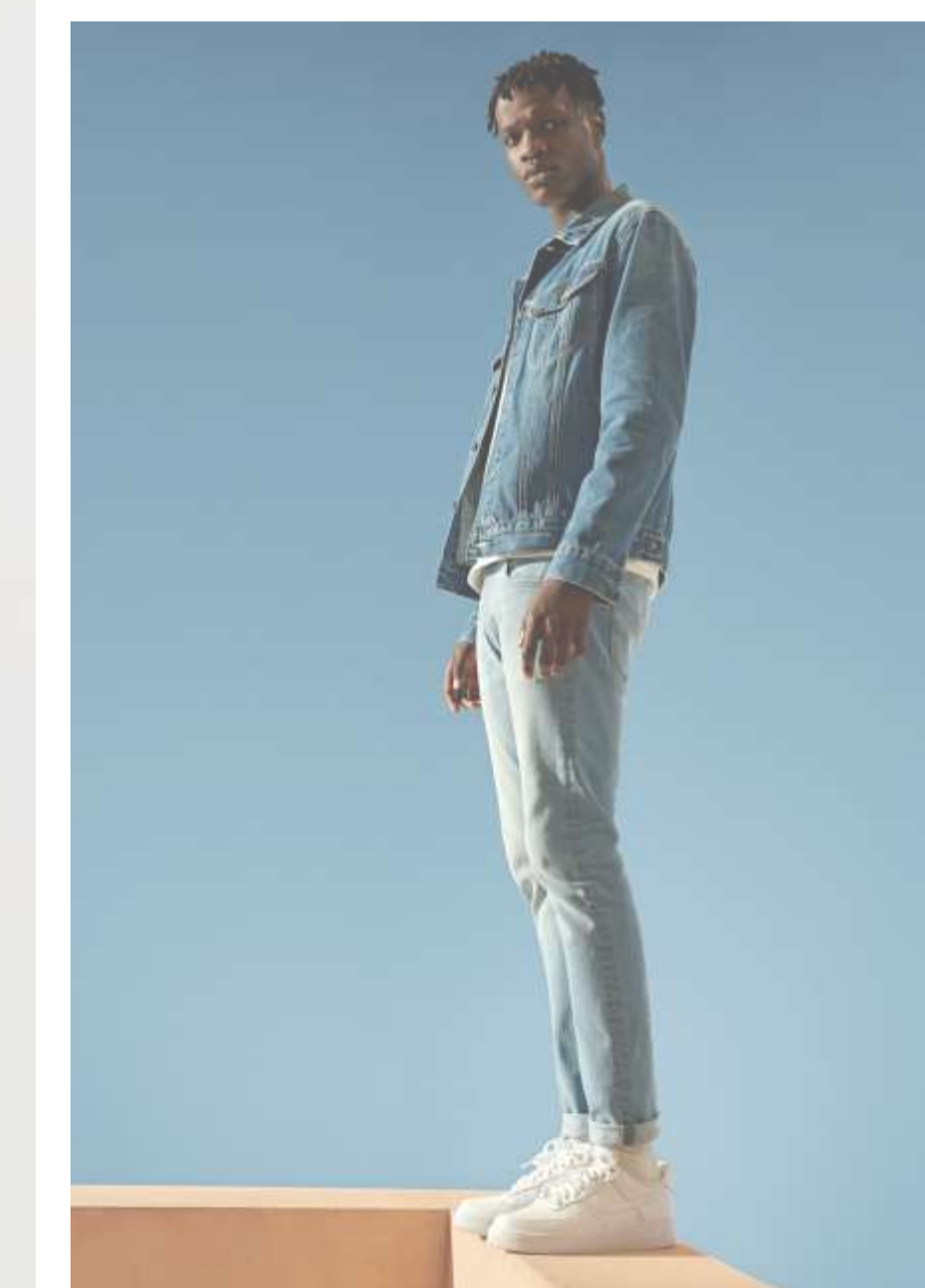
Custom Experiences

# BRIGID STEVENS

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SENIOR DIRECTOR  
MARKETING, LEE

Lee®

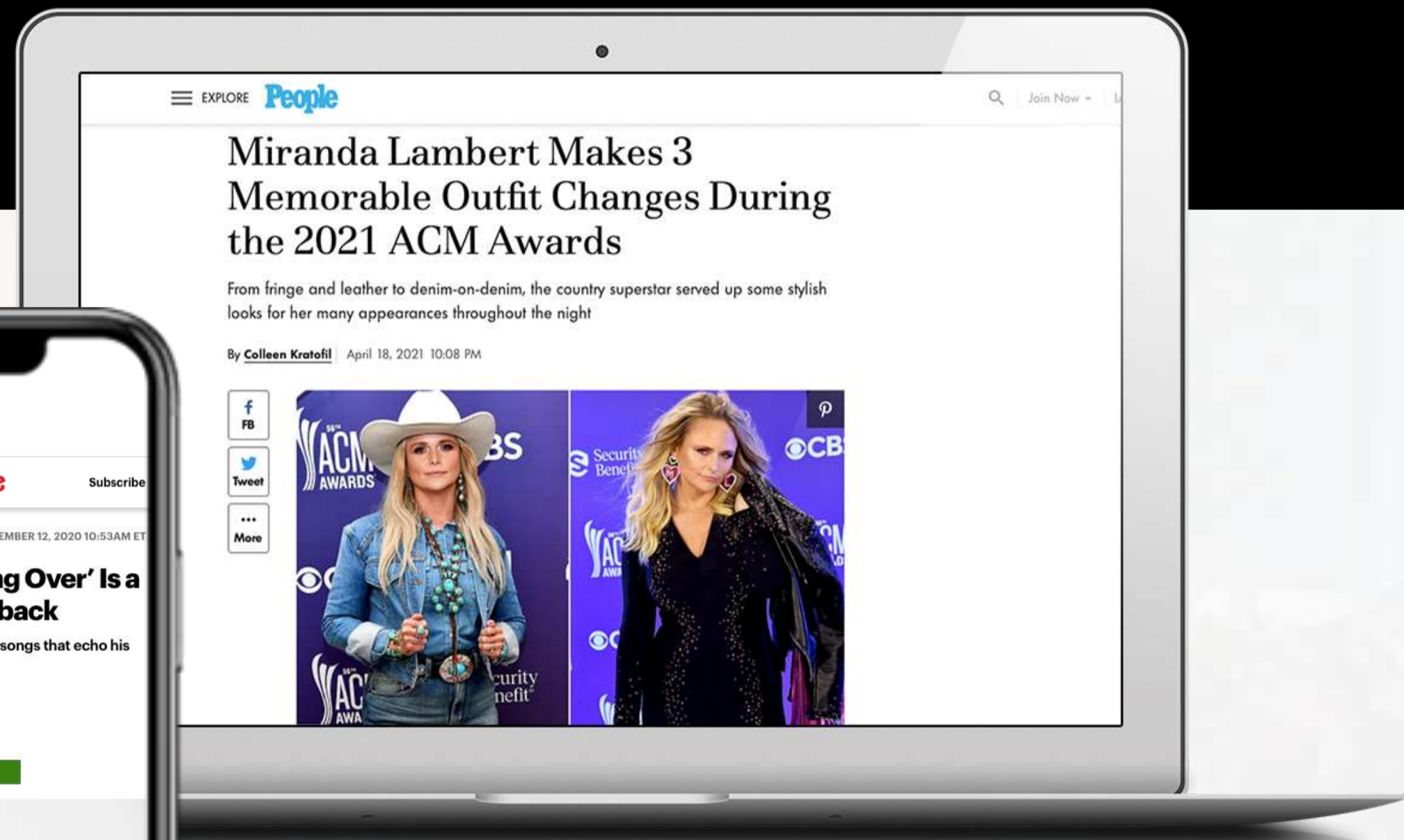
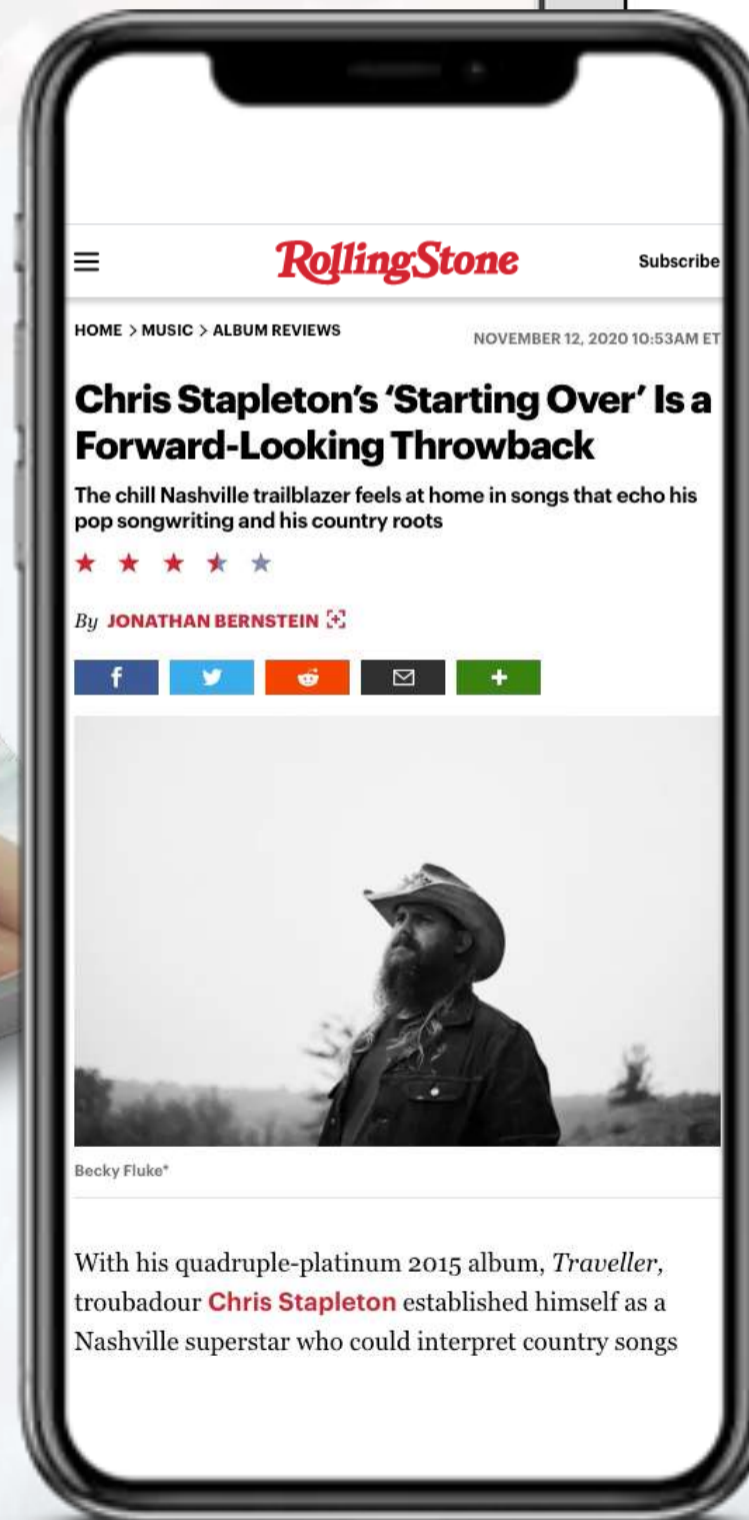


**STYLE,  
CRAFTED WITH  
PURPOSE**

**Lee<sup>®</sup>**

# LEGENDARY LOOKS GOOD ON YOU

Lee®





Lee<sup>®</sup>



A young couple is shown from behind, embracing on a city street. The woman is wearing a white t-shirt and blue jeans, while the man is wearing a green t-shirt and blue jeans. Both jeans have the Lee logo on the back pocket. The background shows a busy street with cars and a white van.

Lee®

**GLOBALLY  
UNIFY LEE.  
WHILE  
AVOIDING  
UNIFORMITY.**

**UNRELENTING  
OPTIMISM**

**YOUTHFUL  
ENERGY**

**FEARLESS  
CONFIDENCE**



**STAND  
TALL**

# FINANCIAL STRATEGY

2020 – 2023E

# RUSTIN WELTON

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EXECUTIVE VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER

# HORIZON 1

## STRATEGIC ACTIONS SINCE SPIN

### WHAT WE SAID

### WHAT WE DELIVERED

Fundamental Optimization

Accretive restructuring & quality-of-sales actions, \$25M+ cost saves, and NA & APAC ERP implementations

Healthy margin expansion

40bps<sup>1</sup> expansion in FY'20, and triple-digit<sup>1</sup> expansion in each of the last 3 quarters

Compelling, durable cash generation

>\$500M cumulative cash from operations since May '19 spin

Commitment to a healthy balance sheet

Sub 2x net leverage<sup>2</sup> ratio driven by \$575M debt repayment over the last 4 quarters

Strong dividend policy

5% yield<sup>3</sup>

8-10% Annual Total Shareholder Return

+33% annual average since May '19 spin<sup>4</sup>

May  
2019

Spin

Fundamental  
stabilization &  
optimization

2020

COVID-19

Financial Flexibility

2021

Strategy  
Amplification

Fundamental  
Acceleration &  
Optionality

<sup>1</sup> On an Adjusted basis; See Appendix for reconciliation to nearest GAAP measure

<sup>2</sup> Net leverage ratio defined as Net Debt (Total Debt less Cash), divided by Adjusted EBITDA for the four quarters ending Q1 '21. See Appendix for reconciliation to nearest GAAP measure

<sup>3</sup> Period starting July 23, 2019 through May 14, 2021; Excludes temporary dividend suspension period (February 20, 2020 through October 28, 2020)

<sup>4</sup> Through our first quarter 2021 quarterly earnings report (May 6, 2021); Source: Bloomberg

# HORIZON 2 : CATALYZING GROWTH

2020 – 2023E

	<u>2020 ACTUAL</u> <sup>1</sup>	<u>2021E</u> <sup>2</sup>	<u>2022E/2023E</u> <sup>3,4</sup>	<u>2023E TARGET</u>
REVENUE	\$2.1B	+Low-Teens%	+MSD%	~\$2.7B
GM	41.2%	+230-270bps	~+100bps	46.0%+
OM	10.9%	+275-300bps	~+50bps	15.0%+
EPS	\$2.61	40%+ <sup>5</sup>	+Mid-Teens%	\$5.00+
CFO				~\$1 Billion <sup>6</sup>

<sup>1</sup> GM, OM and EPS on an Adjusted basis; See Appendix for reconciliation to nearest GAAP measure

<sup>2</sup> Based on latest guidance provided on May 6, 2021

<sup>3</sup> Revenue and EPS CAGR; GM and OM annual average

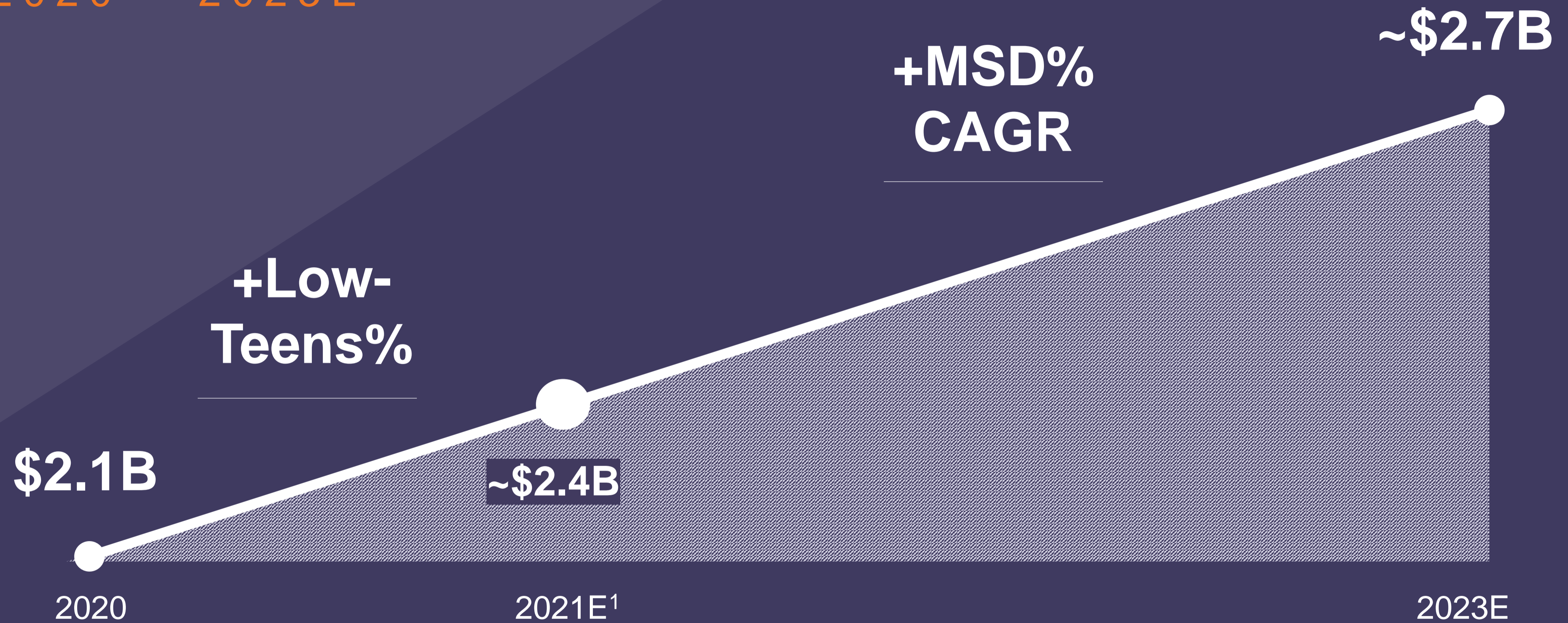
<sup>4</sup> Assumes Effective Tax Rate of 22% and Capital Expenditures of \$30-\$40M per year

<sup>5</sup> EPS growth rate

<sup>6</sup> Cumulative cash flow from operations, 2021E-2023E

# REVENUES

2020 – 2023E

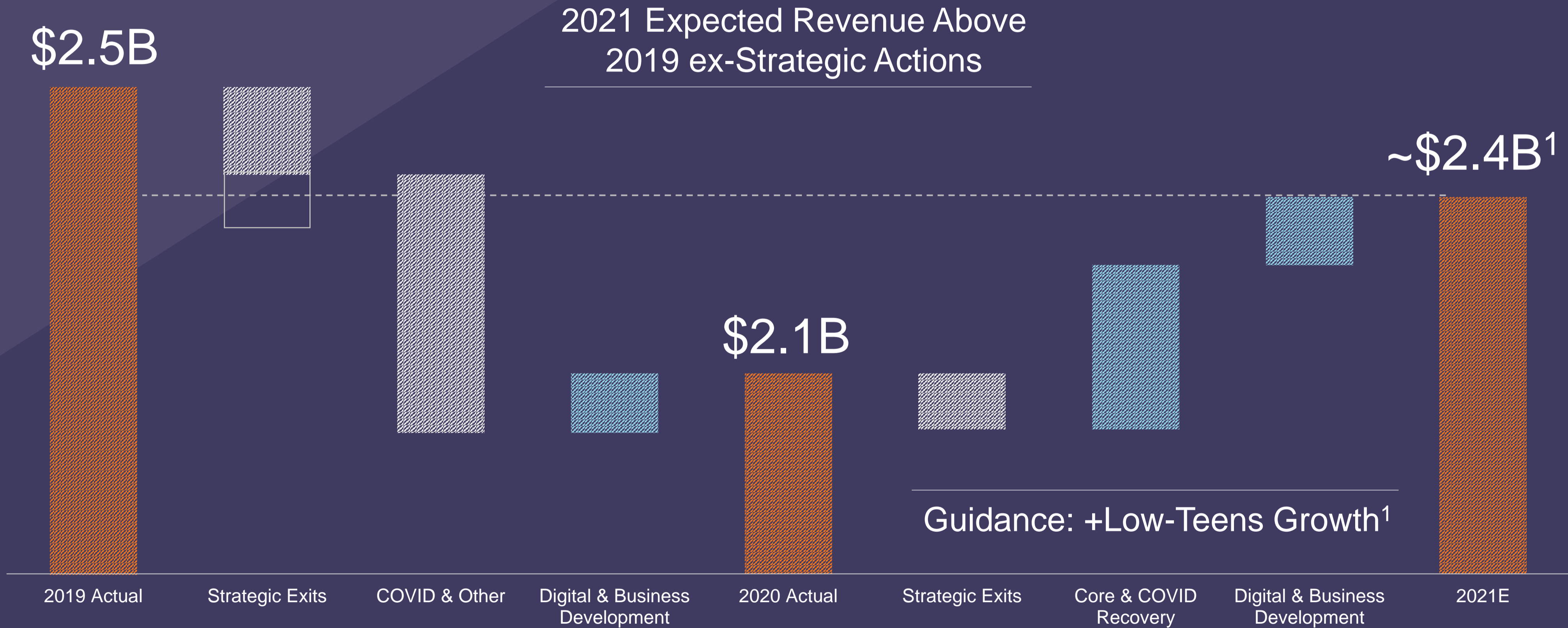


<sup>1</sup> Based on latest guidance provided on May 6, 2021



# REVENUES

2019 – 2021E



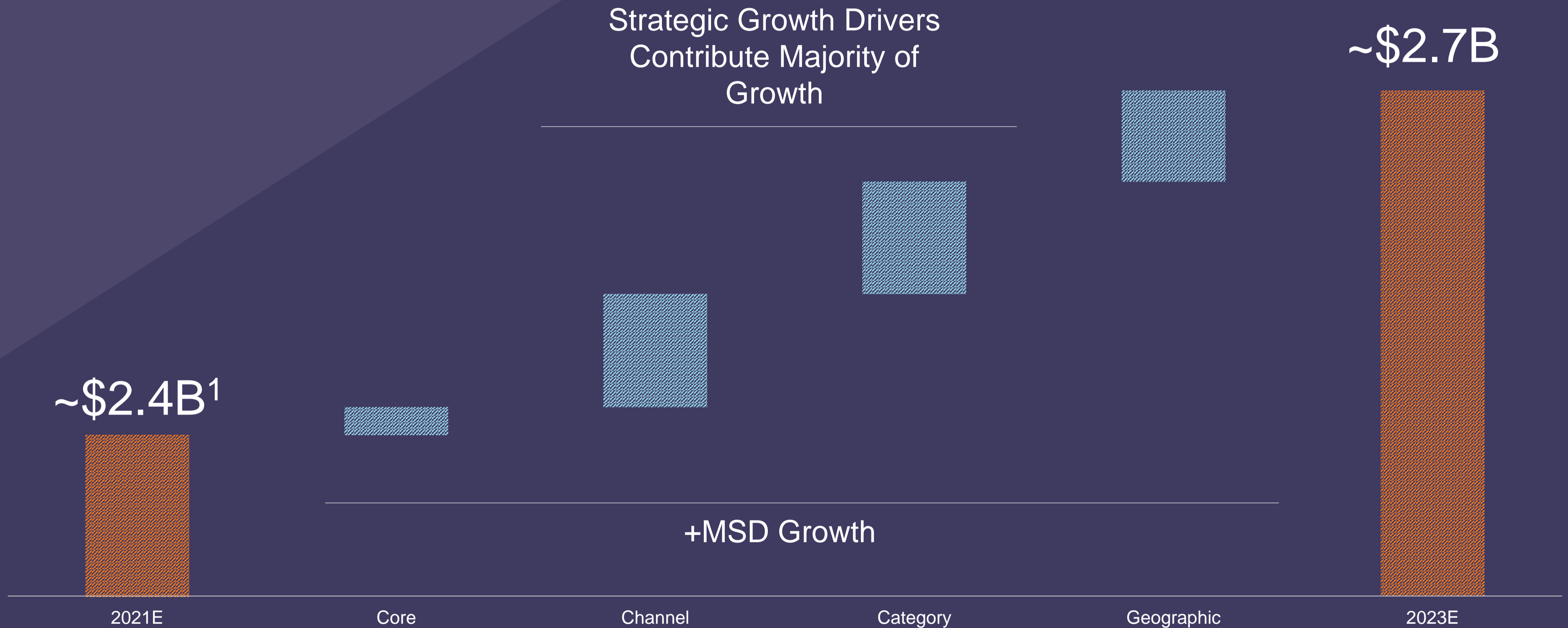
<sup>1</sup> Based on latest guidance provided on May 6, 2021  
Color Key: Blue = Increase, Silver = Decrease

2021 Impact of 2020 Strategic Exits



# REVENUES

2021E – 2023E



¹ Based on latest guidance provided on May 6, 2021

# GROWTH DRIVERS

2020 – 2023E

% of Sales

Growth / CAGR

Growth Driver	2020	2023E	2021E	2022E / 2023E
CORE <sup>1</sup>	68%	63%	+HSD- +LDD%	+LSD%
GEOGRAPHIC <sup>2</sup>	22% China 7%	28% China 10%	>25% China >30%	+DD% China >20%
CHANNEL <sup>3</sup>	5%	10%	>35%	>30%
CATEGORY <sup>4</sup>	9%	15%	+DD%	+DD%

<sup>1</sup> U.S. Wholesale

<sup>2</sup> International

<sup>3</sup> Own.com

<sup>4</sup> Global Outdoor, Workwear, and Tees (All Channels)

# GROSS MARGIN

2020 – 2023E

41.2%	43.5%	~+100bps Annual Gross Margin Expansion	46.0%+
2020 <sup>1</sup>	43.9%		2023E
	2021E <sup>2</sup>		

- + Channel Mix
- + Geographic Mix
- + Supply Chain Initiatives
- + Restructuring & Quality of Sales
- + AUR Mix & Selective Price
- + SKU Rationalization

- Input Cost Inflation
- Freight

<sup>1</sup> On an Adjusted basis; See Appendix for reconciliation to nearest GAAP measure

<sup>2</sup> Based on latest guidance provided on May 6, 2021

# SG&A

2020 – 2023E

## DISTORTING SG&A DOLLARS TO HIGHER ROI / TSR ACCRETIVE INITIATIVES

ERP / Phase 2 Saves<sup>1</sup>  
(Efficiency Improvements)

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Top-Line Leverage  
(+GM Improvements)

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Non-Strategic Spend  
(Global processes and streamlining)



Demand Creation  
(Under-indexed relative to peers)

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Digital  
(Establish infrastructure and grow)

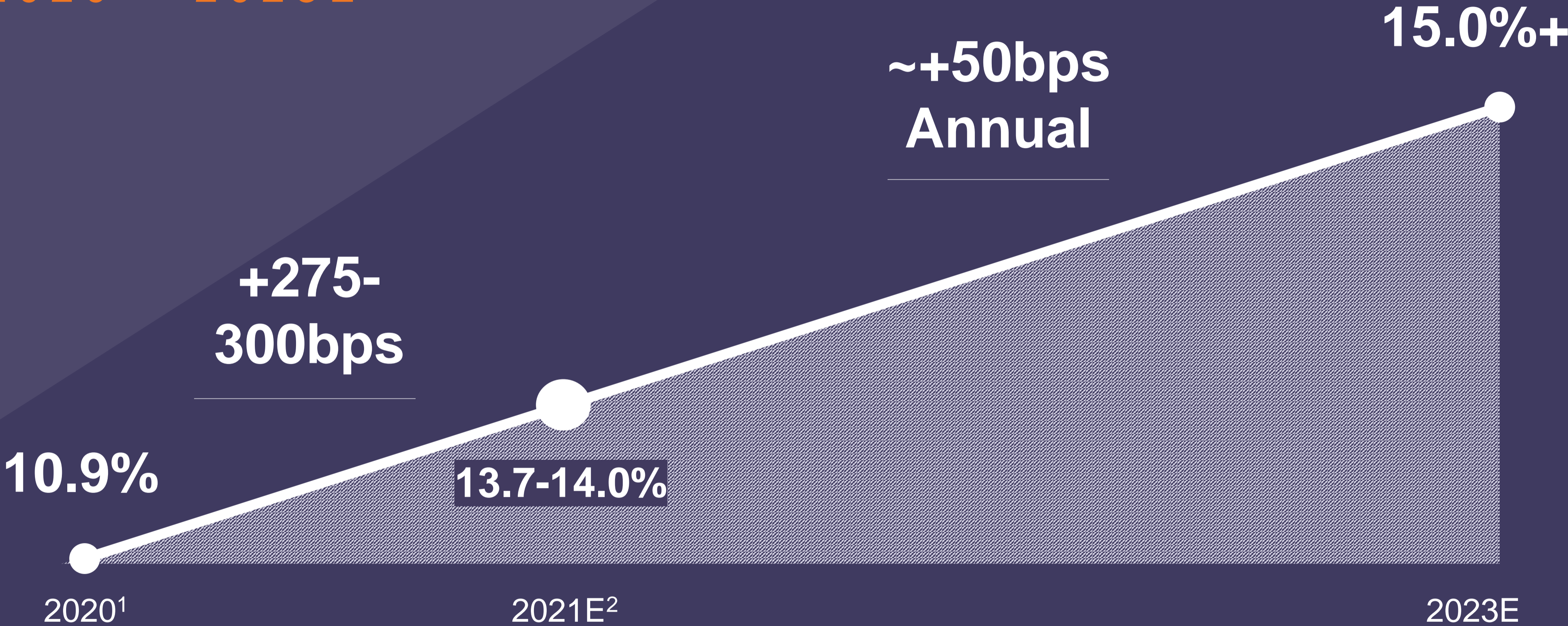
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International  
(Leverage Lee China)

<sup>1</sup> Partially reflected in gross margin

# OPERATING MARGIN

2020 – 2023E

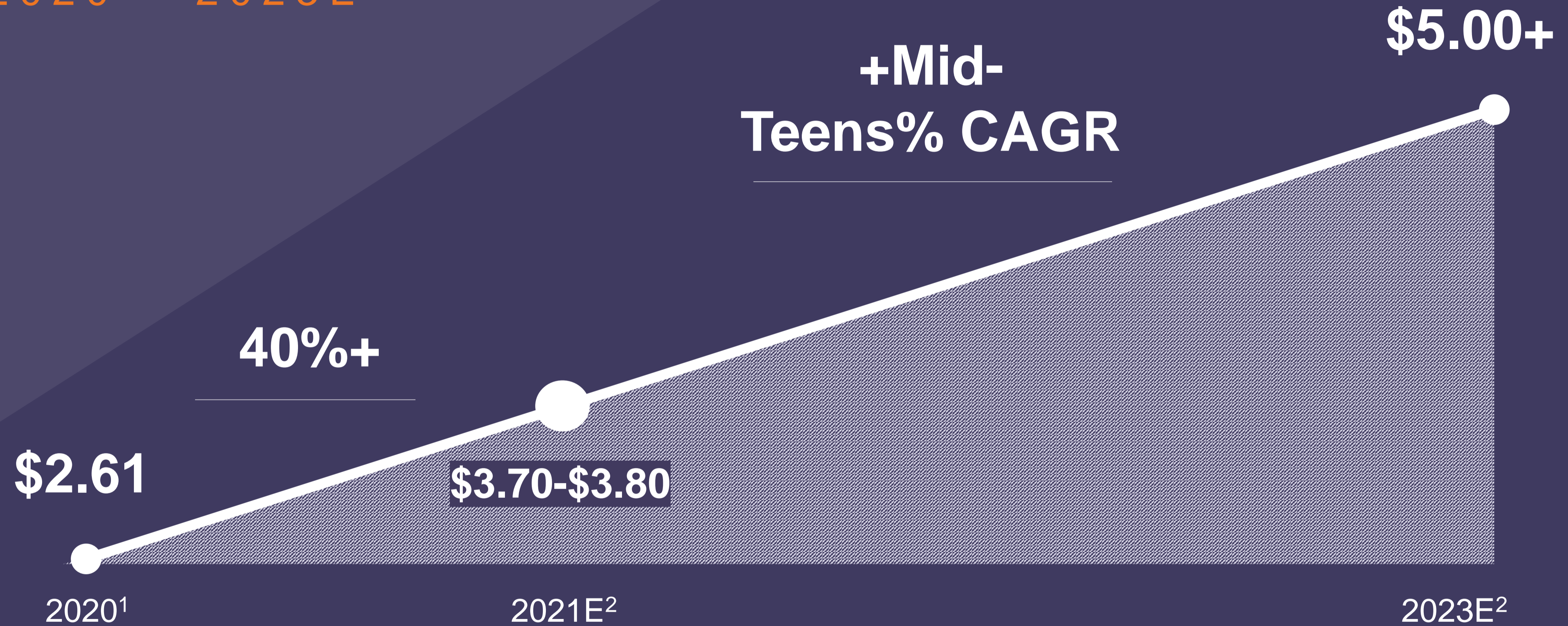


<sup>1</sup> On an Adjusted basis; See Appendix for reconciliation to nearest GAAP measure

<sup>2</sup> Based on latest guidance provided on May 6, 2021

# EARNINGS PER SHARE

2020 – 2023E



<sup>1</sup> On an Adjusted basis; See Appendix for reconciliation to nearest GAAP measure

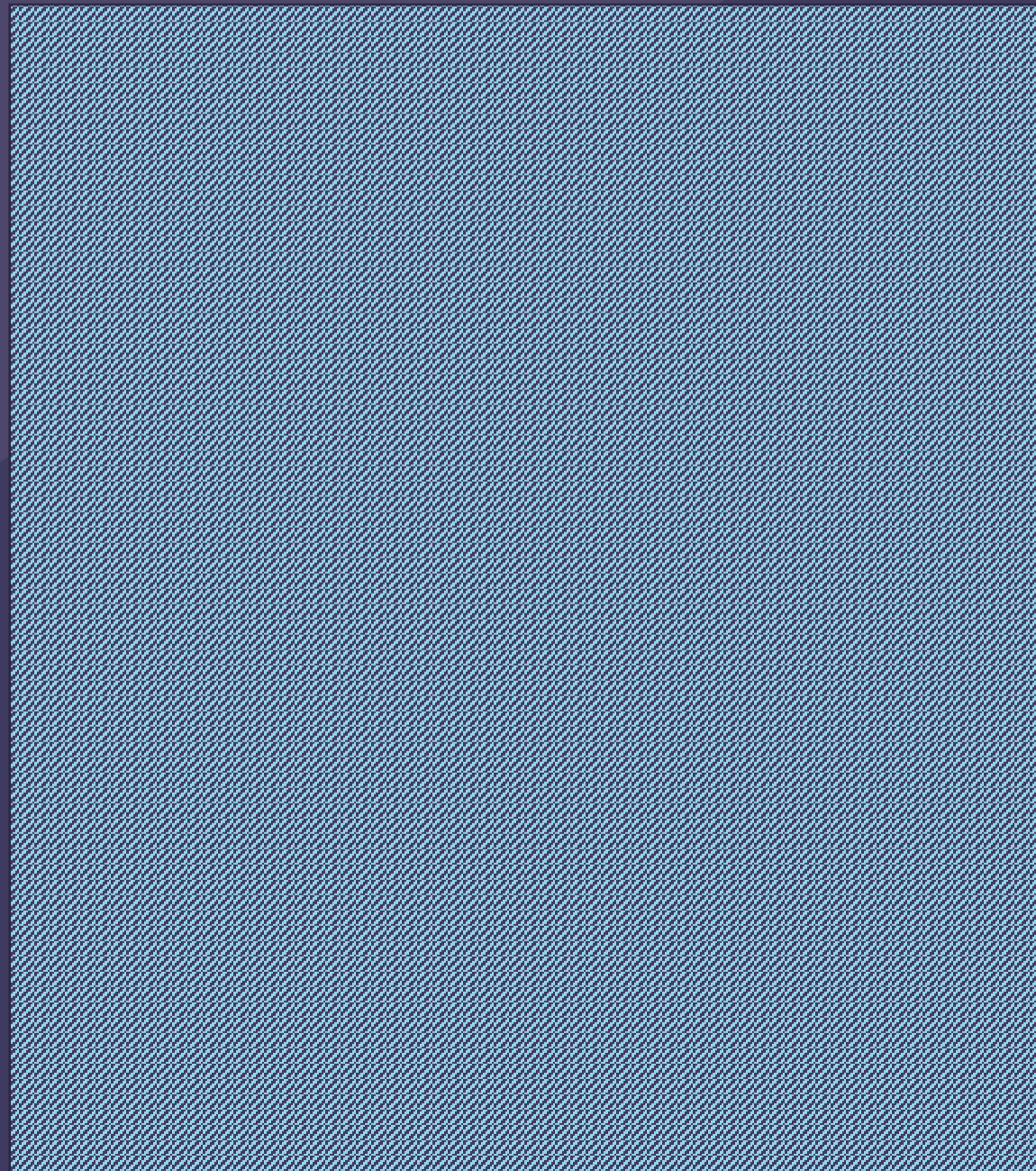
<sup>2</sup> Based on latest guidance provided on May 6, 2021

# CASH FLOW GENERATION

SIGNIFICANT NET DEBT<sup>1</sup> REDUCTION SINCE SPIN

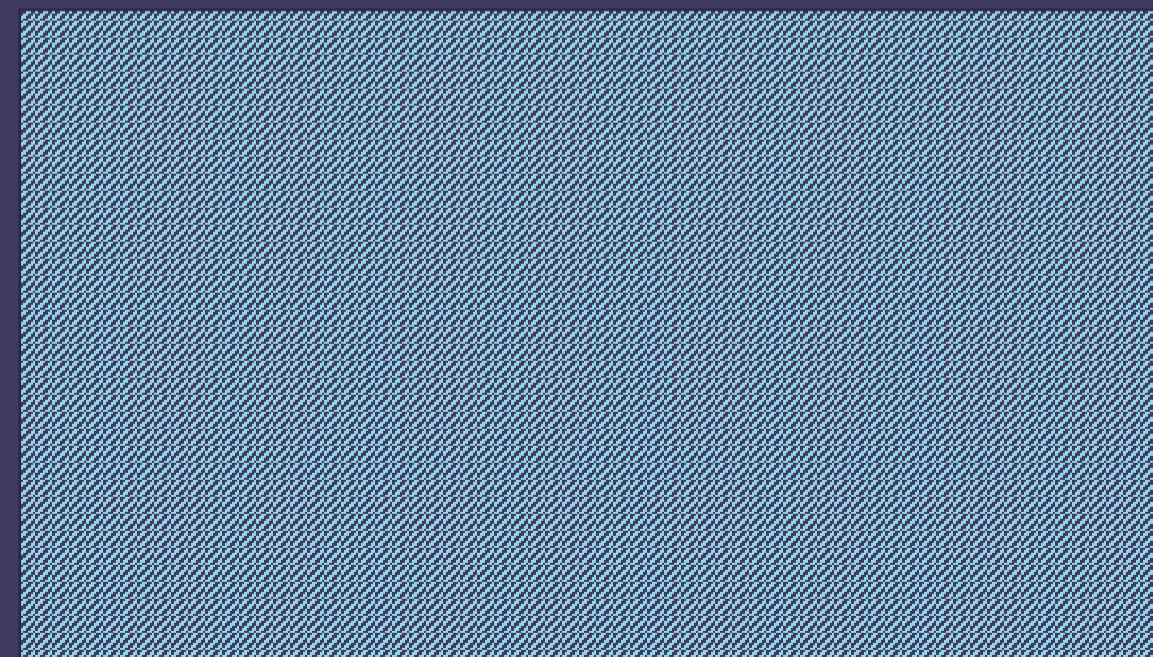
Net Debt

\$922 MILLION



SPIN

\$587 MILLION



Q1'21

**HORIZON 1 DE-LEVERAGE  
STRENGTHENS FOUNDATION  
FOR HORIZON 2 OPTIONALITY**

<sup>1</sup> Net debt defined as Total Debt less Cash



# CASH FLOW GENERATION

2021E – 2023E

~\$1 BILLION<sup>1</sup>

TARGETED CUMULATIVE  
CASH FROM OPERATIONS

<sup>1</sup> 2021E – 2023E cumulative

# CAPITAL ALLOCATION STRATEGY

## EVOLUTION TO OPTIONALITY

### CAPITAL STRUCTURE FLEXIBILITY

De-lever the balance sheet to provide flexibility. Targeting net leverage<sup>1</sup> of 1.0x to 2.0x



### SUPERIOR DIVIDEND

Return excess cash to shareholders consistent with long-term TSR

## HORIZON 1: FOUNDATIONAL

<sup>1</sup> Net leverage ratio defined as Net Debt (Total Debt less Cash), divided by Adjusted EBITDA for the four quarters ending Q1 '21. See Appendix for reconciliation to nearest GAAP measure

# CAPITAL ALLOCATION STRATEGY

## EVOLUTION TO OPTIONALITY

### CAPITAL STRUCTURE FLEXIBILITY

De-lever the balance sheet to provide flexibility. Targeting net leverage<sup>1</sup> of 1.0x to 2.0x

### STRATEGIC M&A

Option to pursue brands and capabilities that augment Kontoor model



### SUPERIOR DIVIDEND

Return excess cash to shareholders consistent with long-term TSR

### SHARE REPURCHASE

Option for offsetting dilution and/or opportunistic buybacks and maintaining ownership structure

## HORIZON 2: POWERFUL OPTIONALITY

<sup>1</sup> Net leverage ratio defined as Net Debt (Total Debt less Cash), divided by Adjusted EBITDA for the four quarters ending Q1 '21. See Appendix for reconciliation to nearest GAAP measure

# CAPITAL ALLOCATION

## M&A CRITERIA

### AUTHENTIC FIT

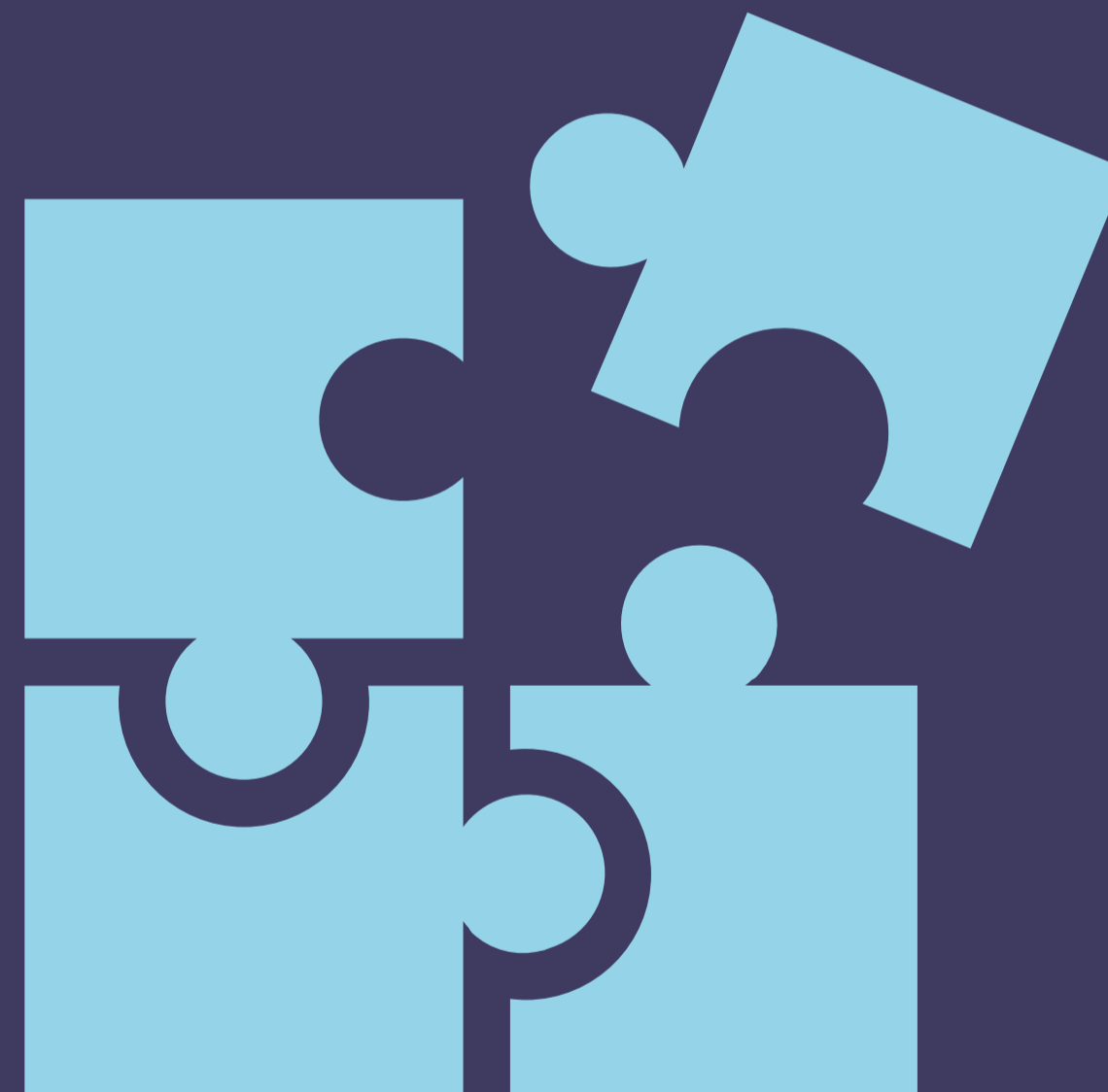
Brand and culture align with Kontoor ethos

### ACCRETIVE

Visibility to immediate or near-term accretion and positive TSR contribution

### COMPLEMENTARY

Strategic benefit, with focus on accretive channel and geographic opportunities



### CONSUMER & GROWTH FOCUSED

Focus on consumer-led brands with existing or potential premium growth characteristics

### LEVERAGES KTB MODEL

Strong synergy potential and ability to leverage Kontoor's global model & expertise

# TOTAL SHAREHOLDER RETURN

INCREASING FUNDAMENTALS DRIVE EVOLVING TSR<sup>1</sup>



<sup>1</sup> Long-Term TSR Algorithm excluding 2021 Recovery

# FINANCIAL SUMMARY

## 2023 TARGETS

### REVENUE

~\$2.7B

SUSTAINABLE  
GROWTH

### MARGINS

46%+ GM  
15%+ OM

HEALTHY  
MARGIN  
EXPANSION &  
BRAND  
INVESTMENT

### EPS

\$5.00+

ACCELERATING  
PROFITABILITY

### CFO<sup>1</sup>

~\$1 Billion

DURABLE &  
CONSISTENT  
CASH FLOW

### TSR

15%+

SHAREHOLDER  
FOCUSED &  
INCREASING  
OPTIONALITY

<sup>1</sup> 2021E – 2023E cumulative

**KONTOOR**<sup>TM</sup>

**APPENDIX**

**KONTOOR BRANDS, INC.**  
**Reconciliation of Adjusted Financial Measures (Non-GAAP)**  
**(Unaudited)**

(Dollars in millions)

	Year Ended December 2019	Quarterly Data					
		Q3 2019	Q3 2020	Q4 2019	Q4 2020	Q1 2020	Q1 2021
<b>Net revenues - as reported under GAAP</b>	<b>\$ 2,548.8</b>	<b>\$ 638.1</b>	<b>\$ 583.2</b>	<b>\$ 652.6</b>	<b>\$ 660.9</b>	<b>\$ 504.5</b>	<b>\$ 651.8</b>
Business model changes <sup>(b)</sup>	(25.8)	—	—	—	—	—	—
<b>Adjusted net revenues</b>	<b>\$ 2,523.0</b>	<b>\$ 638.1</b>	<b>\$ 583.2</b>	<b>\$ 652.6</b>	<b>\$ 660.9</b>	<b>\$ 504.5</b>	<b>\$ 651.8</b>
<b>Cost of goods sold - as reported under GAAP</b>	<b>\$ 1,544.5</b>	<b>\$ 382.2</b>	<b>\$ 325.5</b>	<b>\$ 387.1</b>	<b>\$ 380.0</b>	<b>\$ 313.7</b>	<b>\$ 351.2</b>
Restructuring & separation costs <sup>(a)</sup>	(24.2)	(4.9)	5.4	(1.7)	(4.9)	(1.1)	(0.3)
Business model changes <sup>(b)</sup>	(24.2)	—	—	—	—	—	—
Other adjustments <sup>(c)</sup>	(1.8)	—	—	—	—	—	—
<b>Adjusted cost of goods sold</b>	<b>\$ 1,494.3</b>	<b>\$ 377.3</b>	<b>\$ 330.9</b>	<b>\$ 385.4</b>	<b>\$ 375.1</b>	<b>\$ 312.7</b>	<b>\$ 350.9</b>
<b>Adjusted gross profit</b>	<b>\$ 1,028.8</b>	<b>\$ 260.8</b>	<b>\$ 252.3</b>	<b>\$ 267.2</b>	<b>\$ 285.7</b>	<b>\$ 191.8</b>	<b>\$ 300.9</b>
<i>As a percentage of adjusted net revenues</i>	<i>40.8 %</i>	<i>40.9 %</i>	<i>43.3 %</i>	<i>40.9 %</i>	<i>43.2 %</i>	<i>38.0 %</i>	<i>46.2 %</i>

**Non-GAAP Financial Information:** The financial information above has been presented on a GAAP basis and on an adjusted basis. These adjusted presentations are non-GAAP measures. Amounts herein may not recalculate due to the use of unrounded numbers.

(a) - (c) See "Notes to Adjusted Financial Measures" slide for additional information.



**KONTOOR BRANDS, INC.**  
**Reconciliation of Adjusted Financial Measures (Non-GAAP)**  
**(Unaudited)**

(In millions, except per share amounts)

	Year Ended December 2020
<b>Net revenues - as reported under GAAP</b>	<b>\$ 2,097.8</b>
<b>Cost of goods sold - as reported under GAAP</b>	<b>\$ 1,234.2</b>
Restructuring & separation costs <sup>(a)</sup>	(0.5)
<b>Adjusted cost of goods sold</b>	<b>\$ 1,233.7</b>
<b>Selling, general and administrative expenses - as reported under GAAP</b>	<b>\$ 739.9</b>
Restructuring & separation costs <sup>(a)</sup>	(105.1)
<b>Adjusted selling, general and administrative expenses</b>	<b>\$ 634.8</b>
<b>Operating income - as reported under GAAP</b>	<b>\$ 123.8</b>
Restructuring & separation costs <sup>(a)</sup>	(105.6)
<b>Adjusted operating income</b>	<b>\$ 229.4</b>
<b>Diluted earnings per share - as reported under GAAP</b>	<b>\$ 1.17</b>
Restructuring & separation costs <sup>(a)</sup>	1.44
<b>Adjusted diluted earnings per share</b>	<b>\$ 2.61</b>

(Dollars in millions)

	Year Ended December 2020	
	GAAP	Adjusted
Gross profit (net revenues less cost of goods sold)	\$ 863.7	\$ 864.2
<i>As a percentage of net revenues</i>	41.2 %	41.2 %
Operating income	\$ 123.8	\$ 229.4
<i>As a percentage of net revenues</i>	5.9 %	10.9 %

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<sup>(a)</sup> See "Notes to Adjusted Financial Measures" slide for additional information.

**KONTOOR BRANDS, INC.**  
**Reconciliation of Adjusted Financial Measures (Non-GAAP)**  
**(Unaudited)**

(In millions)	5/23/2019 (Spin-off date)	Q1 2021
<b>Total long-term debt, including current portion</b> <sup>(d)</sup>	<b>\$ 1,049</b>	<b>\$ 816</b>
Less: cash and equivalents	127	230
<b>Net debt</b> <sup>(e)</sup>	<b>\$ 922</b>	<b>\$ 587</b>

(In millions)	Q2 2020	Q3 2020	Q4 2020	Q1 2021	TTM *
<b>Net (loss) income - as reported under GAAP</b>	<b>\$ (33.3)</b>	<b>\$ 60.8</b>	<b>\$ 43.1</b>	<b>\$ 64.5</b>	<b>\$ 135.1</b>
Income taxes	(1.6)	8.4	6.7	16.7	30.2
Interest expense	13.1	13.2	12.7	11.8	50.8
Interest income	(0.6)	(0.3)	(0.4)	(0.3)	(1.6)
<b>EBIT</b>	<b>\$ (22.3)</b>	<b>\$ 82.1</b>	<b>\$ 62.1</b>	<b>\$ 92.7</b>	<b>\$ 214.6</b>
<b>Depreciation and amortization - as reported under GAAP</b>	<b>\$ 7.8</b>	<b>\$ 9.2</b>	<b>\$ 10.1</b>	<b>\$ 9.0</b>	<b>\$ 36.1</b>
Restructuring & separation costs <sup>(a)</sup>	(0.6)	(2.2)	(2.2)	(1.8)	(6.8)
<b>Adjusted depreciation and amortization</b>	<b>\$ 7.2</b>	<b>\$ 6.9</b>	<b>\$ 7.9</b>	<b>\$ 7.2</b>	<b>\$ 29.2</b>
<b>EBITDA</b>	<b>\$ (14.5)</b>	<b>\$ 91.3</b>	<b>\$ 72.2</b>	<b>\$ 101.7</b>	<b>\$ 250.7</b>
Restructuring & separation costs <sup>(a)</sup>	26.7	17.7	33.7	24.5	102.6
Other adjustments <sup>(c)</sup>	0.3	0.4	0.5	0.6	1.8
<b>Adjusted EBITDA</b>	<b>\$ 12.6</b>	<b>\$ 109.4</b>	<b>\$ 106.4</b>	<b>\$ 126.8</b>	<b>\$ 355.2</b>

\*Trailing twelve months represents the sum of the four quarters ending Q1 2021.

**Non-GAAP Financial Information:** The financial information above has been presented on a GAAP basis and on an adjusted basis. These adjusted presentations are non-GAAP measures. Amounts herein may not recalculate due to the use of unrounded numbers.

(a), (c) - (e) See "Notes to Adjusted Financial Measures" slide for additional information.

**KONTOOR BRANDS, INC.**  
**Reconciliation of Adjusted Financial Measures (Non-GAAP)**  
**(Unaudited)**

**Notes to Adjusted Financial Measures:** Management uses the above non-GAAP financial measures internally in its budgeting and review process and, in some cases, as a factor in determining compensation. In addition, adjusted EBITDA is a key financial measure for the Company's shareholders and financial leaders, as the Company's debt financing agreements require the measurement of adjusted EBITDA, along with other measures, in connection with the Company's compliance with debt covenants. While management believes that these non-GAAP measures are useful in evaluating the business, this information should be considered supplemental in nature and should be viewed in addition to, and not as an alternate for, reported results under GAAP. In addition, these non-GAAP measures may be different from similarly titled measures used by other companies.

(a) During 2020 and 2021, restructuring and separation costs primarily related to the Company's global ERP system and information technology infrastructure build-out as well as strategic actions taken by the Company, including charges resulting from the Company's decision to exit certain *VF Outlet*<sup>TM</sup> stores, transition the India business to a licensed model and respond to COVID-19. These restructuring and separation costs resulted in a corresponding tax impact of \$22.2 million for the twelve months ended December 2020. During 2019, restructuring and separation costs primarily related to the spin-off from VF Corporation and establishment of Kontoor as a standalone public company, including the implementation of the Company's global ERP system and information technology infrastructure build-out.

(b) During 2019, business model changes primarily related to the transition of our former Central and South America region to a licensed model and the discontinuation of manufacturing for VF Corporation.

(c) Other adjustments have been made to remove the funding fees related to the accounts receivable sale arrangement, as they are treated as interest expense in the calculation of adjusted EBITDA for debt compliance purposes. Additionally, during 2019, other adjustments were made to revise historical corporate allocations, primarily attributable to the carve-out basis of accounting, so that adjusted EBITDA reflected the anticipated cost structure of a separate public company.

(d) On May 17, 2019, the Company entered into a \$1.55 billion senior secured credit facility under which it incurred \$1.05 billion of indebtedness. At inception, this facility consisted of a five-year \$750.0 million term loan A facility, a seven-year \$300.0 million term loan B facility and a five-year \$500.0 million revolving credit facility (collectively, the "Credit Facilities") with the lenders and agents party thereto. Long-term debt, including current portion ("Total Debt"), includes outstanding balances under the Credit Facilities, net of unamortized original issue discount and deferred financing costs, as well as short-term borrowings.

(e) Net debt is calculated as Total Debt less the Company's cash and equivalents balance.