February 28, 2023

INSPIRING CONFIDENCE, EVERY DAY

# Kontoor Brands Reports 2022 Fourth Quarter and Full Year Results; Provides 2023 Outlook

**Fourth Quarter 2022 Highlights**

- *Revenue of $732 million increased 7 percent (9 percent in constant currency) compared to Q4'21*
- *Reported EPS of $0.91 compared to Q4'21 reported EPS of $0.75; adjusted EPS of $0.88 compared to Q4'21 adjusted EPS of $0.88*
- *As previously announced, the Company's Board of Directors declared a regular quarterly cash dividend of $0.48 per share, payable on March 20, 2023, to shareholders of record at the close of business on March 10, 2023*

**Full Year 2022 Highlights**

- *Revenue of $2.63 billion increased 6 percent (8 percent in constant currency) compared to FY'21*
- *Reported EPS of $4.31 compared to FY'21 reported EPS of $3.31; adjusted EPS of $4.49 compared to FY'21 adjusted EPS of $4.28*
- *Through a combination of share repurchases and dividend payouts, the Company returned a total of $166 million to shareholders during 2022*

**Full Year 2023 Financial Outlook**

- *Revenue is expected to increase at a low-single digit percentage compared to FY'22*
- *EPS is expected to be in the range of $4.55 to $4.75*

GREENSBORO, N.C.--(BUSINESS WIRE)-- Kontoor Brands, Inc. (NYSE: KTB), a global lifestyle apparel company, with a portfolio led by two of the world's most iconic consumer brands, *Wrangler*® and *Lee*®, today reported financial results for its fourth quarter and full year ended December 31, 2022.

"We finished 2022 strong, as fourth quarter revenue and EPS came in significantly above our plan. Despite unprecedented macroeconomic challenges, we are delivering on many of our long-term goals, with 2022 revenue and earnings ahead of our Investor Day targets. I want to thank our teams around the world for navigating these near-term external pressures, while setting the foundation for Kontoor's long-term future success," said Scott Baxter, President, Chief Executive Officer and Chair of Kontoor Brands.

"Even as we anticipate macro headwinds to persist through the year, we begin 2023 from a

position of strength. We expect our strategic investments in talent, demand creation and innovation to support continued share gains in our core business, while also driving diversified, accretive growth across DTC channels, categories and international markets. Kontoor's powerful combination of sustained profitability, robust balance sheet, and flexible capital allocation optionality should continue to yield superior returns for all stakeholders," added Baxter.

This release refers to "adjusted" amounts from 2022 and 2021 and "constant currency" amounts, which are further described in the Non-GAAP Financial Measures section below. All per share amounts are presented on a diluted basis. Unless otherwise noted, "reported" and "constant currency" amounts are the same.

***Fourth Quarter 2022 Income Statement Review***

**Revenue** was $732 million, a 7 percent increase (9 percent increase in constant currency) over the same period in the prior year. Revenue increases were primarily driven by strength in domestic wholesale and Digital, somewhat offset by decreases in International with the continued impacts of lockdowns and restrictions in China weighing on the quarter.

U.S. revenue was $605 million, increasing 16 percent over the same period in the prior year, with gains in both the *Wrangler* and *Lee* brands. U.S. wholesale increased 17 percent compared to the fourth quarter 2021, including strength in U.S. digital wholesale which increased 66 percent compared to last year. These gains were augmented by continued strength in U.S. own.com revenue, which increased 19 percent compared to the same period last year.

International revenue was $127 million, a 20 percent decrease (12 percent decrease in constant currency) over the same period in the prior year. China decreased 33 percent (25 percent decrease in constant currency) compared to the fourth quarter 2021, driven by impacts from the COVID lockdowns and restrictions in the region. Europe decreased 15 percent (4 percent decrease in constant currency) over the same period last year, with wholesale pressures more than offsetting constant currency gains in DTC.

*Wrangler* brand global revenue was $509 million, a 15 percent increase (16 percent increase in constant currency) from the same period in the prior year. *Wrangler* U.S. revenue increased 19 percent compared to the same period last year, primarily driven by increased shipments in U.S. wholesale, with broad-based channel and category strength including Western, Outdoor, Workwear and T-shirts. *Wrangler* international revenue decreased 17 percent (9 percent decrease in constant currency) compared to the fourth quarter 2021, with gains in DTC more than offset by decreases in wholesale channels.

*Lee* brand global revenue was $219 million, a 6 percent decrease (3 percent decrease in constant currency) from the same period in the prior year. *Lee* U.S. revenue increased 5 percent compared to the same period last year, primarily driven by Digital. Globally, non-denim categories such as T-shirts experienced significant year-over-year gains in the quarter. *Lee* international revenue decreased 21 percent (13 percent decrease in constant currency) compared to the fourth quarter 2021, driven primarily by reductions in China due to the impact of COVID restrictions.

Other global revenue was $4 million, a 19 percent decrease compared to the same period in

the prior year.

**Gross margin** decreased 200 basis points to 40.8 percent of revenue compared to the same period last year. Compared to adjusted gross margin in the fourth quarter 2021, gross margin decreased 180 basis points. Higher inflationary pressures on input costs, inventory provisions and impacts from production downtime, as well as foreign currency, primarily drove the decline. The decline was partially offset by strategic pricing and channel mix, as well as moderating transitory costs such as air freight.

**Selling, General & Administrative (SG&A)** expenses were $214 million in the fourth quarter. Adjusted SG&A expenses were $213 million, or 29.1 percent of revenue, decreasing 290 basis points compared to the same period in the prior year. As expected, tight controls of discretionary expenses as well as lower compensation costs and a decrease in credit loss provisions were somewhat offset by higher distribution expenses, and an increase in strategic investments in IT.

**Operating income** was $85 million on a reported basis and $86 million on an adjusted basis. Adjusted operating margin of 11.7 percent increased 110 basis points compared to adjusted operating margin during the same period in the prior year. Benefits from tight expense controls, lower compensation costs and strategic pricing more than offset higher inflationary pressures on input costs, inventory provisions and impacts from production downtime.

**Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)**was $95 million on a reported basis and $93 million on an adjusted basis. Adjusted EBITDA margin of 12.7 percent increased 60 basis points compared to adjusted EBITDA margin during the same period in the prior year.

**Earnings per share** was $0.91 on a reported basis and $0.88 on an adjusted basis compared to reported EPS of $0.75 and adjusted EPS of $0.88, in the same period last year.

***Full Year 2022 Income Statement Review***

**Revenue** was $2.63 billion, a 6 percent increase (8 percent increase in constant currency) over the prior year. Revenue increases were primarily driven by strength in Digital, including own.com and digital wholesale, as well as strength in U.S. wholesale. These gains were somewhat offset by a decrease in non-U.S. wholesale with the continued impacts of lockdowns and restrictions in China weighing on the year.

U.S. revenue was $2.07 billion, increasing 11 percent over last year, with gains in both the *Wrangler* and *Lee* brands. U.S. wholesale increased 11 percent compared to 2021, including strength in digital wholesale which increased 23 percent compared to last year. These gains were augmented by continued strength in U.S. own.com revenue which increased 23 percent compared to 2021.

International revenue was $557 million, an 8 percent decrease (1 percent decrease in constant currency) over the prior year. China decreased 23 percent (20 percent decrease in constant currency) compared to 2021, driven by the impacts of COVID lockdowns and restrictions in the region. Europe decreased 5 percent (a 7 percent increase in constant currency) over the prior year, with DTC driving the constant currency gains.

*Wrangler* brand global revenue was $1.75 billion, an 11 percent increase (12 percent increase in constant currency) from the prior year, driven by U.S. wholesale and global *Wrangler* own.com which increased 25 percent. *Wrangler* U.S. revenue increased 13 percent compared to last year, with broad-based channel and category strength including Western, Outdoor, Workwear and T-shirts. U.S. Wrangler.com increased 27 percent compared to last year. *Wrangler* international revenue decreased 1 percent (8 percent increase in constant currency) compared to 2021.

*Lee* brand global revenue was $874 million, a 1 percent decrease (1 percent increase in constant currency) from the prior year. *Lee* U.S. revenue increased 7 percent compared to last year, primarily driven by Digital. Globally, non-denim categories such as T-shirts experienced significant year-over-year gains. U.S. Lee.com increased 13 percent compared to last year. *Lee* international revenue decreased 12 percent (6 percent decrease in constant currency) from 2021, driven primarily by the reductions in China due to the impact of COVID lockdowns.

Other global revenue was $11 million, a 17 percent decrease compared to the prior year.

**Gross margin** was 43.1 percent of revenue, a decrease of 160 basis points compared to 2021 reported gross margin and a 150 basis point decrease compared to 2021 adjusted gross margin. Higher inflationary pressures on input costs, inventory provisions and foreign currency primarily drove the decline. The decline was partially offset by strategic pricing and Digital own.com mix.

**Selling, General & Administrative (SG&A)** expenses were $778 million on a reported basis and $762 million on an adjusted basis in 2022. As a percent of revenue, adjusted SG&A was 29.0 percent, decreasing 140 basis points compared to adjusted SG&A during the prior year. Increased strategic investments and distribution expenses were more than offset by tight controls of discretionary expenses as well as lower compensation costs.

**Operating income** was $357 million on a reported basis and $372 million on an adjusted basis. Adjusted operating margin of 14.1 percent decreased 10 basis points compared to adjusted operating margin in the prior year. Benefits from tight expense controls, lower compensation costs and strategic pricing were more than offset by higher inflationary pressures on input costs and inventory provisions.

**Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)** was $390 million on a reported basis and $402 million on an adjusted basis. Adjusted EBITDA margin of 15.3 percent decreased 30 basis points compared to adjusted EBITDA margin during the prior year.

**Earnings per share** was $4.31 on a reported basis and $4.49 on an adjusted basis compared to reported EPS of $3.31 and adjusted EPS of $4.28, in the prior year.

***December 31, 2022, Balance Sheet and Liquidity Review***

The Company ended fiscal 2022 with $59 million in cash and cash equivalents, and approximately $0.8 billion in long-term debt.

As of December 31, 2022, the Company had no outstanding borrowings under the Revolving

Credit Facility and $488 million available for borrowing against this facility.

As previously announced, the Company's Board of Directors declared a regular quarterly cash dividend of $0.48 per share, payable on March 20, 2023, to shareholders of record at the close of business on March 10, 2023. With a combination of share repurchases and payout of the dividend, the Company returned a total of $166 million to shareholders during 2022.

Inventory at the end of fiscal 2022 was $597 million, up 64 percent compared to the prior-year period and 30 percent compared to pre-pandemic 2019 levels. Year-end inventory sequentially improved by $81 million from the third quarter of 2022. Approximately 90 percent of inventory at the end of the year was core product. The Company is taking proactive actions and expects inventory to return to more normalized levels in mid-2023.

***2023 Outlook***

The Company's strategic initiatives are working as evidenced by fourth quarter and full year 2022 results. Although the impacts from near-term macroeconomic factors are uncertain, the Company remains focused on execution to deliver continued strong share gains in the U.S. and to drive structural gross margin improvement in accretive categories, channels and geographies. Accordingly, the Company remains confident in its strategy and expects to continue investing in its brands and capabilities in support of longer-term profitable revenue growth and anticipates robust cash generation as inventory normalizes in 2023.

Thus, the Company is providing its 2023 guidance including the following:

- **Revenue** is expected to increase at a low-single digit percentage over 2022 with growth fairly balanced between the first and second half. The Company expects first half growth to be driven by the U.S. with continued momentum in POS, share gains and Digital, somewhat tempered by softness in China as the region continues to recover from COVID lockdowns and restrictions. During the second half of 2023, the Company assumes macro consumer demand conditions to be more challenged in the U.S., with the China market more fully reopening.

- **Gross margin** is expected to be in the range of 43.5 percent to 44.0 percent, increasing 40 to 90 basis points compared to gross margin of 43.1 percent in 2022. Expected increases from continued structural mix shifts to accretive channels such as Digital and International, lower inflationary pressures on input costs and higher AURs, are anticipated to be somewhat offset by impacts from production downtime. The Company expects gross margin benefits to be more second half weighted, driven by geographic and DTC mix, lower production downtime and reduced input cost pressures.

- **SG&A** investments will continue to be made in the Company's brands and capabilities in support of longer-term profitable revenue growth, including demand creation, DTC, and International expansion, as well as planned normalization of compensation expenses. Compared to adjusted SG&A in 2022, the Company expects full year SG&A to increase at a mid-single digit percentage, with second half investments anticipated to be stronger than in the first half.

- **EPS** is expected to be in the range of $4.55 to $4.75. Due primarily to gross margin, the Company expects EPS on a dollar basis to be more weighted to the second half of 2023.

- **Capital Expenditures** are expected to be in the range of $35 million to $40 million, primarily to support growth in owned brick and mortar stores, manufacturing, distribution and IT projects.

- The Company expects an **effective tax rate** of 20 percent to 21 percent. **Interest expense** is expected to be in the range of $33 million to $38 million. **Other Expense** is expected to be in the range of $5 million to $10 million. **Average shares outstanding** are expected to be approximately 57 million, excluding the impact of additional share repurchases.

***Webcast Information***

Kontoor Brands will host its fourth quarter and full year 2022 conference call beginning at 8:30 a.m. Eastern Time today, February 28, 2023. The conference will be broadcast live via the Internet, accessible at https://www.kontoorbrands.com/investors. For those unable to listen to the live broadcast, an archived version will be available at the same location.

***Non-GAAP Financial Measures***

Adjusted Amounts - This release refers to "adjusted" amounts. Adjustments during 2022 represent charges related to the globalization of the Company's operating model and relocation of the European headquarters. Adjustments during 2021 primarily represent costs associated with the Company's global ERP implementation and information technology infrastructure build-out. Additional information regarding adjusted amounts is provided in notes to the supplemental financial information included with this release.

Constant Currency - This release refers to "reported" amounts in accordance with GAAP, which include translation and transactional impacts from changes in foreign currency exchange rates. This release also refers to "constant currency" amounts, which exclude the translation impact of changes in foreign currency exchange rates.

Reconciliations of these non-GAAP measures to the most comparable GAAP measures are presented in the supplemental financial information included with this release that identifies and quantifies all reconciling adjustments and provides management's view of why this non-GAAP information is useful to investors. While management believes that these non-GAAP measures are useful in evaluating the business, this information should be viewed in addition to, and not as an alternate for, reported results under GAAP. The non-GAAP measures used by the Company in this release may be different from similarly titled measures used by other companies.

***About Kontoor Brands***

Kontoor Brands, Inc. (NYSE: KTB) is a global lifestyle apparel company, with a portfolio led by two of the world's most iconic consumer brands: *Wrangler*® and *Lee*®. Kontoor designs, manufactures and distributes superior high-quality products that look good and fit right, giving people around the world the freedom and confidence to express themselves. Kontoor

Brands is a purpose-led organization focused on leveraging its global platform, strategic sourcing model and best-in-class supply chain to drive brand growth and deliver long-term value for its stakeholders. For more information about Kontoor Brands, please visit www.KontoorBrands.com.

***Forward-Looking Statements***

Certain statements included in this release and attachments are "forward-looking statements" within the meaning of the federal securities laws. 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 release include, but are not limited to: macroeconomic conditions, including inflation, rising interest rates, recessionary concerns, distress in global credit markets and foreign currency exchange rates, as well as ongoing global supply chain disruptions, labor challenges, the COVID-19 pandemic and geopolitical events, continue to adversely impact global economic conditions and have had, and may continue to have, a negative impact on the Company’s business, results of operations, financial condition and cash flows (including future uncertain impacts); the level of consumer demand for apparel; supply chain and shipping disruptions, which could continue to result in shipping delays, an increase in transportation costs and increased product costs or lost sales; reliance on a small number of large customers; the COVID-19 pandemic continues to negatively affect the Company’s business and could continue to result in supply chain disruptions, reduced consumer traffic and purchasing, closed factories and stores, and reduced workforces (including future uncertain effects); intense industry competition; the ability to accurately forecast demand for products; the Company’s ability to gauge consumer preferences and product trends, and to respond to constantly changing markets; 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; 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; 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; 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

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; 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; 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; and fluctuations in the amount and frequency of our share repurchases.

Many of the foregoing risks and uncertainties will be exacerbated by any continued worsening of the global business and economic environment. 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.

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

| (Dollars in thousands, except per share amounts) | Three Months Ended December | | % | Twelve Months Ended December | | % |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **Change** | **2022** | **2021** | **Change** |
| **Net revenues** | **$731,608** | **$ 681,091** | 7% | **$ 2,631,444** | **$ 2,475,916** | 6% |
| **Costs and operating expenses** | | | | | | |
| Cost of goods sold | 432,886 | 389,632 | 11% | 1,497,076 | 1,368,190 | 9% |
| Selling, general and administrative expenses | 214,089 | 222,813 | (4)% | 777,703 | 824,747 | (6)% |
| **Total costs and operating expenses** | **646,975** | **612,445** | 6% | **2,274,779** | **2,192,937** | 4% |
| **Operating income** | **84,633** | **68,646** | 23% | **356,665** | **282,979** | 26% |
| Interest expense | (9,804) | (12,312) | (20)% | (34,919) | (38,900) | (10)% |
| Interest income | 324 | 456 | (29)% | 1,352 | 1,480 | (9)% |
| Other income (expense), net | 1,225 | 114 | 975% | (3,962) | (959) | 313% |
| **Income before income taxes** | **76,378** | **56,904** | 34% | **319,136** | **244,600** | 30% |
| Income taxes | 24,773 | 12,994 | 91% | 73,643 | 49,177 | 50% |
| **Net income** | **$ 51,605** | **$ 43,910** | 18% | **$ 245,493** | **$ 195,423** | 26% |
| **Earnings per common share** | | | | | | |
| Basic | $ 0.93 | $ 0.77 | | $ 4.40 | $ 3.40 | |
| Diluted | $ 0.91 | $ 0.75 | | $ 4.31 | $ 3.31 | |
| **Weighted average shares outstanding** | | | | | | |
| Basic | 55,485 | 56,972 | | 55,744 | 57,394 | |
| Diluted | 56,666 | 58,804 | | 56,962 | 59,086 | |

**Basis of presentation for all financial tables within this release:** The Company operates and reports using a 52/53 week fiscal year ending on the Saturday closest to December 31 each year. For presentation purposes herein, all references to periods ended December 2022 and December 2021 correspond to the 13-week and 52-week fiscal periods ended December 31, 2022 and January 1, 2022, respectively. References to December 2022 and December 2021 relate to the balance sheets as of December 31, 2022 and January 1, 2022,

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

**KONTOOR BRANDS, INC.**
**Condensed Consolidated Balance Sheets**
**(Unaudited)**

| (In thousands) | December 2022 | December 2021 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 59,179 | $ 185,322 |
| Accounts receivable, net | 225,858 | 289,800 |
| Inventories | 596,836 | 362,957 |
| Prepaid expenses and other current assets | 100,396 | 72,579 |
| Total current assets | 982,269 | 910,658 |
| Property, plant and equipment, net | 104,465 | 105,155 |
| Operating lease assets | 51,029 | 54,950 |
| Intangible assets, net | 13,361 | 14,638 |
| Goodwill | 209,627 | 212,213 |
| Deferred income taxes | 67,282 | 74,876 |
| Other assets | 154,228 | 160,534 |
| **TOTAL ASSETS** | **$ 1,582,261** | **$ 1,533,024** |
| **LIABILITIES AND EQUITY** | | |
| **Current liabilities** | | |
| Short-term borrowings | $ 7,280 | $ 249 |
| Current portion of long-term debt | 10,000 | — |
| Accounts payable | 206,262 | 214,204 |
| Accrued liabilities | 196,989 | 217,164 |
| Operating lease liabilities, current | 19,898 | 24,195 |
| Total current liabilities | 440,429 | 455,812 |
| Operating lease liabilities, noncurrent | 31,506 | 32,993 |
| Deferred income taxes | 6,919 | 5,572 |
| Other liabilities | 70,031 | 99,192 |
| Long-term debt | 782,619 | 791,317 |
| Commitments and contingencies | | |
| **Total liabilities** | 1,331,504 | 1,384,886 |
| **Total equity** | 250,757 | 148,138 |
| **TOTAL LIABILITIES AND EQUITY** | **$ 1,582,261** | **$ 1,533,024** |

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

| (In thousands) | Twelve Months Ended December 2022 | 2021 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income | $ 245,493 | $ 195,423 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Depreciation and amortization | 37,126 | 36,599 |
| Stock-based compensation | 21,891 | 38,516 |
| Other, including working capital changes | (220,925) | 13,324 |
| **Cash provided by operating activities** | **83,585** | **283,862** |
| **INVESTING ACTIVITIES** | | |
| Property, plant and equipment expenditures | (18,375) | (10,551) |
| Capitalized computer software | (10,022) | (26,322) |
| Other | (1,721) | (2,498) |
| **Cash used by investing activities** | **(30,118)** | **(39,371)** |
| **FINANCING ACTIVITIES** | | |
| Borrowings under revolving credit facility | 163,000 | — |
| Repayments under revolving credit facility | (163,000) | — |
| Proceeds from issuance of senior notes | — | 400,000 |
| Payment of deferred financing costs | (298) | (8,010) |
| Repayments of term loans | — | (523,000) |
| Repurchases of Common Stock | (62,494) | (75,462) |
| Dividends paid | (103,661) | (95,081) |
| Shares withheld for taxes, net of proceeds from issuance of Common Stock | (11,700) | (1,951) |
| Other | 7,246 | (562) |
| **Cash used by financing activities** | **(170,907)** | **(304,066)** |
| Effect of foreign currency rate changes on cash and cash equivalents | (8,703) | (3,241) |
| **Net change in cash and cash equivalents** | **(126,143)** | **(62,816)** |
| **Cash and cash equivalents – beginning of period** | **185,322** | **248,138** |
| **Cash and cash equivalents – end of period** | **$ 59,179** | **$ 185,322** |

**KONTOOR BRANDS, INC.**
**Supplemental Financial Information**
**Business Segment Information**
**(Unaudited)**

| (Dollars in thousands) | Three Months Ended December 2022 | 2021 | % Change | % Change Constant Currency [a] |
|---|---|---|---|---|
| Segment revenues: | | | | |
| Wrangler | $ 509,277 | $ 443,600 | 15% | 16% |
| Lee | 218,628 | 232,917 | (6)% | (3)% |
| **Total reportable segment revenues** | **727,905** | **676,517** | 8% | 9% |
| Other revenues [b] | 3,703 | 4,574 | (19)% | (19)% |
| **Total net revenues** | **$ 731,608** | **$ 681,091** | 7% | 9% |
| Segment profit: | | | | |
| Wrangler | $ 95,124 | $ 80,152 | 19% | 19% |
| Lee | 19,219 | 15,722 | 22% | 27% |
| **Total reportable segment profit** | **$ 114,343** | **$ 95,874** | 19% | 20% |
| Corporate and other expenses | (28,158) | (27,375) | 3% | 3% |
| Interest expense | (9,804) | (12,312) | (20)% | (20)% |
| Interest income | 324 | 456 | (29)% | (18)% |
| (Loss) profit related to other revenues [b] | (327) | 261 | (225)% | (230)% |
| **Income before income taxes** | **$ 76,378** | **$ 56,904** | 34% | 36% |

| (Dollars in thousands) | Twelve Months Ended December 2022 | 2021 | % Change | % Change Constant Currency [a] |
|---|---|---|---|---|
| Segment revenues: | | | | |
| Wrangler | $ 1,745,805 | $ 1,575,231 | 11% | 12% |
| Lee | 874,366 | 887,052 | (1)% | 1% |
| **Total reportable segment revenues** | **2,620,171** | **2,462,283** | 6% | 8% |
| Other revenues [b] | 11,273 | 13,633 | (17)% | (17)% |
| **Total net revenues** | **$ 2,631,444** | **$ 2,475,916** | 6% | 8% |
| Segment profit: | | | | |
| Wrangler | $ 321,173 | $ 294,153 | 9% | 10% |
| Lee | 121,056 | 128,305 | (6)% | (3)% |
| **Total reportable segment profit** | **$ 442,229** | **$ 422,458** | 5% | 6% |
| Corporate and other expenses | (88,932) | (140,960) | (37)% | (35)% |
| Interest expense | (34,919) | (38,900) | (10)% | (10)% |
| Interest income | 1,352 | 1,480 | (9)% | 1% |
| (Loss) profit related to other revenues [b] | (594) | 522 | (214)% | (216)% |
| **Income before income taxes** | **$ 319,136** | **$ 244,600** | 30% | 31% |

[a] Refer to constant currency definition on the following pages.

[b] We report an "Other" category in order to reconcile segment revenues and segment profit to the Company's operating results, but the Other category does not meet the criteria to be considered a reportable segment. Other primarily includes sales and licensing of *Rock & Republic*®, other company-owned brands and private label apparel. Other also included sales of third-party branded merchandise at company-owned outlet stores through the first quarter of 2021, after which they were discontinued.

**KONTOOR BRANDS, INC.**

**Supplemental Financial Information**
**Business Segment Information – Constant Currency Basis (Non-GAAP)**
**(Unaudited)**

| (In thousands) | Three Months Ended December 2022 | | |
|---|---|---|---|
| | As Reported under GAAP | Adjust for Foreign Currency Exchange | Constant Currency |
| Segment revenues: | | | |
| Wrangler | $ 509,277 | $ 4,633 | $ 513,910 |
| Lee | 218,628 | 7,310 | 225,938 |
| **Total reportable segment revenues** | **727,905** | **11,943** | **739,848** |
| Other revenues | 3,703 | 1 | 3,704 |
| **Total net revenues** | **$ 731,608** | **$ 11,944** | **$ 743,552** |
| Segment profit: | | | |
| Wrangler | $ 95,124 | $ 309 | $ 95,433 |
| Lee | 19,219 | 786 | 20,005 |
| **Total reportable segment profit** | **$ 114,343** | **$ 1,095** | **$ 115,438** |
| Corporate and other expenses | (28,158) | (30) | (28,188) |
| Interest expense | (9,804) | (16) | (9,820) |
| Interest income | 324 | 52 | 376 |
| (Loss) profit related to other revenues | (327) | (12) | (339) |
| **Income before income taxes** | **$ 76,378** | **$ 1,089** | **$ 77,467** |

| (In thousands) | Twelve Months Ended December 2022 | | |
|---|---|---|---|
| | As Reported under GAAP | Adjust for Foreign Currency Exchange | Constant Currency |
| Segment revenues: | | | |
| Wrangler | $ 1,745,805 | $ 18,202 | $ 1,764,007 |
| Lee | 874,366 | 23,887 | 898,253 |
| **Total reportable segment revenues** | **2,620,171** | **42,089** | **2,662,260** |
| Other revenues | 11,273 | 15 | 11,288 |
| **Total net revenues** | **$ 2,631,444** | **$ 42,104** | **$ 2,673,548** |
| Segment profit: | | | |
| Wrangler | $ 321,173 | $ 1,643 | $ 322,816 |
| Lee | 121,056 | 3,507 | 124,563 |
| **Total reportable segment profit** | **$ 442,229** | **$ 5,150** | **$ 447,379** |
| Corporate and other expenses | (88,932) | (2,753) | (91,685) |
| Interest expense | (34,919) | (27) | (34,946) |
| Interest income | 1,352 | 137 | 1,489 |
| (Loss) profit related to other revenues | (594) | (11) | (605) |
| **Income before income taxes** | **$ 319,136** | **$ 2,496** | **$ 321,632** |

## Constant Currency Financial Information

The Company is a global company that reports financial information in U.S. dollars in accordance with GAAP. Foreign currency exchange rate fluctuations affect the amounts reported by the Company from translating its foreign revenues and expenses into U.S. dollars. These rate fluctuations can have a significant effect on reported operating results. As a supplement to our reported operating results, we present constant currency financial information, which is a non-GAAP financial measure that excludes the impact of translating foreign currencies into U.S. dollars. We use constant currency information to provide a framework to assess how our business performed excluding the effects of changes in the

rates used to calculate foreign currency translation. Management believes this information is useful to investors to facilitate comparison of operating results and better identify trends in our businesses.

To calculate foreign currency translation on a constant currency basis, operating results for the current year period for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average exchange rates in effect during the comparable period of the prior year (rather than the actual exchange rates in effect during the current year period).

These constant currency performance measures should be viewed in addition to, and not as an alternative for, reported results under GAAP. The constant currency information presented may not be comparable to similarly titled measures reported by other companies.

**KONTOOR BRANDS, INC.**
**Supplemental Financial Information**
**Reconciliation of Adjusted Financial Measures - Quarter-to-Date (Non-GAAP)**
**(Unaudited)**

| (In thousands, except for per share amounts) | Three Months Ended December 2022 | 2021 |
|---|---|---|
| **Cost of goods sold - as reported under GAAP** | **$ 432,886** | **$ 389,632** |
| Restructuring & separation costs [(a)] | — | 1,392 |
| **Adjusted cost of goods sold** | **$ 432,886** | **$ 391,024** |
| | | |
| **Selling, general and administrative expenses - as reported under GAAP** | **$ 214,089** | **$ 222,813** |
| Restructuring & separation costs [(a)] | (869) | (4,770) |
| **Adjusted selling, general and administrative expenses** | **$ 213,220** | **$ 218,043** |
| | | |
| **Interest expense - as reported under GAAP** | **$ (9,804)** | **$ (12,312)** |
| Financing costs [(b)] | — | 4,655 |
| Other adjustments [(c)] | — | (445) |
| **Adjusted interest expense** | **$ (9,804)** | **$ (8,102)** |
| | | |
| **Other income, net - as reported under GAAP** | **$ 1,225** | **$ 114** |
| Restructuring & separation benefits [(a)] | (2,983) | — |
| Other adjustments [(c)] | — | 445 |
| **Adjusted other (expense) income, net** | **$ (1,758)** | **$ 559** |
| | | |
| **Diluted earnings per share - as reported under GAAP** | **$ 0.91** | **$ 0.75** |
| Restructuring & separation (benefits) costs [(a)] | (0.03) | 0.07 |
| Financing costs [(b)] | — | 0.06 |
| **Adjusted diluted earnings per share** | **$ 0.88** | **$ 0.88** |
| | | |
| **Net income - as reported under GAAP** | **$ 51,605** | **$ 43,910** |
| Income taxes | 24,773 | 12,994 |
| Interest expense | 9,804 | 12,312 |
| Interest income | (324) | (456) |
| **EBIT** | **$ 85,858** | **$ 68,760** |
| | | |
| **EBITDA** | **$ 95,157** | **$ 78,684** |
| Restructuring & separation (benefits) costs [(a)] | (2,114) | 3,378 |
| Other adjustments [(c)] | — | 445 |
| **Adjusted EBITDA** | **$ 93,043** | **$ 82,507** |

**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. See “Notes to Supplemental Financial Information - Reconciliation of Adjusted Financial Measures" at the end of this document. Amounts herein may not recalculate due to the use of unrounded numbers.

**KONTOOR BRANDS, INC.**
**Supplemental Financial Information**
**Reconciliation of Adjusted Financial Measures - Year-to-Date (Non-GAAP)**
**(Unaudited)**

| (In thousands, except for per share amounts) | Twelve Months Ended December 2022 | 2021 |
|---|---|---|
| **Cost of goods sold - as reported under GAAP** | **$ 1,497,076** | **$ 1,368,190** |
| Restructuring & separation costs [(a)] | — | 2,662 |
| **Adjusted cost of goods sold** | **$ 1,497,076** | **$ 1,370,852** |
| **Selling, general and administrative expenses - as reported under GAAP** | **$ 777,703** | **$ 824,747** |
| Restructuring & separation costs [(a)] | (15,609) | (71,820) |
| **Adjusted selling, general and administrative expenses** | **$ 762,094** | **$ 752,927** |
| **Interest expense - as reported under GAAP** | **$ (34,919)** | **$ (38,900)** |
| Financing costs [(b)] | — | 4,655 |
| Other adjustments [(c)] | — | (1,888) |
| **Adjusted interest expense** | **$ (34,919)** | **$ (36,133)** |
| **Other expense, net - as reported under GAAP** | **$ (3,962)** | **$ (959)** |
| Restructuring & separation benefits [(a)] | (2,983) | — |
| Other adjustments [(c)] | — | 1,888 |
| **Adjusted other (expense) income, net** | **$ (6,945)** | **$ 929** |
| **Diluted earnings per share - as reported under GAAP** | **$ 4.31** | **$ 3.31** |
| Restructuring & separation costs [(a)] | 0.18 | 0.92 |
| Financing costs [(b)] | — | 0.06 |
| **Adjusted diluted earnings per share** | **$ 4.49** | **$ 4.28** |
| **Net income - as reported under GAAP** | **$ 245,493** | **$ 195,423** |
| Income taxes | 73,643 | 49,177 |
| Interest expense | 34,919 | 38,900 |
| Interest income | (1,352) | (1,480) |
| **EBIT** | **$ 352,703** | **$ 282,020** |
| **Depreciation and amortization - as reported under GAAP** | **$ 37,126** | **$ 36,599** |
| Restructuring & separation costs [(a)] | — | (2,823) |
| **Adjusted depreciation and amortization** | **$ 37,126** | **$ 33,776** |
| **EBITDA** | **$ 389,829** | **$ 318,619** |
| Restructuring & separation costs [(a)] | 12,626 | 66,335 |
| Other adjustments [(c)] | — | 1,888 |
| **Adjusted EBITDA** | **$ 402,455** | **$ 386,842** |

**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. See “Notes to Supplemental Financial Information - Reconciliation of Adjusted Financial Measures" at the end of this document. Amounts herein may not recalculate due to the use of unrounded numbers.

**KONTOOR BRANDS, INC.**
**Supplemental Financial Information**
**Summary of Select GAAP and Non-GAAP Measures**
**(Unaudited)**

| (Dollars in thousands, except per share amounts) | Three Months Ended December | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | GAAP | Adjusted | GAAP | Adjusted |
| Net revenues | $ 731,608 | $ 731,608 | $ 681,091 | $ 681,091 |
| Gross margin | $ 298,722 | $ 298,722 | $ 291,459 | $ 290,067 |
| *As a percentage of total net revenues* | *40.8%* | *40.8%* | *42.8%* | *42.6%* |
| Selling, general and administrative expenses | $ 214,089 | $ 213,220 | $ 222,813 | $ 218,043 |
| *As a percentage of total net revenues* | *29.3%* | *29.1%* | *32.7%* | *32.0%* |
| Operating income | $ 84,633 | $ 85,502 | $ 68,646 | $ 72,024 |
| *As a percentage of total net revenues* | *11.6%* | *11.7%* | *10.1%* | *10.6%* |
| Earnings per share - diluted | $ 0.91 | $ 0.88 | $ 0.75 | $ 0.88 |
| Net income | $ 51,605 | $ 49,816 | $ 43,910 | $ 51,499 |
| Income taxes | 24,773 | 24,448 | 12,994 | 13,438 |
| Interest expense | 9,804 | 9,804 | 12,312 | 8,102 |
| Interest income | (324) | (324) | (456) | (456) |
| EBIT | $ 85,858 | $ 83,744 | $ 68,760 | $ 72,583 |
| Depreciation and amortization | $ 9,299 | $ 9,299 | $ 9,924 | $ 9,924 |
| EBITDA | $ 95,157 | $ 93,043 | $ 78,684 | $ 82,507 |
| *As a percentage of total net revenues* | *13.0%* | *12.7%* | *11.6%* | *12.1%* |

| (Dollars in thousands, except per share amounts) | Twelve Months Ended December | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | GAAP | Adjusted | GAAP | Adjusted |
| Net revenues | $ 2,631,444 | $ 2,631,444 | $ 2,475,916 | $ 2,475,916 |
| Gross margin | $ 1,134,368 | $ 1,134,368 | $ 1,107,726 | $ 1,105,064 |
| *As a percentage of total net revenues* | *43.1%* | *43.1%* | *44.7%* | *44.6%* |
| Selling, general and administrative expenses | $ 777,703 | $ 762,094 | $ 824,747 | $ 752,927 |
| *As a percentage of total net revenues* | *29.6%* | *29.0%* | *33.3%* | *30.4%* |
| Operating income | $ 356,665 | $ 372,274 | $ 282,979 | $ 352,137 |
| *As a percentage of total net revenues* | *13.6%* | *14.1%* | *11.4%* | *14.2%* |
| Earnings per common share - diluted | $ 4.31 | $ 4.49 | $ 3.31 | $ 4.28 |
| Net income | $ 245,493 | $ 255,608 | $ 195,423 | $ 253,097 |
| Income taxes | 73,643 | 76,154 | 49,177 | 65,316 |
| Interest expense | 34,919 | 34,919 | 38,900 | 36,133 |
| Interest income | (1,352) | (1,352) | (1,480) | (1,480) |
| EBIT | $ 352,703 | $ 365,329 | $ 282,020 | $ 353,066 |
| Depreciation and amortization | $ 37,126 | $ 37,126 | $ 36,599 | $ 33,776 |
| EBITDA | $ 389,829 | $ 402,455 | $ 318,619 | $ 386,842 |
| *As a percentage of total net revenues* | *14.8%* | *15.3%* | *12.9%* | *15.6%* |

**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. See “Notes to Supplemental Financial Information - Reconciliation of Adjusted Financial Measures" at the end of this document.

**KONTOOR BRANDS, INC.**
**Supplemental Financial Information**
**Disaggregation of Revenue**
**(Unaudited)**

| (In thousands) | Three Months Ended December 2022 | | | |
|---|---|---|---|---|
| | Revenues - As Reported | | | |
| | Wrangler | Lee | Other | Total |
| **Channel revenues** | | | | |
| U.S. Wholesale | $ 420,004 | $ 119,674 | $ 3,478 | $ 543,156 |
| Non-U.S. Wholesale | 39,990 | 53,610 | — | 93,600 |
| Direct-to-Consumer | 49,283 | 45,344 | 225 | 94,852 |
| **Total** | **$ 509,277** | **$ 218,628** | **$ 3,703** | **$ 731,608** |
| **Geographic revenues** | | | | |
| U.S. | $ 463,595 | $ 137,601 | $ 3,703 | $ 604,899 |
| International | 45,682 | 81,027 | — | 126,709 |
| **Total** | **$ 509,277** | **$ 218,628** | **$ 3,703** | **$ 731,608** |

| | Twelve Months Ended December 2022 | | | |
|---|---|---|---|---|
| | Revenues - As Reported | | | |
| (In thousands) | Wrangler | Lee | Other | Total |
| **Channel revenues** | | | | |
| U.S. Wholesale | $ 1,423,757 | $ 460,799 | $ 9,903 | $ 1,894,459 |
| Non-U.S. Wholesale | 183,714 | 266,201 | 903 | 450,818 |
| Direct-to-Consumer | 138,334 | 147,366 | 467 | 286,167 |
| **Total** | **$ 1,745,805** | **$ 874,366** | **$ 11,273** | **$ 2,631,444** |
| | | | | |
| **Geographic revenues** | | | | |
| U.S. | $ 1,542,593 | $ 521,636 | $ 10,370 | $ 2,074,599 |
| International | 203,212 | 352,730 | 903 | 556,845 |
| **Total** | **$ 1,745,805** | **$ 874,366** | **$ 11,273** | **$ 2,631,444** |

**KONTOOR BRANDS, INC.**
**Supplemental Financial Information**
**Disaggregation of Revenue**
**(Unaudited)**

| | Three Months Ended December 2021 | | | |
|---|---|---|---|---|
| | Revenues - As Reported | | | |
| (In thousands) | Wrangler | Lee | Other | Total |
| **Channel revenues** | | | | |
| U.S. Wholesale | $ 350,542 | $ 111,047 | $ 3,593 | $ 465,182 |
| Non-U.S. Wholesale | 49,149 | 68,348 | 966 | 118,463 |
| Direct-to-Consumer | 43,909 | 53,522 | 2 | 97,433 |
| Other | — | — | 13 | 13 |
| **Total** | **$ 443,600** | **$ 232,917** | **$ 4,574** | **$ 681,091** |
| | | | | |
| **Geographic revenues** | | | | |
| U.S. | $ 388,384 | $ 130,852 | $ 3,608 | $ 522,844 |
| International | 55,216 | 102,065 | 966 | 158,247 |
| **Total** | **$ 443,600** | **$ 232,917** | **$ 4,574** | **$ 681,091** |

| | Twelve Months Ended December 2021 | | | |
|---|---|---|---|---|
| | Revenues - As Reported | | | |
| (In thousands) | Wrangler | Lee | Other | Total |
| **Channel revenues** | | | | |
| U.S. Wholesale | $ 1,269,718 | $ 420,720 | $ 9,979 | $ 1,700,417 |
| Non-U.S. Wholesale | 186,355 | 301,332 | 2,854 | 490,541 |
| Direct-to-Consumer | 119,158 | 165,000 | 21 | 284,179 |
| Other | — | — | 779 | 779 |
| **Total** | **$ 1,575,231** | **$ 887,052** | **$ 13,633** | **$ 2,475,916** |
| | | | | |
| **Geographic revenues** | | | | |
| U.S. | $ 1,370,916 | $ 487,214 | $ 10,779 | $ 1,868,909 |
| International | 204,315 | 399,838 | 2,854 | 607,007 |
| **Total** | **$ 1,575,231** | **$ 887,052** | **$ 13,633** | **$ 2,475,916** |

**KONTOOR BRANDS, INC.**
**Supplemental Financial Information**
**Summary of Select Revenue Information**
**(Unaudited)**

| (Dollars in thousands) | Three Months Ended December 2022 | 2021 | 2022 to 2021 % Change Reported | 2022 to 2021 % Change Constant Currency |
|---|---|---|---|---|
| | As Reported under GAAP | | | |
| Wrangler U.S. | $ 463,595 | $ 388,384 | 19% | 19% |
| Lee U.S. | 137,601 | 130,852 | 5% | 5% |
| Other | 3,703 | 3,608 | 3% | 3% |
| **Total U.S. revenues** | **$ 604,899** | **$ 522,844** | 16% | 16% |
| Wrangler International | $ 45,682 | $ 55,216 | (17)% | (9)% |
| Lee International | 81,027 | 102,065 | (21)% | (13)% |
| Other | — | 966 | (100)% | (100)% |
| **Total International revenues** | **$ 126,709** | **$ 158,247** | (20)% | (12)% |
| Global Wrangler | $ 509,277 | $ 443,600 | 15% | 16% |
| Global Lee | 218,628 | 232,917 | (6)% | (3)% |
| Global Other | 3,703 | 4,574 | (19)% | (19)% |
| **Total revenues** | **$ 731,608** | **$ 681,091** | 7% | 9% |

| (Dollars in thousands) | Twelve Months Ended December 2022 | 2021 | 2022 to 2021 % Change Reported | 2022 to 2021 % Change Constant Currency |
|---|---|---|---|---|
| | As Reported Under GAAP | | | |
| Wrangler U.S. | $ 1,542,593 | $ 1,370,916 | 13% | 13% |
| Lee U.S. | 521,636 | 487,214 | 7% | 7% |
| Other | 10,370 | 10,779 | (4)% | (4)% |
| **Total U.S. revenues** | **$ 2,074,599** | **$ 1,868,909** | 11% | 11% |
| Wrangler International | $ 203,212 | $ 204,315 | (1)% | 8% |
| Lee International | 352,730 | 399,838 | (12)% | (6)% |
| Other | 903 | 2,854 | (68)% | (68)% |
| **Total International revenues** | **$ 556,845** | **$ 607,007** | (8)% | (1)% |
| Global Wrangler | $ 1,745,805 | $ 1,575,231 | 11% | 12% |
| Global Lee | 874,366 | 887,052 | (1)% | 1% |
| Global Other | 11,273 | 13,633 | (17)% | (17)% |
| **Total revenues** | **$ 2,631,444** | **$ 2,475,916** | 6% | 8% |

**Non-GAAP Financial Information:** The financial information above has been presented on a GAAP basis and on a constant currency basis, which is a non-GAAP financial measure. See “Business Segment Information – Constant Currency Basis (Non-GAAP)" for additional information on constant currency financial calculations.

## KONTOOR BRANDS, INC.
## Supplemental Financial Information
## Reconciliation of Adjusted Financial Measures - Notes (Non-GAAP)
## (Unaudited)

### Notes to Supplemental Financial Information - Reconciliation of Adjusted Financial Measures

Management uses 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 the three months ended December 2022, restructuring and separation benefits included a $2.6 million pension curtailment gain, $0.4 million of other employee-related benefits and $0.9 million of other costs. During the twelve months ended December 2022, restructuring and separation costs included $13.7 million of severance and employee-related benefit costs, a $2.6 million pension curtailment gain, $0.4 million of other employee-related benefits and $1.9 million of other costs. All restructuring and separation costs during the year ended December 2022 are attributable to the globalization of the Company’s operating model and relocation of the European headquarters. During the three and twelve months ended December 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 to exit certain company-owned outlet stores and transition our India business to a licensed model. Total restructuring and separation adjustments resulted in a corresponding tax impact of $(0.3) million and $(0.7) million for the three months ended December 2022 and December 2021, respectively, and $2.5 million and $15.0 million for the twelve months ended December 2022 and December 2021, respectively.

(b) Financing costs related to expenses incurred to amend the Company's senior secured credit facility and to issue $400.0 million of senior notes. These adjustments had a corresponding tax impact of $1.1 million for the three and twelve months ended December 2021.

(c) Other adjustments have been made for the three and twelve months ended December 2021 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. Management believes these funding fees are not material to evaluating the overall results of the Company and thus has discontinued this adjustment effective in the first quarter of 2022.

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