Risk Factors Comparison 2024-02-28 to 2023-03-01 Form: 10-K

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You should carefully consider each of the following risks and all of the other information contained in this Annual Report on Form 10- K in evaluating our business. Our business, prospects, results of operations, **cash flows or** financial condition ~~or cash flows~~ could be materially and adversely affected by any of these risks, and, as a result, the trading price of our common stock could decline. RISKS RELATING TO OUR BUSINESS AND INDUSTRY Macroeconomic conditions, as well as geopolitical events, could have a material adverse impact on our business, results of operations, **cash flows and** financial condition ~~and cash flows~~. Macroeconomic conditions, including inflation, ~~rising~~ **elevated** interest rates, recessionary concerns ~~, distress in global credit markets~~ and **fluctuating** foreign currency exchange rates, as well as ~~ongoing~~ **continuing** global supply chain **issues** ~~disruptions, labor challenges~~ and ~~the COVID~~ **uneven post** - ~~19~~ pandemic **economic recovery in China** , continue to adversely impact global economic conditions and have had, and may continue to have, a negative impact on our business, results of operations, **cash flows and** financial condition ~~and cash flows~~. Additionally, **the conflicts in the** ~~although we do not have any significant operations within Russia or~~ Ukraine ~~, the conflict in these regions~~ and **Middle East are causing** ~~the related economic sanctions by Western governments on Russia has caused~~ disruption in the surrounding areas **, including key trade routes,** and greater uncertainty in the global economy. For instance, **although** ~~we were negatively impacted in 2022 by continued~~ inflationary pressures ~~that~~ **moderated in 2023, they continued to impact us in most jurisdictions where we operate. Additionally, global interest rates** increased ~~key~~ **in the first half of 2023 and remained elevated through the end of the year. These macroeconomic factors contributed to uncertain consumer spending patterns leading to retailer actions to tightly manage inventory levels, which impacted our results during 2023. Further, inflation in product and** input costs **, such as cotton** and **labor, which began** ~~softened consumer demand. The rise~~ in ~~interest rates during~~ 2022 ~~also~~ **and moderated in 2023,** ~~contributed~~ - - **continued** to ~~reduced consumer discretionary spending~~ **impact our 2023 financial results as we sold through the higher cost products** . ~~These factors have contributed~~ **Finally, sales and operations in APAC, particularly China, continue** to ~~retailer actions to reduce inventory levels~~ **be impacted by uncertainty in the broader economic conditions and the** resulting ~~in reduced demand and corresponding lower shipments during 2022. Global supply chain disruptions, including port congestion and other transportation delays, ocean freight availability and the use of air freight to expedite shipments to meet customer demand, also negatively impacted~~ -- **impact** ~~us in 2022. Further, we experienced store closures, disruptions in distribution and restrictions~~ on consumer ~~mobility~~ **behavior** in **the post** ~~certain regions of China during 2022 due to COVID~~ - **pandemic environment** ~~19 and related restrictions, which had a significant impact on sales in our Asia-Pacific region, and we expect ongoing impacts in 2023 as the region manages its COVID- 19 response~~. We anticipate continued ~~disruption and volatility~~ **uncertainty related to the macroeconomic environment** during ~~2023~~ **2024** and we continue to closely monitor macroeconomic conditions, including consumer behavior and the impact of these factors on consumer demand. Continuing or worsening inflation, recessionary concerns and / or supply chain disruptions may have a material adverse impact on our results of operations, **cash flows and / or** financial condition ~~and / or cash flows~~. Our revenues and profits depend on the level of consumer spending for apparel, which is sensitive to global economic conditions and other factors. A decline in consumer spending could have a material adverse effect on us. The success of our business depends on consumer spending on apparel, and there are a number of factors that influence consumer spending, including actual and perceived economic conditions, disposable consumer income, consumer discretionary spending patterns, interest rates, inflation, recessionary concerns, the **uneven economic recovery following the** COVID- 19 pandemic **in China** , consumer credit availability and consumer debt levels, fuel and other energy costs, unemployment, stock market performance, weather conditions and tax rates in the international, national, regional and local markets where our products are sold. **Kontoor Brands, Inc. 2023 Form 10- K** ~~The~~ **9The** current global economic environment is unpredictable, and adverse economic trends or other factors could negatively impact the level of consumer spending, which could have a material adverse impact on us ~~. Supply chain and shipping disruptions have resulted in shipping delays, an increase in transportation costs, and could increase product costs and result in lost sales, which may have a material adverse effect on our business, operating results and financial condition. We and our third-party manufacturing partners and other vendors have experienced, and expect to continue to experience, supply chain disruption and shipping disruptions, including disruptions or delays in loading container cargo in ports of origin or off- loading cargo at ports of destination, that originated as a result of the COVID- 19 pandemic, congestion in port terminal facilities, labor supply and shipping container shortages, inadequate equipment and persons to load, dock and offload container vessels. These disruptions have impacted our ability to receive materials or products from our third- party manufacturing partners and suppliers, to distribute our products to our customers in a cost- effective and timely manner and to meet customer demand, all of which could have an adverse effect on our financial condition and results of operations. For example, if we miss the delivery date requirements of our customers, they may cancel orders, refuse to accept deliveries, impose non- compliance charges, demand reduced prices, or reduce future orders, any of which could harm our sales and margins. While we have taken steps to minimize the impact of these disruptions by working closely with our manufacturing partners, other vendors, and customers, there can be no assurances that further unforeseen events impacting the supply chain will not have a material adverse effect on us in the future. Additionally, the impacts that continuing supply chain disruptions have on our manufacturers and suppliers are not within our control. It is still not currently possible to predict how long it will take for these supply chain disruptions to cease or significantly ease. Prolonged supply chain disruptions impacting us 10 Kontoor Brands, Inc 2022 Form 10- Kand our manufacturing partners and other vendors could interrupt product manufacturing, increase production lead times, increase raw~~

~~material and product costs, impact our ability to meet customer demand and result in lost sales, all of which could have a material adverse effect on our business, financial condition and results of operations~~ . A significant portion of our revenues and gross profit is derived from a small number of large customers. The loss of any of these customers or the inability of any of these customers to pay us could substantially reduce our revenues and profits. A small portion of our customers account for a significant portion of net revenues. Sales to our ten largest customers accounted for 62 % of total net revenues in ~~2022~~ **2023** , and our top customer, Walmart, accounted for 36 % ~~, 34 % and 38 %~~ of our total net revenues in **both 2023 and** 2022, **and 34 % of our total net revenues in** 2021 ~~and 2020, respectively~~ . We expect that these customers will continue to represent a significant portion of our net sales in the future. Sales to our wholesale customers are generally on a purchase order basis and not subject to long- term agreements. A decision by any of our major wholesale customers to significantly decrease the volume of products purchased from us, cease ~~its~~ purchases from us, cancel ~~its~~ orders, reduce ~~its~~ advertising for our products or change ~~its~~ **the** manner of doing business with us, whether motivated by economic conditions, financial difficulties, competitive conditions, or otherwise, could substantially reduce net revenues and have a material adverse effect on our **results of operations, cash flows and** financial condition ~~and results of operations~~ . Our larger customers generally have the scale to develop supply chains that enable them to change their buying patterns, or develop and market their own private label and other economy brands that compete with some of our products. This ability also makes it easier for them to resist our efforts to increase prices, reduce inventory levels and, potentially, discontinue our products. Many of our largest customers have already developed significant private label brands under which they design and market apparel and accessories that compete directly with our products. These retailers have assumed an increasing degree of inventory risk in their private label products and, as a result, may first cancel advance orders with us in order to manage their own inventory levels downward during periods of unseasonable weather or weak economic cycles. In addition, if any of our customers devote less selling space to our categories of apparel, our sales to those customers could be reduced even if we maintain our share of their apparel business. Any such reduction in our categories of apparel selling space could result in lower sales, and our ~~business,~~ results of operations, **cash flows and** financial condition ~~and cash flows~~ may be adversely affected. Additionally, from time to time certain customers have experienced financial and operational difficulties. ~~Our~~ **For example, our** wholesale customers experienced significant business disruptions as a result of the COVID- 19 pandemic and the macroeconomic pressures that resulted from the pandemic ~~, including declines in retail traffic, inflationary pressures, temporary store closures, and other operational restrictions~~ . There can be no assurance that our wholesale **or other** customers have adequate financial resources and / or access to additional capital to withstand prolonged periods of adverse economic conditions. To the extent one or more of our largest customers experience significant financial difficulty, bankruptcy, insolvency or cease operations, this could have a material adverse effect on our sales, our ability to collect on receivables and our **results of operations, cash flows and** financial condition **. Supply chain and shipping disruptions have resulted in shipping delays,** ~~and~~ - **an increase in transportation costs, and could increase product costs and result in lost sales, which may have a material adverse effect on our business,** results of operations ~~. The COVID- 19 global pandemic continues to negatively affect our business~~ , **cash flows and** ~~results of operations,~~ financial condition ~~and cash flows, as well as customer demand~~ . **While many** ~~Since the first quarter~~ of ~~2020, there~~ -- **the global supply chain** ~~has been a worldwide impact from the COVID- 19 pandemic, which has resulted in related severe~~ disruptions **seen** ~~to retail operations and supply chains and the global economy overall. Governmental authorities across the globe have taken and continue to take actions to curtail or slow down the spread of the virus, such as limiting or closing business activities, transportation and person- to- person interactions, resulting~~ in **2022 were less prevalent during 2023** ~~disruptions at some of our retail stores~~ , **we** ~~manufacturing facilities~~ and ~~support operations, as well as the operations of~~ our third- party manufacturing partners and other vendors **have experienced, and may continue to experience, supply chain disruption and shipping disruptions. These disruptions impacted, and may continue to impact, our ability to receive materials or products from our third- party manufacturing partners** and suppliers ~~. In some cases~~ , **and to distribute our products to our customers in a cost- effective and timely manner, increased, and may continue to increase, production lead times and raw material and product costs, and impacted, and may continue to impact, our ability to meet customer demand, all of which could have an adverse effect on our results of operations, cash flows and financial condition. For example, if we miss the delivery date requirements of our customers,** ~~the~~ **they** ~~relaxation~~ **may cancel orders, refuse to accept deliveries, impose non- compliance charges, demand reduced prices, or reduce future orders, any** of ~~such trends has been followed~~ **which could harm our sales and margins. While we have taken steps to minimize the impact of these disruptions** by ~~actual~~ **working closely with** ~~or~~ **our manufacturing** ~~contemplated returns to stringent restrictions on commerce or gatherings, including in China and in parts~~ **partners** ~~of~~ **,** ~~the~~ **other** ~~United States~~ **vendors,** and **customers,** ~~the~~ **there** ~~rest of~~ **can be no assurances that further unforeseen events impacting** the **supply chain will not have a material** ~~world. Even in the absence of stringent federal, state or local mandates, deterioration in discretionary consumer spending or social distancing measures may extend the duration of the~~ adverse **effect** ~~impact on retail traffic in our Company- operated or our customers' retail stores. Global trade conditions and customer trends that originated during the pandemic continue to persist, especially in China, and may also have a long- lasting adverse impact~~ on us **in** ~~independently of~~ the **future** ~~progress on the pandemic~~ . **Additionally** ~~For example~~ , the **impacts that continuing** ~~COVID- 19 pandemic disrupted our~~ supply chain **disruptions** ~~and resulted in decreased retail traffic, decreases or shifts in consumer demand, spending and / or channel preferences, delays in product and raw material availability, inflationary pressures, recessionary concerns and other evolving macroeconomic conditions. The COVID- 19 pandemic has had, and could continue to~~ have ~~, a negative impact~~ on our **manufacturers** ~~business, results of operations, financial condition~~ and **suppliers are not within our control** ~~cash flows, although the full extent is still uncertain and cannot be predicted~~ . ~~11 Kontoor Brands, Inc. 2022 Form 10- K~~ Our results of operations could be materially harmed if we are unable to accurately forecast demand for our products. There can be no assurance that we will be able to successfully anticipate changing consumer preferences and product trends or economic conditions, and, as a result, we may not successfully manage inventory levels to meet our future order requirements.

We often schedule internal production and place orders for products with independent manufacturers before our customers' orders are firm. If we fail to accurately forecast consumer demand, we may experience excess inventory levels or a shortage of product required to meet the demand. Inventory levels in excess of consumer demand may result in inventory write- downs, the sale of excess inventory at discounted prices or excess inventory held by our wholesale customers, which could have a negative impact on future sales, an adverse effect on the image and reputation of our brands and negatively impact profitability. On the other hand, if we underestimate demand for our products, our manufacturing facilities or third- party manufacturers may not be able to produce products to meet consumer requirements, and this could result in delays in the shipment of products and lost revenues, higher costs for our freight or expedited shipments, as well as damage to our reputation and relationships. These risks could have a material adverse effect on our brand image as well as our results of operations **, cash flows** and financial condition. **10 Kontoor Brands, Inc 2023 Form 10- K** The apparel industry is highly competitive, and our success depends on our ability to gauge consumer preferences and product trends, and to respond to constantly changing markets. We compete with numerous apparel brands and manufacturers. Competition is generally based upon brand name recognition, price, design, product quality, selection, service and purchasing convenience. Some of our competitors are larger and have more resources than us in certain product categories and regions. In addition, we compete directly with the private label brands of our wholesale customers. Our ability to compete within the apparel industry depends on our ability to: • anticipate and respond to changing consumer preferences and product trends in a timely manner; • develop attractive, innovative and high- quality products that meet consumer needs; • maintain strong brand recognition; • price products appropriately; • provide best- in- class marketing support and intelligence; • ensure product availability and optimize supply chain efficiencies; • adapt to a more digitally driven consumer landscape; • produce or procure quality products on a consistent basis; and • obtain sufficient retail store space and effectively present our products at retail. Failure to compete effectively or to keep pace with rapidly changing consumer preferences, markets and product trends could have a material adverse effect on our ~~business~~ **results of operations** , **cash flows and** financial condition ~~and results of operations~~ . Moreover, there ~~are~~ **have been, and continue to be,** significant shifts ~~underway~~ in the wholesale and retail (e- commerce and retail store) channels. We may not be able to manage our brands within and across channels sufficiently, which could have a material adverse effect on our ~~business~~ **results of operations** , **cash flows and** financial condition ~~and results of operations~~ . Our profitability may decline as a result of increasing pressure on margins. The apparel industry is subject to significant pricing pressure caused by many factors, including intense competition, consolidation in the retail industry, rising commodity and conversion costs, pressure from retailers to reduce the costs of products, the impact of inflation, rising interest rates and recessionary concerns, changes in consumer demand and shifts to online shopping and purchasing. Customers may increasingly seek markdown allowances, incentives and other forms of economic support. If these factors cause us to reduce our sales prices to retailers and consumers, and we fail to sufficiently reduce our product costs or operating expenses, our profitability will decline. This could have a material adverse effect on our results of operations, ~~liquidity~~ **cash flows** and financial condition. Our business and the success of our products could be harmed if we are unable to maintain the images of our brands. Our success to date has been due in large part to the growth of our brands' images and our customers' connection to our brands. If we are unable to timely and appropriately respond to changing consumer demand, including customers' desire for sustainable products, the names and images of our brands may be impaired. Even if we react appropriately to changes in consumer preferences, consumers may consider our brands' images to be outdated or associate our brands with styles that are no longer popular. In addition, brand value is based in part on consumer perceptions on a variety of qualities, including merchandise quality and corporate integrity. Negative claims or publicity regarding us, our brands or our products could adversely affect our reputation and sales regardless of whether such claims are accurate. Social media, which accelerates the dissemination of information, can increase the challenges of responding to negative claims. In the past, many apparel companies have experienced periods of rapid growth in sales and earnings followed by periods of declining sales and losses. Our businesses may be similarly affected in the future. In addition, we have sponsorship contracts with a number of athletes, musicians and celebrities and feature those individuals in our advertising and marketing efforts. Actions taken by those individuals associated with our products could harm their reputations, which could adversely affect the images of our brands. ~~12 Kontoor Brands, Inc 2022 Form 10- K~~ Our direct- to- consumer business includes risks that could have a material adverse effect on our results of operations. We sell merchandise direct- to- consumer through our retail stores and e- commerce sites. Our direct- to- consumer business is subject to numerous risks that could have a material adverse effect on our results. Risks include, but are not limited to, (i) U. S. or international resellers purchasing merchandise and reselling it overseas outside of our control, (ii) failure of the systems that operate the stores and websites, and their related support systems, including computer viruses, theft of customer information, privacy concerns, telecommunication failures and electronic break- ins and similar disruptions, (iii) credit card fraud and (iv) risks related to our direct- to- consumer distribution centers and processes. Risks specific to our e- commerce business also include (i) diversion of sales from our wholesale customers, (ii) difficulty in recreating the in- store experience through direct channels, (iii) liability for online content, (iv) changing patterns of consumer behavior and (v) intense competition from online retailers. Our failure to successfully respond to these risks might adversely affect sales in our e- commerce business, as well as damage our reputation and brands. **Kontoor Brands, Inc. 2023 Form 10- K 11** The retail industry has experienced financial difficulty that could adversely affect our business. Historically, there have been consolidations, reorganizations, restructurings, bankruptcies and ownership changes in the retail industry. These events could have a material adverse effect on our business. These changes could impact our opportunities in the market and increase our reliance on a smaller number of large customers. In the future, retailers are likely to further consolidate, undergo restructurings, reorganizations or bankruptcies, realign their affiliations or reposition their stores' target markets. In addition, consumers have continued to transition away from traditional wholesale retailers to large online retailers. These developments could result in a reduction in the number of stores that carry our products, an increase in ownership concentration within the retail industry, an increase in credit exposure to us or an increase in leverage by our customers over their suppliers. Further, the global economy periodically experiences recessionary conditions with reduced availability of credit, increased savings rates, declines in real estate and securities values and rising unemployment. These recessionary conditions could have a negative impact on retail sales of apparel. The lower sales volumes, along with the possibility of restrictions on access to the credit markets, could result in our customers experiencing financial difficulties, including store closures, bankruptcies or liquidations. This could result in higher credit risk to us relating to receivables from our customers who are experiencing these financial difficulties. If these developments occur, our inability to shift sales to other customers or to collect on our trade accounts receivable could have a material adverse effect on our **results of operations, cash flows and** financial condition ~~and results of operations~~. We may not succeed in our business strategy. One of our key strategic objectives is growth. We seek to grow organically and potentially, in the future, through acquisitions. We seek to grow by expanding our share with winning customers; stretching brands to new regions, channels, and categories; managing costs; leveraging our supply chain across the Company; and expanding our direct-to- consumer business with emphasis on our e- commerce business. However, we may not be able to grow our existing businesses. For example: • we may not be able to transform our model to be more consumer- and retail- centric; • we may not be able to expand our market share with winning customers, or our wholesale customers may encounter financial difficulties and thus reduce their purchases of our products; • we may not be able to expand our brands in Asia or other geographies, transform our business in certain regions or achieve the expected results from our supply chain initiatives; • we may not be able to successfully achieve the expected growth or cost savings of our Wrangler ® and Lee ® brand platforms; • we may have difficulty recruiting, developing or retaining qualified employees; • we may not be able to achieve our direct- to- consumer expansion goals and manage our growth effectively; • we may not be able to offset rising commodity or conversion costs in our product costs with pricing actions or efficiency improvements; **and** • we may have difficulty completing potential acquisitions or dispositions, and we may not be able to successfully integrate a newly acquired business or achieve the expected growth, cost savings or synergies from such integration **.** ~~; and • failure~~ **Failure** to implement our strategic objectives may have a material adverse effect on our business. ~~13 Kontoor Brands, Inc. 2022 Form 10- K~~ We are subject to the risk that our licensees may not generate expected sales or maintain the value of our brands. Although we generally have significant control over our licensees' products and advertising, we rely on our licensees for, among other things, operational and financial controls over their businesses. Failure of our licensees to successfully market licensed products or our inability to replace existing licensees, if necessary, could adversely affect our net revenues, both directly from reduced royalties received and indirectly from reduced sales of our other products. Risks are also associated with a licensee' s ability to: • obtain capital; • manage labor relations; • maintain relationships with its suppliers; • manage credit risk effectively; • maintain relationships with its customers; and • adhere to our global compliance principles. In addition, we rely on our licensees to help preserve the value of our brands. Although we attempt to protect our brands through contractual approval rights over design, production processes, quality, packaging, merchandising, distribution, advertising and promotion of our licensed products, we cannot completely control the use of our licensed brands by our licensees. The misuse of a **12 Kontoor Brands, Inc 2023 Form 10- K** brand by a licensee, including through the marketing of products under one of our brand names that do not meet our quality standards, could have a material adverse effect on that brand and on us. Our revenues and cash requirements are affected by seasonality. Our business is typically affected by seasonal trends, with a higher proportion of net revenues and operating cash flows generated during the second half of the fiscal year, which typically includes the back- to- school and holiday selling seasons. Poor sales in the second half of the fiscal year would have a material adverse effect on our full- year operating results and cause higher inventories. In addition, fluctuations in sales and operating income in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting retail sales. The loss of members of our executive management and other key employees could have a material adverse effect on our business. We depend on the services and management experience of our executive officers and business leaders who have substantial experience and expertise in our business. The unexpected loss of services of one or more of these individuals could have a material adverse effect on us. Our future success also depends on our ability to recruit, retain and engage our personnel sufficiently. Competition for experienced and well- qualified personnel is intense, and we may not be successful in attracting and retaining such personnel. PRODUCT, MANUFACTURING AND DISTRIBUTION-RELATED RISKS We use third- party suppliers and manufacturing facilities worldwide for a substantial portion of our raw materials and finished products, which poses risks to our business operations. During ~~2022~~ **2023** , approximately ~~69~~ **67** % of our units were purchased from independent manufacturers primarily located in Asia, with substantially all of the remainder produced by company- owned and- operated manufacturing facilities located in Mexico and Nicaragua. Any of the following could impact our ability to produce or deliver our products or our cost of producing or delivering products and, as a result, our profitability: • political or labor instability in countries where our facilities, contractors and suppliers are located; • changes in local economic conditions, including as a result of macroeconomic pressures ~~, the COVID- 19 pandemic~~ or geopolitical events, in countries where our facilities, contractors and suppliers are located; • political or military conflict could cause a delay in the transportation of raw materials and products to us and an increase in transportation costs; • disruption at domestic and foreign ports of entry could cause delays in product availability and increase transportation times and costs; • heightened terrorism or security concerns could subject imported or exported goods to additional, more frequent or lengthier inspections, leading to delays in deliveries or impoundment of goods for extended periods; • decreased scrutiny by customs officials for counterfeit goods, leading to more counterfeit goods and reduced sales of our products, increased costs for our anti- counterfeiting measures and damage to the reputation of our brands; ~~14 Kontoor Brands, Inc 2022 Form 10- K~~ • disruptions at suppliers and manufacturing or distribution facilities caused by natural and man- made disasters; • epidemics ~~, pandemics like COVID- 19~~ or other public health crises have resulted and could in the future result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargo of our goods produced in infected areas; • imposition of regulations and quotas relating to imports and our ability to adjust timely to changes in trade regulations could limit our ability to produce products in cost-effective countries that have the required labor and expertise; • imposition of duties, taxes and other charges on imports; and •

imposition or the repeal of laws that affect intellectual property rights. Although no single supplier is critical to our overall production needs, if we were to lose a supplier it could result in interruption of finished goods shipments to us, cancellation of orders by customers and termination of relationships. This, along with the damage to our reputation, could have a material adverse effect on our net revenues and, consequently, our results of operations **, cash flows and financial condition** . In addition, although we audit our third- party material suppliers and contracted manufacturing facilities and set strict compliance standards, actions by a third- party supplier or manufacturer that fail to comply could expose us to claims for damages, financial penalties and reputational harm, any of which could have a material adverse effect on our business and operations ~~K 13~~ If we encounter problems with our distribution system,our ability to deliver our products to the market could be adversely affected.We rely on owned or independently- operated distribution facilities to warehouse and ship product to our customers.Our distribution system includes computer- controlled and automated equipment,which may be subject to a number of risks related to security or computer viruses,the proper operation of software and hardware,power interruptions or other system failures.Because substantially all of our products are distributed from a relatively small number of locations,our operations could also be interrupted by public health crises or natural or man- made disasters like earthquakes,floods or fires affecting our distribution centers.We maintain business interruption insurance,but it may not adequately protect us from the adverse effects that could be caused by significant disruptions in our distribution facilities,such as the long- term loss of customers or an erosion of brand image.In addition,our distribution capacity is dependent on the timely performance of services by third parties,including the transportation of product to and from our distribution facilities.Transportation of our products may be interrupted due to events such as marine disasters,bad weather or natural disasters,mechanical or electrical failures,public health crises,grounding,capsizing,fire,explosions and collisions,piracy,cyber- attacks,human error and war and terrorism resulting in delays,damages or losses.If we encounter problems with our distribution system,our ability to meet customer expectations,manage inventory,complete sales and achieve operating efficiencies could be materially adversely **affected.** . We rely on a limited number of North American mills for raw material sourcing, and we may not be able to obtain raw materials on a timely basis or in sufficient quantity or quality. We rely on a limited number of North American third- party suppliers for raw materials. Such products may be available, in the short- term, from only one or a very limited number of sources. In ~~2022~~ **2023** , approximately ~~51~~ **49** % of our raw materials were provided by our top three suppliers in North America. We have no long- term contracts with our suppliers or manufacturing sources, and we compete with other companies for raw materials, production and quota capacity. We may experience a significant disruption in the supply of raw materials from current sources, or in the event of a disruption, we may be unable to locate alternative materials suppliers of comparable quality at an acceptable price or at all. In addition, if we experience significant increased demand, or if we need to replace an existing supplier or manufacturer due to consolidation, closure or otherwise, we may be unable to locate additional supplies of raw materials or additional manufacturing capacity on terms that are acceptable to us, or at all, or we may be unable to locate any supplier or manufacturer with sufficient capacity to meet our requirements or to fill our orders in a timely manner. Identifying a suitable supplier is an involved process that requires us to become satisfied with their quality control, responsiveness and service, financial stability and labor and other ethical practices. Even if we are able to expand existing or find new manufacturing sources, we may encounter delays in production and added costs as a result of the time it takes to train our suppliers and manufacturers in our methods, products and quality control standards. Delays related to supplier changes could also arise due to an increase in shipping times if new suppliers are located farther away from our markets or from other participants in our supply chain. Any delays, interruption or increased costs in the supply of raw materials or manufacture of our products could have a material adverse effect on our ability to meet customer demand for our products and could result in lower net revenue and income from operations both in the short and long term. If we encounter problems with our distribution...... efficiencies could be materially adversely affected. We may be adversely affected by unseasonal or severe weather conditions. Our business may be adversely affected by unseasonal or severe weather conditions. Periods of unseasonably warm weather in the fall or winter, or periods of unseasonably cool and wet weather in the spring or summer, can negatively impact retail traffic and consumer spending. In addition, severe weather events such as snowstorms or hurricanes typically lead to temporarily reduced retail traffic. Physical risks from climate change may result in these weather events occurring more often and more acutely. Any of these conditions could result in negative point- of- sale trends for our merchandise and reduced replenishment shipments to our wholesale customers. ~~15 Kontoor Brands, Inc. 2022 Form 10- K Most of the employees in our production and distribution facilities outside of the U. S. are covered by collective bargaining agreements, and any material job actions could negatively affect our results of operations. Outside of the U. S., most of our production and distribution employees are covered by industry- sponsored and / or government- sponsored collective bargaining mechanisms. Any work stoppages or other job actions by these employees could harm our business and reputation.~~ INFORMATION TECHNOLOGY RISKS We recently implemented an ERP software system...... obligations or otherwise operate our business. We rely significantly on information technology. Any inadequacy, interruption, integration failure or security failure of this technology could harm our ability to effectively operate our business or report our financial results accurately or timely. Our ability to effectively manage and operate our business and report our financial results accurately and timely depends significantly on information technology systems. We rely heavily on information technology to track sales and inventory, manage our supply chain and support our accounting and financial reporting processes. We are also dependent on information technology, including the internet, for our direct- to- consumer sales, including our e- commerce operations and retail business credit card transaction authorizations. Despite our preventative efforts, our systems and those of our third- party service providers may be vulnerable to damage, failure or interruption due to viruses, data security incidents, technical malfunctions, natural disasters or other causes, or in connection with upgrades to our systems or the implementation of new systems. The failure of these systems to operate effectively, improper design or configuration, problems with transitioning to upgraded or replacement systems, difficulty in integrating new systems or systems of acquired businesses or a breach in security of these systems could adversely impact the operations of our business, including management of inventory, ordering and replenishment of products, manufacturing and distribution of products, e- commerce operations, retail business credit card transaction authorization and processing, tracking and recording of accounting transactions, corporate email communications and our interaction with the public on social media. **14 Kontoor Brands, Inc 2023 Form 10- K** We are subject to data security and privacy risks that could negatively affect our business operations, results of operations or reputation. In the normal course of business, we collect, store, use, process, disclose and transmit (" Process ") certain sensitive, personal, regulated and / or confidential employee and customer information, including credit card information, over public networks. There is a significant concern by consumers and employees over the security of personal information, including with respect to identity theft and user privacy. Cyber- attacks are increasingly sophisticated, and if unauthorized parties gain access to our networks or databases, or those of our third- party service providers, they may be able to steal, access, publish, use, delete or modify confidential and sensitive information, including credit card information and personal information, that we have obligations to protect. Despite the security measures we currently have in place and our commitment to risk management practices, our facilities and systems and those of our third- party service providers may be vulnerable to, and unable to anticipate, detect or mitigate, data security breaches and other ~~cyber~~ **cybersecurity** incidents. In addition, employees or third- party service providers may intentionally or inadvertently cause data security breaches, through failing to follow polices or otherwise, that result in the unauthorized access to or release or use of personal, sensitive or confidential information. We take, and require our third- party service providers that Process personal, confidential or sensitive information on our behalf to take, measures designed to protect such information and comply with applicable laws, regulations and industry standards related to information security and privacy. However, we cannot control the efforts of third- party service providers and cannot guarantee the compliance of their systems and processes. We and our customers could suffer harm if valuable business data or employee, customer and proprietary information were corrupted, lost, accessed or misappropriated by third parties due to a security failure in our systems or one of our third- party service providers. It could require significant expenditures to remediate any such failure or breach, severely damage our reputation and our relationships with customers, result in unwanted media attention and lost sales and expose us to risks of litigation and liability. In addition, as a result of recent security breaches at a number of prominent retailers, the media and public scrutiny of information security and privacy has become more intense and the regulatory environment has become increasingly uncertain, rigorous and complex. As a result, we may incur significant costs to comply with current and future state, federal and international laws regarding the protection and unauthorized disclosure of personal and other sensitive information such as the General Data Protection Regulation in the European Union, the United Kingdom General Data Protection Regulation, and state laws in the U. S. related to information security and privacy such as the California Consumer Privacy Act and China' s Personal Information Protection Law. As the regulatory environment relating to information security and privacy becomes increasingly more demanding with many new requirements surrounding the processing and protection of personal, confidential and sensitive information, the increased complexity in these types of laws and inherent conflicts between jurisdictions may result in our inability or failure to comply with applicable requirements, despite our focus and efforts. Any failure to comply with ~~16 Kontoor Brands, Inc 2022 Form 10- K~~ the laws and regulations surrounding the protection of personal information could subject us to legal and reputational risks, including significant fines for non- compliance, any of which could have a negative impact on revenues and profits. We recently implemented an ERP software system,and challenges with ongoing optimization and change management may impact our business and operations.We recently implemented a company- wide ERP software system and the related infrastructure to support future growth and to integrate our processes.The continued optimization and change management related to the ERP software system may prove to be more difficult,costly or time- consuming than expected,and it is possible that the system will not yield the benefits anticipated.Any disruptions,delays or deficiencies related to our new ERP software system could materially impact our operations and adversely affect our ability to process orders,manage our inventory,ship products,provide customer support,fulfill contractual obligations or otherwise operate our business. LEGAL, COMPLIANCE, AND SUSTAINABILITY RISKS ~~.~~ Our operations and earnings may be affected by legal,regulatory,political and economic risks.Our ability to maintain the current level of operations in our existing markets and to capitalize on growth in existing and new markets is subject to legal,regulatory,political and economic risks.These include proximity to countries in turmoil,shifts in local societal / cultural climates,change in local perceptions of foreign operators and uncertainty ahead of elections or regime changes,the burdens of complying with U.S.and international laws and regulations,changes in regulatory requirements and the economic uncertainty associated with political developments.In addition,shocks to the economy of a country where we operate and / or critical residual shocks to the apparel / garment sector industry as a whole can have an outsize impact.Changes in regulatory,geopolitical policies or conditions and other factors may adversely affect our business or may require us to modify our current business practices.While enactment of any such change is not certain,if such changes were adopted,our costs could increase,which would reduce our earnings.Changes to trade policy,including tariff and import / export regulations,may have a material adverse effect on our ~~business~~ **results of operations** , **cash flows and** financial condition ~~and results of operations~~ .Changes in policies governing foreign trade and manufacturing in the countries where we currently sell our products or conduct our business could adversely affect our business.The U.S.government has instituted or proposed changes in trade policies that include the negotiation or termination of trade agreements,the imposition of higher tariffs on imports into the U.S.,economic sanctions on individuals,corporations or countries,and other government regulations affecting trade between the U.S.and other countries where we conduct our business.It may be time- consuming and expensive for us to alter our operations in order to adapt to or comply with any such changes. **Kontoor Brands,Inc.2023 Form 10- K 15** Tariffs and other changes in U.S.trade policy have in the past and could continue to trigger retaliatory actions by affected countries,and certain foreign governments have instituted or are considering imposing retaliatory measures on certain U.S.goods.We do a significant amount of business that would be impacted by changes to the trade policies of the U.S.and foreign countries (including governmental action related to tariffs,international trade agreements,or economic sanctions).Such changes have the potential to adversely impact the U.S.economy or certain sectors thereof,our industry and the global demand for our products,and as a result,could have a material adverse effect on our ~~business~~ **results of operations** , **cash flows and** financial condition ~~and results of operations~~ . ~~Failure to comply with anti- bribery,anti- corruption and~~ Climate change, and related legislative and regulatory responses to climate change, may adversely impact our business. There is increasing concern that a gradual rise in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe, an increase in the frequency, severity and duration of extreme weather conditions and natural disasters, and water scarcity and poor water quality. Physical risks related to these events could adversely impact the cultivation of cotton, which is a key resource in the production of our products, disrupt the operation of our supply chain and the productivity of our contract manufacturers, increase our production costs, impose capacity restraints and impact the types of apparel products that consumers purchase. These events could also compound adverse economic conditions and impact consumer confidence and discretionary spending. As a result, the physical effects of climate change could have a long-term adverse impact on our business ~~and~~ **,** results of operations **, cash flows and financial condition** . In many countries, governmental bodies are enacting new or additional legislation and regulations to reduce or mitigate the potential impacts of climate change. If we, our suppliers or our contract manufacturers are required to comply with these laws and regulations, or if we choose to take voluntary steps to reduce or mitigate our impact on climate change, we may experience transition risks such as increases in energy, production, transportation and raw material costs, capital expenditures or insurance premiums and deductibles, which could adversely impact our operations. Inconsistency of legislation and regulations among jurisdictions may also affect the costs of compliance with such laws and regulations. Any assessment of the potential impact of future climate change legislation, regulations or industry standards, as well as any international treaties and accords, is uncertain given the wide scope of potential regulatory change in the countries in which we operate. There is also increased focus from our stakeholders including our consumers, customers, shareholders, suppliers and the communities where we do business around the world, on environmental, social and governance ~~(" ESG")~~ and related sustainability practices. If our ~~ESG~~ practices **in these areas** do not meet stakeholder expectations, including, but not limited to, setting targets, making commitments and taking actions to meet them, and expanding our disclosures in these areas, our brand and reputation could be damaged. We may not be able to meet targets and commitments as initially planned due to unforeseen circumstances including, but not limited to, increased costs or operational challenges associated with achieving planned results. Changes in ~~ESG~~ regulations **in these areas** may require us to incur additional costs and require additional resources to remain in compliance . Our operations and earnings may be...... our business, reputation and operating results . Changes in tax laws could increase our worldwide tax rate and materially affect our financial position and results of operations. As a global business, we are subject to taxation in the U. S. and numerous foreign jurisdictions. Many jurisdictions in which we operate are discussing potential changes to their respective taxation regimes, have issued proposed regulations or are adopting additional regulations. **The** ~~For example, the~~ Organisation for Economic Co- operation and Development (" OECD") **in a joint initiative with G20** ~~, an international association of 38 countries including the United States~~ , has ~~proposed changes~~ **developed a** ~~to~~ **two** ~~numerous long~~ - **pillar framework on Base** ~~standing tax principles. These proposals, if finalized and adopted by the associated countries, will likely increase tax uncertainty and may adversely affect our provision~~ -- **Erosion and Profit Shifting** ~~for income taxes. In addition, the U. S. enacted the Inflation Reduction Act of 2022~~ (" **BEPS** ~~H. R. 5376~~ ") ~~, which, among other things,~~ **. Pillar One contains revised profit allocation and nexus rules while Pillar Two provides proposed global anti- base erosion (" GloBE") rules. The GloBE rules** ~~implements~~ - **implement** a **new global minimum tax of** 15 % **on all large multinational corporations with revenues above certain thresholds. Under Pillar Two, adopting countries have the right to impose" top- up taxes" on low- taxed foreign income earned by multinational companies to which they have a connection, up to the agreed 15 %. These new global** minimum tax **rules** ~~on book income of certain large corporations and a 1 % excise tax on net stock repurchases. Based on our current analysis, the provisions of H. R. 5376~~ are ~~not~~ expected to ~~have a material impact on the~~ **take place beginning in 2024. The** Company ~~' s financial statements~~ **will continue to monitor the developing laws** . We may have additional tax liabilities. As a global company, we determine our income tax liability in various tax jurisdictions based on an analysis and interpretation of local tax laws and regulations. This analysis requires a significant amount of judgment and estimation and is often based on various assumptions about the future actions of the local tax authorities. These determinations are the subject of periodic U. S. and international tax audits. Although we accrue for uncertain tax positions, our accrual may be insufficient to satisfy unfavorable findings. Unfavorable audit findings and tax rulings may result in payment of taxes, fines and penalties for prior periods and higher tax rates in future periods, which may have a material adverse effect on our **results of operations, cash flows or** financial condition ~~, results of operations or cash flows~~ . **16 Kontoor Brands, Inc 2023 Form 10- K** Our business is subject to national, state and local laws and regulations for environmental, consumer protection, employment, data protection, privacy, safety and other matters. The costs of compliance with, or the violation of, such laws and regulations by us or by independent suppliers who manufacture products for us could have a material adverse effect on our operations and cash flows, as well as on our reputation. Our business is subject to comprehensive national, state and local laws and regulations on a wide range of environmental, consumer protection, employment, data protection, privacy, safety and other matters. We could be adversely affected by costs of compliance with or violations of those laws and regulations. In addition, while we do not control their business practices, we require third- party suppliers to operate in compliance with applicable laws, rules and regulations regarding working conditions, employment practices and environmental compliance. The costs of products purchased by us from independent contractors could increase due to the costs of compliance by those contractors. Failure by us or our third-party suppliers to comply with such laws and regulations, as well as with ethical, social, product, labor and environmental standards, or related political considerations, could result in interruption of finished goods shipments to us, cancellation of orders by customers and termination of relationships. If one of our independent contractors violates labor or other laws, implements labor or other business practices or takes other actions that are generally regarded as unethical, it could jeopardize our reputation and potentially lead to various adverse consumer actions, including boycotts that may reduce demand for our merchandise.

Damage to our reputation or loss of consumer confidence for any of these or other reasons could have a material adverse effect on our results of operations, **cash flows and** financial condition ~~and cash flows~~, as well as require additional resources to rebuild our reputation. We may be unable to protect, enforce or defend our trademarks and other intellectual property rights. Our trademarks, trade names, patents and other intellectual property rights are important to our success and our competitive position. We are susceptible to others copying our products and infringing, misappropriating or otherwise violating our intellectual property rights, especially with the shift in product mix to higher- priced brands and innovative new products in recent years. Actions we have taken to establish and protect our intellectual property rights may not be adequate to prevent copying of our products by others, or to prevent others from seeking to invalidate our trademarks or block sales of our products as a violation of the trademarks and intellectual property rights of others. In addition, unilateral actions in the U. S. or other countries, including changes to or the repeal of laws recognizing trademark or other intellectual property rights, could have an impact on our ability to enforce those rights. Some of our brands, such as Wrangler ® and Lee ®, enjoy significant worldwide consumer recognition. The higher pricing of those products creates additional risk of counterfeiting and infringement, misappropriation or other violation by third parties. The counterfeiting of our products or the infringement, misappropriation or other violation of our intellectual property rights by third parties could diminish the value of our brands and adversely affect our net revenues. ~~18 Kontoor Brands, Inc 2022 Form 10- K~~ The value of our intellectual property could diminish if others assert rights in or ownership of our trademarks and other intellectual property rights, or trademarks that are similar to our trademarks. We may be unable to successfully resolve these types of conflicts to our satisfaction. In some cases, there may be trademark owners who have prior rights to our trademarks because the laws of certain foreign countries may not protect intellectual property rights to the same extent as do the laws of the U. S. In other cases, there may be holders who have prior rights to similar trademarks. There have been, and there may in the future be, opposition and cancellation proceedings from time to time with respect to some of our intellectual property rights. In some cases, litigation may be necessary to protect or enforce our trademarks and other intellectual property rights. Furthermore, third parties may assert intellectual property claims against us, and we may be subject to liability, required to enter into costly license agreements, if available at all, required to rebrand our products and / or prevented from selling some of our products if third parties successfully oppose or challenge our trademarks or successfully claim that we infringe, misappropriate or otherwise violate their trademarks, copyrights, patents or other intellectual property rights. Bringing or defending any such claim, regardless of merit, and whether successful or unsuccessful, could be expensive and time-consuming and have a negative effect on our business, reputation, results of operations and financial condition. ~~and results of operations.~~ Failure to comply with anti- bribery,anti- corruption and anti- money laundering laws could subject us to penalties and other adverse consequences.We are subject to the United States Foreign Corrupt Practices Act,in addition to the anti-bribery,anti- corruption,and anti- money laundering laws of the foreign jurisdictions in which we operate,such as the U.K.Bribery Act.Although we implement policies and ~~17 Kontoor Brands,Inc.2022 Form 10- K~~ procedures designed to promote compliance with these laws and audit our third- party material suppliers and contracted manufacturing facilities,our employees,contractors and agents,as well as those companies to which we outsource certain of our business operations,may take actions in violation of our policies.Any such violation,or allegations of such violation,could result in sanctions or other penalties and have an adverse effect on our business, **reputation and operating results.Kontoor Brands,Inc.2023 Form 10- K 17** FINANCIAL RISKS Fluctuations in wage rates and the price, availability and quality of raw materials, including commodity costs and finished goods, could increase costs. Fluctuations in the price, availability and quality of fabrics such as denim, including cottons, blends, synthetics and wools, or other raw materials used by us in our manufactured products, or of purchased finished goods, could have a material adverse effect on our cost of goods sold or our ability to meet our customers' demands. The prices we pay depend on demand and market prices for the raw materials used to produce them. The price and availability of such raw materials may fluctuate significantly, depending on many factors, including general economic conditions and demand, ~~the continuing effects of the COVID- 19 pandemic related~~ supply chain disruptions, crop yields, energy prices, weather patterns, freight rates and speculation in the commodities markets. Prices of purchased finished products also depend on wage rates in Asia and other geographic areas where our independent contractors are located, as well as freight costs from those regions. Inflation can also have a long- term impact on us because increasing costs of materials and labor may impact our ability to maintain satisfactory margins. For example, the cost of the materials that are used in our manufacturing process, such as oil-related commodity prices and other raw materials, such as cotton, dyes and chemicals, and other costs, such as fuel, energy and utility costs, can fluctuate as a result of inflation and other factors. Similarly, a significant portion of our products are manufactured in other countries, and declines in the value of the U. S. dollar may result in higher manufacturing costs. In addition, fluctuations in wage rates required by legal or industry standards could increase our costs. In the future, we may not be able to offset cost increases with other cost reductions or efficiencies or pass higher costs on to our customers. This could have a material adverse effect on our results of operations, liquidity and financial condition. Our business is exposed to the risks of foreign currency exchange rate fluctuations. Our hedging strategies may not be effective in mitigating those risks. Approximately 21 % of our total net revenues in ~~2022~~ **2023** are derived from markets outside the U. S. Most of our international businesses operate in functional currencies other than the U. S. dollar. Changes in currency exchange rates affect the U. S. dollar value of the foreign currency- denominated amounts at which our international businesses purchase products, incur costs or sell products. In addition, for our U. S.- based businesses, the majority of products are sourced from independent contractors or our manufacturing facilities located in foreign countries. As a result, the costs of these products are affected by changes in the value of the relevant currencies. Furthermore, much of our licensing net revenue is derived from sales in foreign currencies. Changes in foreign currency exchange rates could have an adverse impact on our **results of operations, cash flows and** financial condition ~~, results of operations and cash flows~~. In accordance with our operating practices, we hedge a significant portion of our foreign currency transaction exposures arising in the ordinary course of business to reduce risks in our cash flows and earnings. Our hedging strategy may not be effective in reducing all risks, and no hedging strategy can completely insulate us from foreign exchange risk. Further, our use of derivative financial instruments may expose us to counterparty risks. Although we only enter into hedging contracts with counterparties having investment grade credit ratings, it is possible that the credit quality of a counterparty could be downgraded or a counterparty could default on its obligations, which could have a material adverse impact on our **results of operations, cash flows and** financial condition ~~, results of operations and cash flows~~ . Our balance sheet includes goodwill and intangible assets. A decline in the fair value of a business unit or of an intangible asset could result in an asset impairment charge, which would be recorded as an operating expense in our statement of operations. Our policy is to evaluate goodwill and indefinite- lived intangible assets for possible impairment as of the beginning of the fourth quarter of each year, or whenever events or changes in circumstances indicate that the fair value of such assets may be below their carrying amount. In addition, intangible assets that are being amortized are tested for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. For these impairment tests, we use various valuation methods to estimate the fair value of our business units and intangible assets. If the fair value of an asset is less than its carrying value, we would recognize an impairment charge for the difference. ~~19 Kontoor Brands, Inc. 2022 Form 10- K~~ It is possible that we could have an impairment charge for goodwill or trademark and trade name intangible assets in future periods if (i) macroeconomic conditions ~~, COVID- 19 impacts~~ and / or geopolitical events in future years worsen from our current assumptions, (ii) business conditions or our strategies for a specific business unit or brand change from our current assumptions, (iii) investors require higher rates of return on equity investments in the marketplace or (iv) enterprise values of comparable publicly traded companies, or of actual sales transactions of comparable companies, were to decline, resulting in lower comparable multiples of net revenues and earnings before interest, taxes, depreciation and amortization and, accordingly, lower implied values of goodwill and intangible assets. Although a charge would be non- cash, a future impairment charge for goodwill or intangible assets could have a material effect on our ~~consolidated~~ **results of operations or** financial **condition** ~~position or results of operations~~ . **18 Kontoor Brands, Inc 2023 Form 10- K** Our ability to obtain short- term or long- term financing on favorable terms, if needed, could be adversely affected by geopolitical events and volatility in the capital markets. Any disruption in the capital markets, including as a result of rising interest rates and other macroeconomic pressures ~~,~~ **and** geopolitical events like the ~~Russia-~~ **conflicts in the** Ukraine **and Middle East** ~~conflict or the COVID- 19 pandemic~~ , could limit the availability of funds or the ability or willingness of financial institutions or investors to extend capital in the future. This could adversely affect our liquidity and funding resources and / or significantly increase our cost of capital. An inability to access capital and credit markets may have a material adverse effect on our ~~business,~~ results of operations, **cash flows and** financial condition ~~and cash flows~~ . Our failure to maintain satisfactory credit ratings could adversely affect our liquidity, capital position, borrowing costs and access to capital markets. Any downgrades in our credit ratings by the major independent rating agencies could increase the cost of borrowing under any indebtedness we may incur. There can be no assurance that we will be able to maintain our credit ratings, and any additional actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, may have a negative impact on our liquidity, capital position and access to capital markets. We have debt obligations, including our senior notes, that could restrict our business and adversely impact our results of operations, **cash flows or** financial condition ~~or cash flows~~ . On November 18, 2021, we entered into an indenture (the " Indenture ") pursuant to which we issued and sold $ 400. 0 million aggregate principal amount of unsecured senior notes bearing interest at a rate of 4. 125 % per annum (the " Notes ") and concurrently entered into an amended and restated credit agreement (the " ~~Amended~~ Credit Agreement "), which provides for (i) a five- year $ 400. 0 million term loan A facility (~~the~~ " ~~Amended~~ Term Loan A ") and (ii) a five- year $ 500. 0 million revolving credit facility (the " ~~Amended~~ Revolving Credit Facility ") (collectively, the " ~~Amended~~ Credit Facilities "), with the lenders and agents party thereto. The Indenture and the ~~Amended~~ Credit Agreement contain a number of restrictive covenants customary for these types of financings that impose restrictions on us and may limit our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities that may arise, including restrictions on our ability to: • incur additional indebtedness and guarantee indebtedness; • pay dividends or make other distributions or repurchase or redeem capital stock; • prepay, redeem or repurchase certain debt; • issue certain preferred stock or similar equity securities; • make loans and investments; • sell assets; • incur liens on assets; • enter into transactions with affiliates; • alter the businesses we conduct; • enter into agreements restricting our subsidiaries' ability to pay dividends; and • consolidate, merge or sell all or substantially all of our assets. If the Company fails to comply with any covenants or restrictions under the Indenture or the ~~Amended~~ Credit Agreement, it could result in an event of default under the applicable indebtedness, which may allow the creditors to accelerate the related debt, and may result in the acceleration of any other debt to which a cross- acceleration or cross- default provision applies. In the event our lenders or noteholders accelerate the repayment of our borrowings, this could restrict our future business strategies and could adversely impact our future results of operations, **cash flows or** financial condition ~~or cash flows~~ and we and our subsidiaries may not have sufficient assets to repay that indebtedness. ~~20 Kontoor Brands, Inc 2022 Form 10- K~~ Any of the above- listed factors could have a material adverse effect on our ~~business~~ **results of operations** , **cash flows and** financial condition ~~and results of operations~~ . We may also incur substantial additional indebtedness in the future. **Kontoor Brands, Inc. 2023 Form 10- K 19** RISKS RELATING TO OUR COMMON STOCK The price of our common stock has fluctuated significantly and may continue to fluctuate significantly. The market price of our common stock has fluctuated significantly, and may continue to fluctuate significantly, due to a number of factors, many of which are beyond our control, including: • Fluctuations in our quarterly or annual earnings results or those of other companies in our industry; • Failures of our operating results to meet the estimates of securities analysts or the expectations of our shareholders, or changes by securities analysts in their estimates of our future earnings; • Significant changes announced by our customers, suppliers or competitors; • Changes in market valuations or earnings of other companies in our industry; • Changes in laws or regulations which adversely affect our industry or us; • General economic, industry and stock market conditions, including inflation, rising interest rates and recessionary concerns; • Future significant sales of our common stock by our shareholders or the perception in the market of such sales; • Future issuances of our common stock by us; and • The other factors described in these " Risk Factors " and elsewhere in this Annual Report on Form 10- K. These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our shareholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business. The trading market for our common stock may also be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrade our stock, or if our results of operations do not meet their expectations, our stock price could decline. Provisions in our articles of incorporation and bylaws and certain provisions of North Carolina law could delay or prevent a change in control of Kontoor. The existence of certain provisions of our articles of incorporation and bylaws and North Carolina law could discourage, delay or prevent a change in control of Kontoor that a shareholder may consider favorable. These include provisions: • Providing that the removal of our directors with or without cause must be approved by the holders of at least 80 % of the voting power; • Providing the right to our Board of Directors to issue one or more classes or series of preferred stock without shareholder approval; • Authorizing a large number of shares of stock that are not yet issued, which would allow our Board of Directors to issue shares to persons friendly to current management, thereby protecting the continuity of our management, or which could be used to dilute the stock ownership of persons seeking to obtain control of us; • Prohibiting shareholders from calling special meetings of shareholders and requiring unanimous shareholder action by written consent; • Establishing advance notice and other requirements for nominations of candidates for election to our Board of Directors or for proposing matters that can be acted on by shareholders at our annual shareholder meetings; and • Requiring the affirmative vote of the holders of at least 80 % of the voting power to approve certain business combinations. ~~21 Kontoor Brands, Inc. 2022 Form 10- K~~ We believe these provisions will protect our shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions apply even if a takeover offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that our Board of Directors determines is not in our and our shareholders' best interests. **20 Kontoor Brands, Inc 2023 Form 10- K** Our articles of incorporation designate North Carolina as the exclusive forum for certain litigation that may be initiated by our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us and limit the market price of our common stock. Pursuant to our articles of incorporation, to the fullest extent permitted by law, and unless we consent in writing to the selection of an alternative forum, the North Carolina Business Court (or another state or federal court located in North Carolina, if a dispute does not qualify for designation to the North Carolina Business Court or the North Carolina Business Court otherwise lacks jurisdiction) shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers or other employees to us or our shareholders; (iii) any action asserting a claim against us or any director or officer or other employee of ours arising pursuant to any provision of North Carolina law or our articles of incorporation or our bylaws; or (iv) any action asserting a claim against us or any director or officer or other employee of ours relating to the internal affairs doctrine. Our articles of incorporation further provide that if an action described in the preceding sentence is filed in a court other than as specified above in the name of any shareholder, such shareholder is deemed to have consented to (i) personal jurisdiction before any state or federal court located in North Carolina, as appropriate, in connection with any action brought in any such court to enforce our articles of incorporation and (ii) having service of process made upon such shareholder in any such action by service upon such shareholder' s counsel in the action as agent for such shareholder. The forum selection clause in our articles of incorporation may limit our shareholders' ability to obtain a favorable judicial forum for disputes with us and limit the market price of our common stock. We cannot assure shareholders that our Board of Directors will declare dividends or that we will repurchase shares in the foreseeable future. While we currently return capital to shareholders through quarterly cash dividends, our Board of Directors may not declare dividends in the future or may decrease the amount of a dividend as compared to a prior period. In addition, our Board of Directors has implemented a share repurchase program. However, the declaration and amount of any future dividends and the limits of our share repurchase program will be determined and subject to authorization by our Board of Directors and the execution of share repurchases will be determined by management, and will be dependent upon multiple factors including our financial condition, earnings, cash flows, capital requirements, our ability to obtain debt and equity financing on acceptable terms as contemplated by our growth strategy and the terms of our outstanding indebtedness, legal requirements, regulatory constraints, industry practice and any other factors or considerations that our Board of Directors and management, as applicable, deems relevant. We may incur expenses or liabilities or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution as dividends or to repurchase shares, including as a result of the risks described herein. Any failure to pay dividends or repurchase shares, or pay dividends or conduct share repurchases at expected levels, may negatively impact our reputation, investor confidence in us and negatively impact the price of our Common Stock.