

Annual Report **2020**

**PVH**

# About **PVH**

PVH is one of the world's largest and most admired fashion companies, connecting with consumers in over 40 countries. Our global iconic brands include *Calvin Klein* and *TOMMY HILFIGER*, and our Heritage Brands. Our 140-year history is built on the strength of our brands, our team and our commitment to drive fashion forward for good.

**THAT'S THE  
POWER OF US.  
THAT'S THE  
POWER OF PVH.**

THE **POWER** *of* You  
THE **POWER** *of* Us  
THE **POWER** *of* PVH



## VALUES

**INDIVIDUALITY**  
Be you

**PARTNERSHIP**  
Work together

**PASSION**  
Inspire and innovate

**INTEGRITY**  
Do the right thing

**ACCOUNTABILITY**  
Own it

## Chairman's Message



**Manny Chirico**  
Chairman, PVH Corp.

**“PVH ADAPTED TO MANAGING THE BUSINESS AND THE REALITIES OF LIFE IN AN ENTIRELY NEW WAY”**

There is no way to look at 2020 other than as a year of unprecedented change and uncertainty. I had the opportunity to oversee how the PVH family successfully navigated through the pandemic and adapted to managing the business and the realities of life in an entirely new way. As we closed the fiscal year, I transitioned out of my role as CEO and began a new chapter at PVH, concentrating on my responsibilities as Chairman of the Board of Directors. For 27 years, I have gone to work each day knowing what a privilege and honor it is to lead this incredible company.

The Power of PVH as a global growth platform for our iconic brands is fueled by our people. I am so proud of the business we have built – one that reflects our resilience and ability to manage our brands successfully, even as the industry has experienced rapid change and extraordinary disruption, most recently with the global impacts of COVID-19 that drove significant acceleration of the already changing consumer landscape.

My personal journey at PVH began as Controller in 1993 and, as I worked my way up in the organization, I immersed myself in the business and was able to walk the halls in order to meet most of our office-based associates globally. I was fortunate to help shape the direction of PVH's future, evolving a family-led company into an independent executive-led company, with a new strategic direction, while maintaining the founding family's emphasis on our core values.

Our key strengths that have allowed PVH to thrive and transform over the last 140 years include our inherent focus on our brands and our people, our strong balance sheet and our financial discipline. Now, with the benefit of hindsight, I can clearly see how the past almost-three decades of our collective emphasis on evolving through innovation and transformation, together with delivering iconic product and long-term returns, as well as our commitment to corporate responsibility, sets us up for a very successful future.

As we leveraged these capabilities, PVH grew from a North American-based dress furnishings company to be a diversified global leader in the apparel industry with a portfolio of iconic brands. Today, over 60% of our revenue comes from outside the U.S., and we employ approximately 33,000 associates worldwide.

Our evolution as a company complements the growth of the digital world, the dynamic retail landscape and our global approach to business. What has been consistent through all of it has been our ability to transform our business model in order to meet our consumers' changing needs and preferences in an ever-changing retail landscape.

The Calvin Klein acquisition in 2003 established PVH as a key player in the designer lifestyle business and we continued our path of transformative acquisitions with Tommy Hilfiger in 2010 and Warnaco in 2013. These strategic transactions further diversified our business model by adding iconic global brands to our portfolio, while also establishing world-class operating platforms in North America, Europe, Asia Pacific and Latin America. At the same time, we pursued organic growth opportunities to expand our lifestyle brands worldwide, built one of the strongest supply chains in the industry and developed an incredible corporate responsibility strategy that reflects our own values-driven culture.





As I compare our strategic capabilities against where the retail industry is going, I believe that PVH – with Stefan Larsson as its leader – is well positioned to succeed in the new post-pandemic world of retail and emerge as a stronger organization.

Since joining PVH as President in 2019, Stefan has managed our brands and regions with a proactive and thoughtful approach. He drove strategies to gain market share through enhanced brand and product relevance and, more recently, navigating the company through the impacts of COVID-19 and enabling our brand and regional leadership teams to take necessary measures to refocus our businesses to win with the consumer. He has prioritized accelerating our digital agenda and leveraging data to make quicker and more informed decisions around product and consumer engagement, all while maintaining a focus on sustainability.

Beyond our financials, I am most proud of the incredible [culture](#) we have built; one where we embrace a people-first approach, embedding our values of individuality, partnership, passion, integrity and accountability in how we do business. Our purpose to drive fashion forward – for good – motivates us every day as we strive to do the right thing for our people, our consumers, our stockholders, our communities and our planet, and we prioritize long-term benefits over short-term results.

**“WE HAVE WORKED HARD TO CREATE  
AN INCLUSIVE AND DIVERSE ENVIRONMENT  
WHERE EVERY INDIVIDUAL IS VALUED  
AND EVERY VOICE IS HEARD”**

In a year of unprecedented uncertainty, we were all deeply touched by the tragic incidents of racial and social inequality that occurred and we embraced our collective efforts to effect and accelerate change. We have worked hard to create an inclusive and diverse environment where every individual is valued and every voice is heard. While we have made good progress, we recognize there is more to be done such that all levels across our organization reflect the diversity of the world at large.

In my continuing role as Chairman and as a resource to Stefan, my commitment to PVH remains very strong. Our unique competitive advantages – our incredible people, our iconic global brands and our strong business fundamentals – define who we are as an organization. I look forward to seeing Stefan and the rest of the senior leadership team, many of whom have been with PVH for over a decade, deliver our next chapter of growth and drive an accelerated recovery. I have the utmost confidence in the team based on their expertise and collective knowledge of our company, industry and consumer base. I believe that we are well positioned to deliver sustainable, profitable long-term growth for our stockholders, in addition to leading the fashion industry towards a more sustainable and responsible future.

I cannot thank enough our Board, our leaders, all of our amazing associates worldwide, you, our stockholders and our other stakeholders for your contributions, partnership and support.

Sincerely,



Manny Chirico  
Chairman



Manny Chirico  
Chairman

Stefan Larsson  
Chief Executive Officer

# Letter to Stockholders



**Stefan Larsson**

Chief Executive Officer, PVH Corp.

**“I LOOK FORWARD TO DRIVING PVH’S  
NEXT CHAPTER OF GROWTH,  
CONTINUING THE COMPANY’S EVOLUTION”**

As I write my first Letter to Stockholders, I would like to share what an honor it is to lead this great company as we drive towards an accelerated recovery from the COVID-19 crisis, and at the same time start to build our next growth chapter to win with the consumer in the “new normal.” I would also like to thank Manny Chirico and the Board of Directors for their confidence and trust in me, as well as for the very strong partnership we have formed since I joined PVH almost two years ago.

What initially excited me about PVH are our inherent strengths: We have two of the most iconic brands in the industry with a very large and strong consumer base; a truly global presence with a rapidly growing digital and multi-channel distribution; global platform capabilities in finance, supply chain, technology, corporate responsibility and human resources, and, most importantly, very talented teams behind all of them.





Before the onset of the pandemic, I was fortunate to spend time traveling and visiting many of our teams and partners around the world. I saw firsthand many of the underlying strengths that we are now focusing on, and connecting closer to where the consumer is going than any time before, in an effort to drive sustainable profitable growth.

Our focus is on winning with the consumer, driving brand relevance, profitably taking market share, building further strength in our platform capabilities and, over time, to do that more efficiently. To accomplish this, we will work with a strong consumer focus, become even more demand and data driven, and work in a systematic repeatable way where we will continuously learn and improve.

Finally, I am incredibly inspired by and will continue the important work to live our strong [corporate values](#), including our unwavering commitment to empower people, and help drive the fashion industry forward in [sustainability](#) and making a real and lasting positive impact within [inclusion and diversity](#).

## 2020 – YEAR IN REVIEW

2020 will be remembered as one of the most challenging moments in history from a geopolitical, economic and public health perspective due to the COVID-19 pandemic. Our teams not only came together to successfully navigate the crisis, we also positioned PVH to emerge stronger.

First, we prioritized the health and well-being of our associates, consumers, business partners and the communities where we operate. We then took immediate actions to address the changes in our business needs, leveraging the power of our globally diversified business model. Overall, our 2020 revenues declined 28% to \$7.1 billion.

We supercharged our digital business, which led to our strongest-ever digital sales growth in 2020 of over 40%, including nearly 70% growth on our own sites, while driving a significant improvement in the channel profitability. We also focused on rightsizing our cost base and tightly managed our discretionary spend to protect us against the impact on profitability resulting from store closures and sales pressure around the world.



Another top priority was maintaining the strength and flexibility of our balance sheet. We prudently managed inventories to generate and protect our financial flexibility, and we pro-actively raised capital. Despite the resurgence of infections and a new round of lockdowns during the all-important holiday sales period; 2020 inventory levels were down 12% vs. 2019. We ended the year with over \$3 billion in liquidity, including \$1.7 billion cash on hand. In March 2021, we repaid \$400 million of debt to reduce our overall higher debt levels as a result of debt incurred in 2020 to bolster our finances during the outset of the pandemic. We also initiated measures to drive an accelerated recovery, which remains the current focus throughout our brands and businesses.

As important as managing our business through 2020, it was critical for us to continue to make progress towards our *Forward Fashion* targets. We created and endorsed the International Labour Organization's (ILO) Call to Action to protect garment workers during the pandemic, sourced personal protective equipment and donated basic apparel for front line healthcare workers and more than \$2 million toward COVID-19 relief efforts. In addition, our sustainability and circularity efforts saw great progress, especially around 3D design adoption, the increased use of sustainable materials (*i.e.*, packaging and fabric) and continued focus on Greenhouse Gas emissions reductions. We also made very important progress around our inclusion and diversity efforts, hiring our first Chief Diversity Officer and formalizing our [inclusion and diversity commitments](#). We published a white paper in partnership with The Council of Fashion Designers of America (CFDA) titled *The State of Diversity, Equity & Inclusion in Fashion* to give our industry a proper data set and outline a path to continue this important journey. We see great opportunities in 2021 to make a positive difference each and every day.



**“WE SUPERCHARGED OUR DIGITAL BUSINESS,  
WHICH LED TO OUR **STRONGEST-EVER**  
**DIGITAL SALES GROWTH**”**

## DRIVING THE OPPORTUNITY FROM OUR INTERNATIONAL BUSINESSES

Our international business performance continued to outperform our peers' as we emerged from the initial global lockdowns, demonstrating the strong brand health and underlying momentum behind *Calvin Klein* and *TOMMY HILFIGER*.

• **Our Asia business was very strong**, led by our performance in China. China emerged first and built upon 2019 performance, with revenue through digital channels growing over 55%, driven by a clear focus on execution and capturing efficiencies across the business. Accelerating our digital agenda was a top priority, as we leveraged new selling tools, such as celebrity and influencer-backed livestreams and enhancing our omni-channel capabilities, especially through our online partnerships. We offered an improved product offering and engaging brand experiences, tailored for the local consumer, including the *Calvin Klein* 360 Lunar New Year campaign and the launch of Tommy Hilfiger's first-ever Asia fit denim collection, utilizing local marketing activations and models. We invested in raising *Calvin Klein*'s and *TOMMY HILFIGER*'s brand awareness, which remains our largest long-term market opportunity as we expand our category offerings to represent the complete brand lifestyle collections and capitalize on distribution opportunities.

• **In Europe, our strong brands, product offerings and channel execution** drove high consumer and retailer demand and clear market share gains for our *TOMMY HILFIGER* and *Calvin Klein* collections, with revenues declining 14% in 2020, despite the return of lockdowns during the holiday season. We chased goods in select categories to satisfy consumer demand, while maintaining strong margins. Our well-developed and scalable digital distribution network continues to be a significant competitive advantage, including our ability to leverage our connected store inventory to meet the higher-than-expected demand through our digital businesses. Looking ahead, we continue to see sizeable potential to grow outside of our core European markets of Germany, the U.K. and Spain, and further capitalize on underpenetrated product category opportunities, particularly for *Calvin Klein*.



## REFOCUSING ON OUR BRANDS TO DELIVER OUR NEXT CHAPTER OF GROWTH

• Our North America business remained under the most pressure in 2020, with revenues down 43% as the near total loss of international tourism to the U.S. (approximately 40% of 2019 company store sales) represented the biggest headwind. We took critical measures to engage more effectively with the domestic consumer, while reducing our inventory commitments and clearing goods to end 2020 in a clean position. We also prioritized strengthening our product focus for future seasons to best cater to our consumer's needs, further leaning into our digital businesses (owned and third-party), while streamlining our brick-and-mortar footprint and driving cost efficiencies through workforce reductions and exiting certain underperforming businesses. We appointed Trish Donnelly, CEO, PVH Americas to address opportunities in our North America business and how best to manage the region's growth path moving forward.

We continue to take critical steps to enhance our brand positioning, products and experiences with a laser-focused vision to win with the consumer.

• Our *Calvin Klein* global brand health remained strong at over 85% aided brand awareness with strong growth across our social channels. We strengthened our global leadership team, announcing key hires across design, merchandising and marketing, which will enable the execution in product and marketing of the evolved brand vision. We leaned into casual and comfort products that are increasingly relevant with consumers today by growing market share in categories such as underwear, loungewear and denim. Our marketing campaigns continued to drive brand heat, create highly engaged conversations and introduce new key essentials. We brought campaigns to life through innovative virtual brand experiences to engage new and younger consumers, with a strategic focus on Europe and China. From our March 2020 Virtual Exhibit for *CK One* on Tmall, which delivered strong demand (+21% vs. last year) to strong sell-through rates in our program with Zalando in five key markets generating outsized demand and strong EBIT contribution to our global collaboration with *Kith* on a *Calvin Klein Underwear* capsule, approximately 75% of which sold out in four days.



• Our **TOMMY HILFIGER** global brand equity strengthened in 2020 to 78% global aided awareness, up 6%, as the brand celebrated its 35th anniversary. The milestone was marked with global editorial coverage and a brand activation on Tmall, which included a livestream session during which 1,200 hoodies were sold in two minutes. We announced key senior leadership appointments to connect further the brand experience to what consumers desire today. We drove product and digital innovation through immersive virtual shopping experiences and exclusive collaborations. Livestream shopping events generated strong sell-throughs in key categories. Our new collaboration platform, *Tommy's Drop Shop*, continues to release limited-edition styles in partnership with pop-culture, generating engagement and attracting new consumers. *Tommy.com* piloted a more personalized experience and virtual reality environments. **TOMMY HILFIGER** continues to evolve and advance its *Forward Fashion* agenda to build towards a more circular and inclusive fashion industry, launching its sustainability program *Make it Possible*.

• Our **Heritage Brands** business experienced the most significant pressure and was impacted in large part by softness in dress furnishings categories. We took definitive actions to refocus the business by selling our Speedo North America business in April 2020 and initiating the planned mid-2021 closure of our Heritage Brands retail business. We continue to streamline our brands and category focus, manage inventory levels and review additional ways to optimize the business and lower our cost base.

## “OUR LEADERSHIP TEAM IS FUELED BY INCREDIBLE **TALENT AND PASSION**”



## OUR CURRENT FOCUS – DRIVING AN ACCELERATED RECOVERY

Recognizing that the pandemic catalyzed shifts in consumer behavior, our primary focus is to position PVH as a more consumer- and digitally-minded organization, driving deeper connections with our consumers. Our leadership has proactively pivoted the business, driving an accelerated recovery with a focus on three strategic areas:

- **Prioritizing our distribution channel strategy to grow our digital penetration through our own websites and third party digital partners.**

- In 2020, we drove over 40% digital growth, including nearly 70% growth on our own sites, while demonstrating a significant increase in channel profitability.
- We enhanced the user experience, including navigation, assortments and offering more flexible payment options to better meet the needs of our consumers.
- We improved in-stock levels online to satisfy strong demand by optimizing inventories through expanded connected retail capabilities (*i.e.*, Zalando) and leveraging our in-store and warehouse inventories to fulfill online orders.
- We deepened our already-strong partnership with pure play digital commerce retailers, such as Tmall, Zalando and Amazon, including the addition of new live virtual events to capitalize on key selling periods.
- With strong new user growth, our most significant opportunity ahead is to drive continued conversion and interactivity, leveraging our data capabilities to further engage and personalize the shopping experience.



• **Improving our focus on driving product relevance across our brands and regions.**

- We have taken proactive measures to tighten and refocus assortments to get even closer to the consumer, as well as rationalizing unproductive styles to improve overall sell-through rates.
- Our journey to optimize and refocus our product development processes and lean further into our hero products like *Calvin Klein Modern Cotton* is a priority. Our efforts to date are driving initial results, generating higher average unit retail prices in many of our key products.
- As we seek to connect deeper with new and younger consumers through innovation and differentiation across our brands, we are bringing to life new capsule collections and partnerships, together with a greater sustainable product offering.
- We have a meaningful opportunity to further advance our supply chain capabilities and react swiftly as consumers' needs change, resulting in faster lead times that will benefit our overall margin structure.

• **Continue evaluating our cost structure in the context of our evolving revenue base.**

- We announced in July 2020 the planned exit of our Heritage Brands retail business by mid-2021 and a reduction of our North America office workforce by over 12%, and recently announced a streamlining of our workforce in certain international markets.
- We have taken actions to reduce our real estate footprint, including reductions in office space and select store closures around the world.
- Additionally, we see a notable opportunity to embrace new ways of working and optimize our processes by scaling our digital and data capabilities and driving decisions faster.
- As we realize the benefits from these strategic actions, we believe that we will enhance our overall profitability while allowing for some reinvestment in higher growth areas.







As we drive an accelerated recovery in 2021, our capital allocation will be focused on investing in our Calvin Klein and Tommy Hilfiger businesses in the areas that deliver the highest returns while reducing our gross leverage towards pre-pandemic levels.

## THE POWER OF PVH

I am proud of our teams' work across PVH for rising up and successfully overcoming the challenges encountered while navigating through this unprecedented pandemic. I also feel very good about how we took the opportunity to manage through this environment in a way that has moved us closer to where the consumer is going and, therefore, started to position us well to win in the "new normal" over the coming years.

As we continue to leverage the power of PVH, I am confident that together, we will drive brand relevance, cost efficiencies and deliver long term sustainable growth – and do it in a way that drives fashion forward for good.

We look forward to sharing our long-term plan for PVH's next chapter of growth with you later this year.

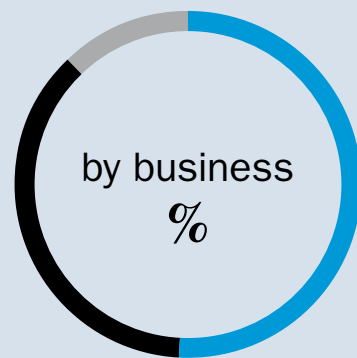
Sincerely,

A handwritten signature in black ink, appearing to read 'Stefan Larsson'.

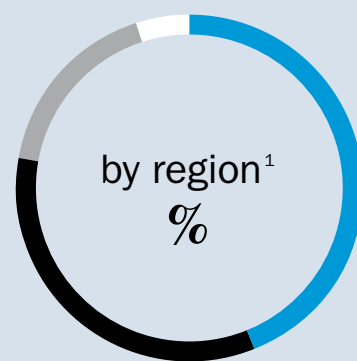
Stefan Larsson  
Chief Executive Officer

# BY THE NUMBERS

## 2020 REVENUES



- 51% Tommy Hilfiger
- 37% Calvin Klein
- 12% Heritage Brands

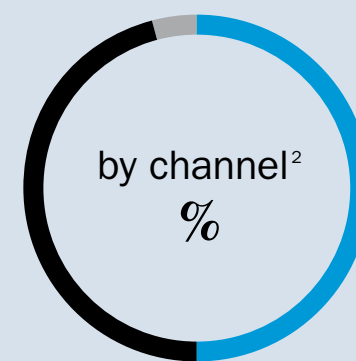
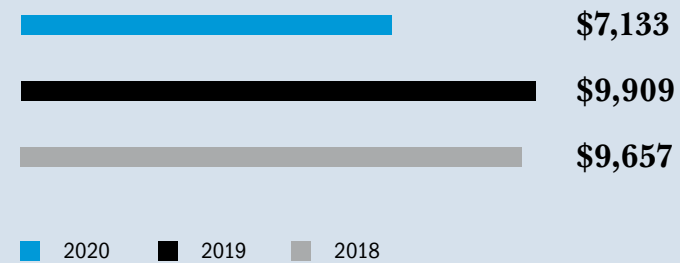


- 44% Europe
- 34% U.S.
- 17% Asia Pacific
- 5% Americas (excluding U.S.)

<sup>(1)</sup> Europe includes the Middle East and Africa; Asia Pacific includes Australia and New Zealand; Americas (excluding U.S.) includes Canada, Mexico, South America, Central America and the Caribbean

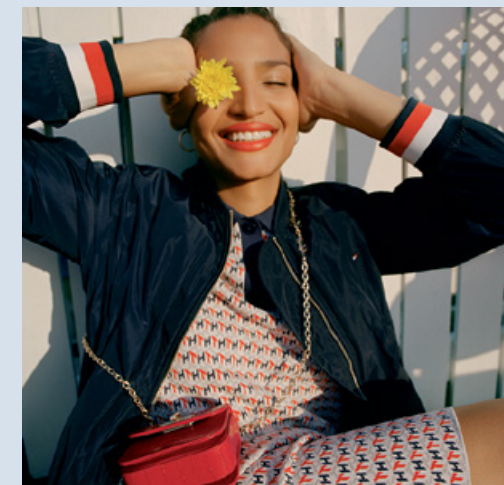
## REVENUES

(\$ in millions)



- 50% Wholesale
- 46% Retail
- 4% Licensing & Other

<sup>(2)</sup> Digital sales through our company's directly operated digital commerce businesses as well as sales to the digital businesses of the company's traditional and pure player wholesale customers reflected nearly 25% of revenues in 2020.



# Year in Review 2020 Highlights

ICONIC. INNOVATIVE. RESPONSIBLE. INCLUSIVE.

## ICONIC

- PVH marked its 100-year anniversary listed on the New York Stock Exchange, one of 28 companies and the only apparel company to do so
- The *TOMMY HILFIGER* brand celebrated its 35th anniversary
- Calvin Klein and Tommy Hilfiger evolved their brand direction with key hires across design, merchandising and marketing
- The *CK One* brand platform launched to amplify youth voices
- One Future, the first dedicated *CK One* brand campaign, drove a highly engaged conversation amongst global social communities
- Calvin Klein's Pride 2020 campaign, *#PROUDINMYCALVINS*, launched in over 20 markets, garnering strong sell-throughs and high social engagement
- *Calvin Klein Underwear* debuted a global collaboration with *Kith*, tapping into the power of the brand's millennial and Gen Z audience
- The *TOMMY JEANS Looney Tunes*® capsule achieved ~90% sell-through in Europe within the first 10 days on *tommy.com*
- *TOMMY JEANS X AAPE BY \*A BATHING APE*® Collection sold out within 30 minutes of launch in Japan
- *TOMMY HILFIGER* ranked #17 in the Vogue Business Index Top 50 Luxury Brands 2020 in the digital brands category



## INNOVATIVE

- Adapted fulfillment processes to meet exponential increase in e-commerce demand, leveraging both stores and DCs for fulfillment
- Partnered with Deloitte to publish a white paper *Innovating Amid Disruption – Insights into Deploying During a Pandemic* on industry-leading deployment of SAP S/4 Fashion
- What is believed to be the world's most powerful currently operational solar roof installed at PVH Europe's warehouse and logistics center in Venlo, the Netherlands
- Implemented innovative new ways of working and go-to-market processes, leveraging digital selling tools, digital shopping experiences, 3D design and development
  - Calvin Klein and TOMMY HILFIGER stores in Europe fulfilled select styles on Zalando
  - Up to 75% of Tommy Hilfiger appointments completed through a suite of digital selling tools
  - CK One x Tmall 3D Virtual Exhibition resulted in +21% sales growth versus previous year
- TOMMY HILFIGER Adaptive expanded to Europe, Japan and Australia and ranked #10 in *Fast Company's* Most Innovative Companies 2020 in the 'Style' category
- Van Heusen introduced STAIN SHIELD – a new technology that can be applied to fabrics that repel both water- and oil-based stains



## RESPONSIBLE

- Delivered more than six million units of PPE products and, through The PVH Foundation, donated over \$2 million toward COVID-19 relief efforts
- PVH worked to create and endorse the International Labour Organization's (ILO) Call to Action to protect garment workers during the pandemic and establish long-term sustainable systems of social protection
- We continue to make progress on reducing our Greenhouse Gas (GHG) emissions, seeing a 22% reduction in scope 1 & 2 (direct emissions and indirect emissions from purchased energy) from the prior year
- PVH continues to engage strategic fabric mills on scaling the adoption of the Apparel Impact Institute's Clean by Design program, partnering with expert service providers and factories to improve energy, water and chemical reduction. In 2020, two of our key factories in India completed seven Clean by Design projects, began an additional nine and developed plans to implement 17 more, all with the goal to decrease energy and water footprints
- With industry partners, particularly through Fashion for Good, PVH tested and explored adopting technologies and solutions to accelerate the development of circular products and sustainable materials, including new forms of material upcycling and reducing plastic polybags
- Driven by data gathered through the Higg Facility Environmental Module (Higg FEM), we've continued to engage with nearly 100% of in-scope factories to address challenges and ensure sustainable solutions are implemented to meet and exceed our environmental standards
- PVH expanded implementation of Gap Inc.'s Personal Advancement Career Enhancement (P.A.C.E.) program with the launch of first-ever community program, benefiting communities near Ethiopia's Hawassa Industrial Park



• **First 100%** recycled cotton denim style launched with *TOMMY JEANS*, far exceeding industry standard of 30%

• Tommy Hilfiger Summer Pre-Fall 20 collections used **more sustainable materials and processes**, increasing the number of more sustainable styles to **44%** vs. 27% in the Winter collection

• Calvin Klein **more than doubled** its use of its sustainable materials from the previous year

• Calvin Klein introduced "**The Eco Series**," featuring the brand's most iconic silhouettes reissued with sustainable attributes, including more sustainable cotton, recycled materials and natural dyes

• **CK One Recycle** program introduced the use of Repreve fabric, made from recycled plastic water bottles



## INCLUSIVE

- PVH expanded its partnership with the Council of Fashion Designers of America (CFDA) to produce the data-rich [State of Diversity, Equity & Inclusion in Fashion](#) report to facilitate next steps to foster a more representative and equitable industry
- PVH launched its global Be BRAAVE initiative, encouraging associates to Listen, Learn and Act to prevent racism, including a giving campaign with company match, resulting in a total donation of \$220K
- PVH, Calvin Klein and Tommy Hilfiger became founding signatories of the Black in Fashion Council Pledge to support advancement of Black individuals in fashion and beauty companies
- PVH expanded I&D team with appointment of Lance LaVergne to the newly created role of Chief Diversity Officer
- Tommy Hilfiger launched the *People's Place* Program, a platform that seeks to advance representation of black, indigenous and people of color (BIPOC) within the fashion and creative industries
- PVH joined UN Global Compact's Target Gender Equality initiative to advance gender parity across PVH, our branded businesses and our industry
- The Human Rights Campaign (HRC) honored PVH with the HRC Corporate Equality Award for supporting LGBTQ+ rights, and PVH received a score of 100% on the 2020 Corporate Equality Index (CEI)
- Calvin Klein and Tommy Hilfiger joined PVH in signing The Valuable 500 Pledge, continuing efforts in championing disability inclusion

# EVOLVING OUR BUSINESS

Marked **100-year anniversary** listed on the New York Stock Exchange, one of 28 companies and the only apparel company to do so

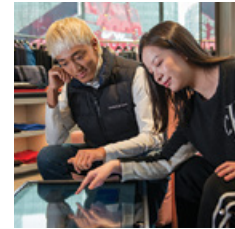


Closed on sale of North America Speedo business in April 2020

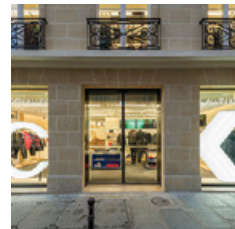
Digital penetration  
**24%**  
 Doubled vs. 2019  
 (as % of net sales)

## HERITAGE BRANDS

Announced Heritage Brands retail business exit in conjunction with streamlining our NA operations



Total digital growth **over 40%** and directly operated digital nearly **70% growth**



All regions experienced nearly **50% or more** in our directly operated digital growth

Successfully raised **~\$1 billion** in liquidity to provide an incremental cash cushion to support the business during the pandemic

Issued  
**€175 million**

**3 5/8%** senior notes due 2024 in April 2020

Secured  
**\$275 million**

**364-day** revolving credit facility in April 2020

Issued  
**\$500 million**

**4 5/8%** senior notes due 2025 in July 2020

## 2020 Year End

**\$1.7 billion**  
 Cash

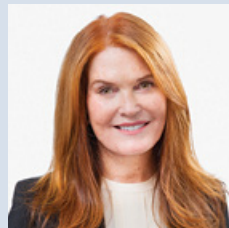
**12%**  
 Inventories down

**Over \$3.0 billion**  
 Total Liquidity

## LEADERSHIP



**Stefan Larsson**  
 officially appointed as CEO, PVH



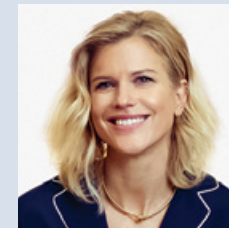
**Trish Donnelly**  
 joins in new role as CEO, PVH Americas



**Julie A. Fuller**  
 appointed as Chief People Officer, PVH



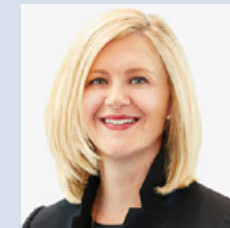
**Martijn Hagman**  
 named CEO, Tommy Hilfiger Global and PVH Europe



**Avery Baker**  
 appointed as President and Chief Brand Officer, Tommy Hilfiger



**George Cheeks**  
 President and CEO of the CBS Entertainment Group



**Allison Peterson**  
 Chief Customer Officer for Best Buy Co., Inc.

## BOARD

# STRENGTHENING OUR TEAM

## DIRECTORS, OFFICERS & BRAND MANAGEMENT

### DIRECTORS

**Emanuel Chirico**

Chairman, PVH Corp.; Director, Dick's Sporting Goods, Inc. and Conagra Brands, Inc.  
Director since 2005

**Stefan Larsson**

Chief Executive Officer, PVH Corp.;  
Director since 2021

**Mary Baglivo**<sup>1</sup>

Chief Executive Officer/The Baglivo Group, a brand strategy advisory consultancy; Former Vice Chancellor of Communications and Marketing, Rutgers University; Director, Host Hotels & Resorts, L.P. and Ruth's Hospitality Group, Inc.  
Director since 2007

**Brent Callinicos**<sup>1</sup>

Former Chief Operating and Chief Financial Officer, Virgin Hyperloop One, a privately held autonomous transportation company; Former Chief Financial Officer, Uber Technologies Inc., an on-demand car service company; Director, Baidu, Inc.  
Director since 2014

**George Cheeks**<sup>1</sup>

President and Chief Executive Officer, CBS Entertainment Group;  
Director since 2021

**Joseph B. Fuller**<sup>3</sup>

Professor of Management Practice in Business Administration, Harvard Business School; Visiting Fellow, American Enterprise Institute; Founder, Joseph Fuller, LLC, a business consulting firm.  
Director since 1991

**V. James Marino**<sup>2</sup>

Retired Chief Executive Officer, Alberto-Culver Company, a personal care products company;  
Director since 2007

**Geraldine (Penny) McIntyre**<sup>1</sup>

Former Chief Executive Officer of Sunrise Senior Living, LLC, a provider of senior living services.  
Director since 2015

**Amy McPherson**<sup>2,3</sup>

Principal investor and consultant to a children-focused media business; Retired President and Managing Director, Europe, Marriott International, Inc., a global lodging company. Director, Royal Caribbean Group  
Director since 2017

**Henry Nasella**<sup>3,4</sup>

Partner and Co-Founder, LNK Partners, a private equity investment firm.  
Director since 2003

**Allison Peterson**<sup>4</sup>

Chief Customer Officer, Best Buy Co., Inc.;  
Director since 2021

**Edward R. Rosenfeld**<sup>2</sup>

Chairman (Director) and Chief Executive Officer, Steven Madden, Ltd., a fashion footwear and accessories company.  
Director since 2014

**Craig Rydin**<sup>4</sup>

Operating Partner, LNK Partners, a private equity investment firm; Former Chairman of the Board of Directors, Yankee Holding Corp.; Former Non- Executive Chairman, The Yankee Candle Company, Inc.  
Director since 2006

**Amanda Sourry**<sup>3,4</sup>

Former President, Unilever North America, a personal care, foods, refreshment and home care consumer products company. Director, The Kroger Company  
Director since 2016

### OFFICERS

**Stefan Larsson**

Chief Executive Officer

**Michael A. Shaffer**

Executive Vice President and Chief Operating & Financial Officer

**Mark D. Fischer**

Executive Vice President, General Counsel and Secretary

**Julie A. Fuller**

Executive Vice President, Chief People Officer

**James W. Holmes**

Senior Vice President and Controller

**Dana M. Perlman**

Executive Vice President, Chief Strategy Officer and Treasurer

### REGIONAL & BRAND MANAGEMENT

**Tom Chu**

Regional President, PVH Asia Pacific

**Trish Donnelly**

Chief Executive Officer, PVH America

**Martijn Hagman**

Chief Executive Officer, Tommy Hilfiger Global and PVH Europe

**Avery Baker**

President & Chief Brand Officer, Tommy Hilfiger Global

**Cheryl Abel-Hodges**

Chief Executive Officer, Calvin Klein

**David Sirkin**

Group President, Heritage Brands

<sup>1</sup> Member, Corporate Responsibility Committee

<sup>2</sup> Member, Audit & Risk Management Committee

<sup>3</sup> Member, Nominating, Governance & Management Development Committee

<sup>4</sup> Member, Compensation Committee



## OTHER INFORMATION

### TRANSFER

Agent and Registrar  
Equiniti Trust Company  
P.O. Box 64854  
St. Paul, MN 55164-0854  
Telephone: 1-800-468-9716  
Website: [www.shareowneronline.com](http://www.shareowneronline.com)

As of March 11, 2021, there were 544 holders of record of the Company's common stock.

### STOCK EXCHANGE

The Company's common stock is listed on the New York Stock Exchange. The New York Stock Exchange symbol is PVH. Options on the Company's common stock are traded on the Chicago Board Options Exchange.

### MARKET DATA

We obtained the market and competitive position data used throughout this report from research, surveys or studies conducted by third parties (including, with respect to the brand rankings, the NPD Group/POS Tracking Service), information provided by customers, and industry or general publications. The U.S. department and chain store rankings to which we refer in this report are on a unit basis. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications and all other information are reliable, we have not independently verified such data and we do not make any representation as to the accuracy of such information.

### CODE OF ETHICS

The Company intends to post on its corporate website any amendments to, or waivers of, its Code of Ethics for the Chief Executive Officer and Senior Financial Officers that would otherwise be reportable on a current report on Form 8-K. Such disclosure would be posted within four days following the date of the amendment or waiver.

### FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" (as defined in the U.S. Private Securities Litigation Reform Act of 1995). Most forward-looking statements contain words that identify them as forward-looking, such as "may," "plan," "seek," "will," "expect," "intend," "estimate," "anticipate," "believe," "project," "opportunity," "target," "goal," "growing," and "continue" or other words that relate to future events, as opposed to past or current events. By their nature, forward-looking statements are not statements of historical facts and involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These statements give PVH's current expectation of future events or its future performance and do not relate directly to historical or current performance. As such, PVH's future results may vary from any expectations or goals expressed in, or implied by, the forward-looking statements included in this report, possibly to a material degree.

PVH cannot assure you that the assumptions made in preparing any of the forward-looking statements will prove accurate or that any long-term financial goals will be realized. All forward-looking statements included in this report speak only as of the date made and PVH undertakes no obligation to update or revise publicly any such forward-looking statements.

PVH cautions you not to place undue weight on forward-looking statements pertaining to potential growth opportunities and long-term financial goals. Actual results may vary significantly from these statements.

### CORPORATE RESPONSIBILITY

We publish a report regarding our corporate responsibility program. The report is available at [www.pvh.com/responsibility](http://www.pvh.com/responsibility). Questions regarding our CR program may be directed to [cr@PVH.com](mailto:cr@PVH.com).

### CORPORATE WEBSITE

[www.PVH.com](http://www.PVH.com)

### ASSOCIATES

The Company had approximately 33,000 associates as of January 31, 2021.

### TRADEMARKS

References in this Report to the brand names *Calvin Klein*, *Calvin Klein Jeans*, *Calvin Klein Underwear*, *TOMMY HILFIGER*, *TOMMY JEANS*, *Van Heusen* and to other brand names in this report are to trademarks owned by us or licensed to us by third parties and are identified by italicizing the brand.

### 2021 ANNUAL MEETING

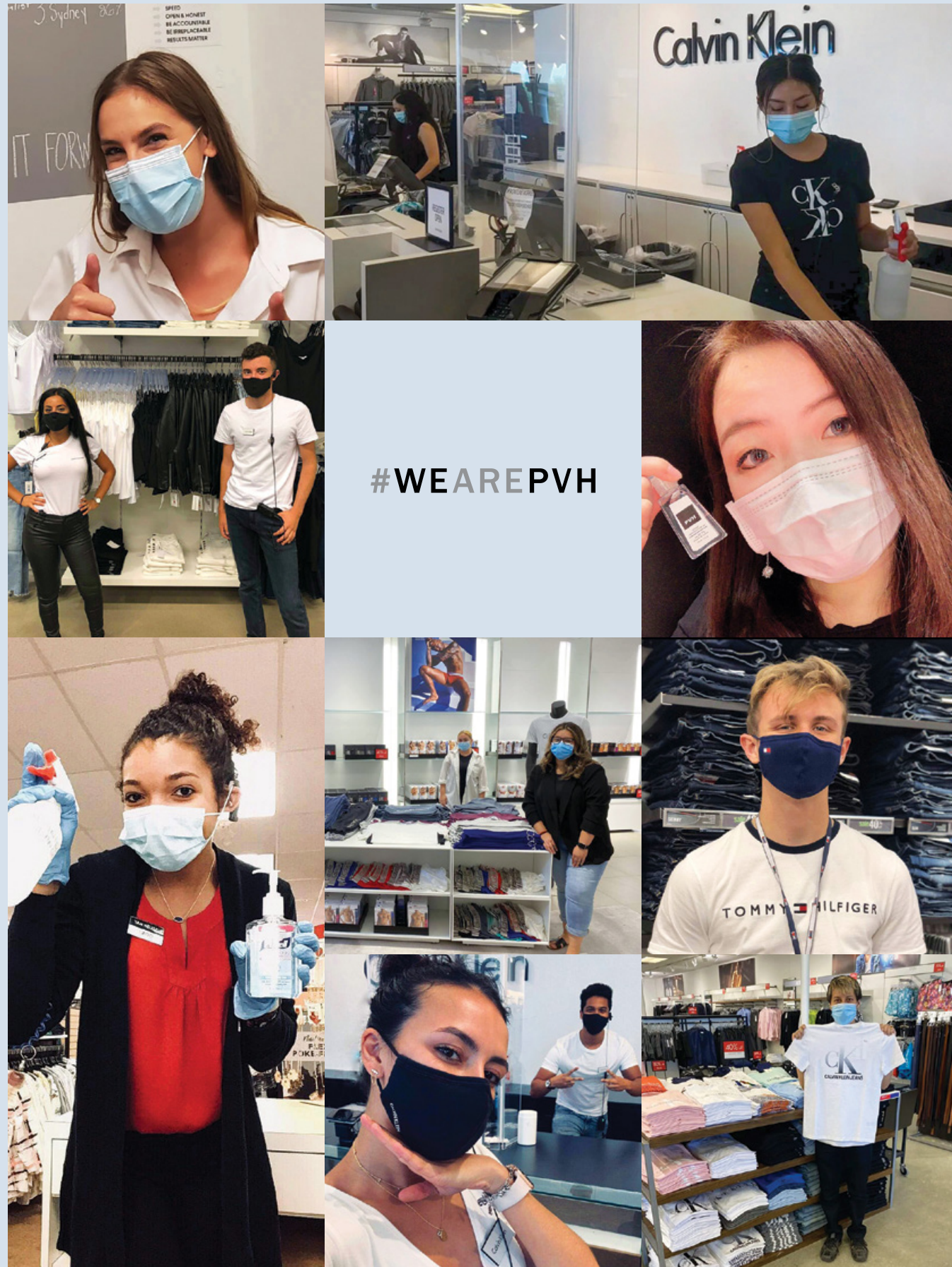
As a result of the COVID-19 pandemic, our Annual Meeting will be a "virtual meeting;" it will be conducted exclusively online via live webcast. We will provide in our proxy materials information regarding how to join the meeting.

### SEC REPORTS

**The Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments thereto are available free of charge on the Company's corporate website.** Requests for copies of such reports can be made on the Company's corporate website or can be directed to the attention of the Chief Strategy Officer and Treasurer at the Company's principal office:

**PVH Corp.**  
200 Madison Avenue  
New York, NY 10016-3903  
(212) 381-3500





#WEAREPVH



ANNUAL REPORT ON **FORM 10-K**



## DOCUMENTS INCORPORATED BY REFERENCE

Document	Location in Form 10-K in which incorporated
Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on June 17, 2021	Part III

**SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:** Forward-looking statements in this Annual Report on Form 10-K including, without limitation, statements relating to our future revenue, earnings and cash flows, plans, strategies, objectives, expectations and intentions are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not be anticipated, including, without limitation, (i) our plans, strategies, objectives, expectations and intentions are subject to change at any time at our discretion; (ii) our ability to realize the anticipated benefits and savings from restructuring and similar plans, such as the North America office workforce reduction and the planned exit from the Heritage Brands Retail business announced in July 2020; (iii) we may be considered to be highly leveraged and we use a significant portion of our cash flows to service our indebtedness, as a result of which we might not have sufficient funds to operate our businesses in the manner we intend or have operated in the past; (iv) the levels of sales of our apparel, footwear and related products, both to our wholesale customers and in our retail stores and our directly operated digital commerce sites, the levels of sales of our licensees at wholesale and retail, and the extent of discounts and promotional pricing in which we and our licensees and other business partners are required to engage, all of which can be affected by weather conditions, changes in the economy, fuel prices, reductions in travel, fashion trends, consolidations, repositionings and bankruptcies in the retail industries, repositionings of brands by our licensors, consumer sentiment and other factors; (v) our ability to manage our growth and inventory; (vi) quota restrictions, the imposition of safeguard controls and the imposition of duties or tariffs on goods from the countries where we or our licensees produce goods under our trademarks, such as the increased tariffs imposed in 2019 and threatened increases in tariffs on goods imported into the U.S. from China and Vietnam, any of which, among other things, could limit the ability to produce products in cost-effective countries, or in countries that have the labor and technical expertise needed, or require us to absorb costs or try to pass costs onto consumers, which could materially impact our revenue and profitability; (vii) the availability and cost of raw materials; (viii) our ability to adjust timely to changes in trade regulations and the migration and development of manufacturers (which can affect where our products can best be produced); (ix) the regulation or prohibition of the transaction of business with specific individuals or entities and their affiliates or goods manufactured in certain regions, such as the listing of a person or entity as a Specially Designated National or Blocked Person by the U.S. Department of the Treasury's Office of Foreign Assets Control and the issuance of Withhold Release Orders by the U.S. Customs and Border Patrol; (x) changes in available factory and shipping capacity, wage and shipping cost escalation, civil conflict, war or terrorist acts, the threat of any of the foregoing, or political or labor instability in any of the countries where our or our licensees' or other business partners' products are sold, produced or are planned to be sold or produced; (xi) disease epidemics and health-related concerns, such as the current COVID-19 pandemic, which could result in (and, in the case of the COVID-19 pandemic, has resulted in some of the following) supply-chain disruptions due to closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in affected areas, closed stores, reduced consumer traffic and purchasing, as consumers become ill or limit or cease shopping in order to avoid exposure, or governments implement mandatory business closures, travel restrictions or the like to prevent the spread of disease, and market or other changes that could result (or, with respect to the COVID-19 pandemic, could continue to result) in noncash impairments of our goodwill and other intangible assets, operating lease right-of-use assets, and property, plant and equipment; (xii) acquisitions and divestitures and issues arising with acquisitions, divestitures and proposed transactions, including, without limitation, the ability to integrate an acquired entity or business into us with no substantial adverse effect on the acquired entity's, the acquired business's or our existing operations, employee relationships, vendor relationships, customer relationships or financial performance, and the ability to operate effectively and profitably our continuing businesses after the sale or other disposal of a subsidiary, business or the assets thereof; (xiii) the failure of our licensees to market successfully licensed products or to preserve the value of our brands, or their misuse of our brands; (xiv) significant fluctuations of the U.S. dollar against foreign currencies in which we transact significant levels of business; (xv) our retirement plan expenses recorded throughout the year are calculated using actuarial valuations that incorporate assumptions and estimates about financial market, economic and demographic conditions, and differences between estimated and actual results give rise to gains and losses, which can be significant, that are recorded immediately in earnings, generally in the fourth quarter of the year; (xvi) the impact of new and revised tax legislation and regulations; and (xvii) other risks and uncertainties indicated from time to time in our filings with the Securities and Exchange Commission.

We do not undertake any obligation to update publicly any forward-looking statement, including, without limitation, any estimate regarding revenue, earnings or cash flows, whether as a result of the receipt of new information, future events or otherwise.

**PVH Corp.**

**Form 10-K**

**For the Year Ended January 31, 2021**

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**PART I**

**Item 1. Business**

**Introduction**

Unless the context otherwise requires, the terms “we,” “our” or “us” refer to PVH Corp. and its subsidiaries.

Our fiscal years are based on the 52-53 week period ending on the Sunday closest to February 1 and are designated by the calendar year in which the fiscal year commences. References to a year are to our fiscal year, unless the context requires otherwise. Our 2020 year commenced on February 3, 2020 and ended on January 31, 2021; our 2019 year commenced on February 4, 2019 and ended on February 2, 2020; and our 2018 year commenced on February 5, 2018 and ended on February 3, 2019.

References to the brand names *TOMMY HILFIGER*, *HILFIGER COLLECTION*, *TOMMY HILFIGER TAILORED*, *TOMMY JEANS*, *Calvin Klein*, *CALVIN KLEIN 205 W39 NYC*, *CK Calvin Klein*, *Calvin Klein Jeans*, *Calvin Klein Underwear*, *Calvin Klein Performance*, *Van Heusen*, *IZOD*, *ARROW*, *Warner's*, *Olga*, *True&Co.*, *Geoffrey Beene* and to other brand names in this report are to registered and common law trademarks owned by us or licensed to us by third parties and are identified by italicizing the brand name.

We obtained the market and competitive position data used throughout this report from research, surveys or studies conducted by third parties (including, with respect to the brand rankings, the NPD Group/POS Tracking Service), information provided by customers, and industry or general publications. The United States department and chain store rankings to which we refer in this report are on a unit basis. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications and all other information are reliable, we have not independently verified such data and we do not make any representation as to the accuracy of such information.

**Company Information**

We were incorporated in the State of Delaware in 1976 as the successor to a business begun in 1881. Our principal executive offices are located at 200 Madison Avenue, New York, New York 10016; our telephone number is (212) 381-3500.

We make available at no cost, on our corporate website, PVH.com, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we have electronically filed such material with the Securities and Exchange Commission (“SEC”). All such filings are also available on the SEC’s website at sec.gov.

We also make available at no cost on PVH.com, the charters of the committees of the PVH Board of Directors, as well as our Corporate Governance Guidelines and Code of Business Conduct and Ethics.

**Company Overview**

We are one of the largest global apparel companies in the world. We have approximately 33,000 associates operating in more than 40 countries and generated \$7.1 billion and \$9.9 billion in revenues in 2020 and 2019, respectively. Our business was significantly negatively impacted by the COVID-19 pandemic during 2020, resulting in an unprecedented material decline in revenue.

We manage a diversified brand portfolio, including *TOMMY HILFIGER*, *Calvin Klein*, *Van Heusen*, *IZOD*, *ARROW*, *Warner's*, *Olga*, *True&Co.* and *Geoffrey Beene*, which are owned, as well as various other owned, licensed and, to a lesser extent, private label brands. We licensed *Speedo* for North America and the Caribbean until April 6, 2020, at which time we completed the sale of our Speedo North America business to Pentland Group PLC (“Pentland”), the parent company of the *Speedo* brand (the “Speedo transaction”). Upon the closing of the transaction, we deconsolidated the net assets of the Speedo North America business and no longer licensed the *Speedo* trademark. We refer to our owned and licensed trademarks, other than *TOMMY HILFIGER* and *Calvin Klein*, as our “heritage brands” and the businesses we operate under the heritage brands trademarks as our Heritage Brands business. The heritage brands trademarks and the Heritage Brands business included the *Speedo* trademark and the business we operated under it until the Speedo transaction closed.

We design and market branded sportswear (casual apparel), jeanswear, performance apparel, intimate apparel, underwear, swimwear, dress shirts, neckwear, handbags, accessories, footwear and other related products. Our brands are positioned to sell globally at various price points and in multiple channels of distribution. This enables us to offer products to a broad range of consumers, while minimizing competition among our brands and reducing our reliance on any one demographic group, product category, price point, distribution channel or region. We also license the use of our trademarks to third parties and joint ventures for product categories and in regions where we believe our licensees' expertise can better serve our brands.

Our directly operated businesses in North America during 2020 consisted principally of wholesale sales under our *TOMMY HILFIGER*, *Calvin Klein* and heritage brands trademarks; the operation of digital commerce sites under the *TOMMY HILFIGER* and *Calvin Klein* trademarks and, in the United States, the operation of digital commerce sites for the *Van Heusen*, *IZOD* and, until April 6, 2020, *Speedo* trademarks; and the operation of retail stores, principally in premium outlet centers, primarily under our *TOMMY HILFIGER*, *Calvin Klein* and certain of our heritage brands trademarks. We announced in July 2020 plans to streamline our North American operations to better align our business with the evolving retail landscape, including the exit from our Heritage Brands Retail business, which consisted of 162 directly operated stores in North America, by mid-2021. Approximately 40 of these stores had been closed by the end of 2020. Our directly operated businesses outside of North America consisted principally of our wholesale and retail sales in Europe and the Asia-Pacific region under our *TOMMY HILFIGER* trademarks; our wholesale and retail sales in Europe, the Asia-Pacific region and Latin America under our *Calvin Klein* trademarks; and the operation of digital commerce sites in Europe, the Asia-Pacific region and Latin America, under the *TOMMY HILFIGER* and *Calvin Klein* trademarks. Our licensing activities principally related to the licensing worldwide of our *TOMMY HILFIGER* and *Calvin Klein* trademarks for a broad array of product categories and for use in numerous discrete jurisdictions.

We have evolved from our 1881 roots to become a diversified global company through a combination of transformative acquisitions and by successfully growing our brands globally across all channels of distribution. Our key acquisitions include the acquisition of Calvin Klein, Inc. and certain affiliated companies ("Calvin Klein") in February 2003 (the "Calvin Klein acquisition"), the acquisition of Tommy Hilfiger B.V. and certain affiliated companies ("Tommy Hilfiger") in May 2010 (the "Tommy Hilfiger acquisition") and the acquisition of The Warnaco Group, Inc. and its subsidiaries ("Warnaco") in February 2013 (the "Warnaco acquisition"). We have also acquired several regional licensed businesses and will continue to explore strategic acquisitions of licensed businesses, trademarks and companies that we believe are additive to our overall business.

We completed a transaction in 2019 to terminate early the licenses for the global Calvin Klein and Tommy Hilfiger North America socks and hosiery businesses (the "Socks and Hosiery transaction") in order to consolidate the socks and hosiery businesses for all of our brands in the United States and Canada in a newly formed joint venture, PVH Legwear LLC ("PVH Legwear"), in which we own a 49% economic interest, and to bring in-house the international Calvin Klein socks and hosiery wholesale businesses. PVH Legwear was formed with a wholly owned subsidiary of our former heritage brands trademarks socks and hosiery licensee, and has licensed from us since December 2019 the rights to distribute and sell *TOMMY HILFIGER*, *Calvin Klein*, *IZOD*, *Van Heusen* and *Warner's* socks and hosiery in the United States and Canada.

We acquired the Tommy Hilfiger retail business in Central and Southeast Asia from our previous licensee in that market (the "TH CSAP acquisition") in July 2019 and now operate directly the Tommy Hilfiger retail business in the Central and Southeast Asia market.

We acquired the approximately 78% ownership interests in Gazal Corporation Limited ("Gazal") that we did not already own (the "Australia acquisition") in May 2019. Prior to the closing, we, along with Gazal, jointly owned and managed a joint venture, PVH Brands Australia Pty. Limited ("PVH Australia"), which licensed and operated businesses in Australia, New Zealand and other parts of Oceania under the *TOMMY HILFIGER*, *Calvin Klein* and *Van Heusen* brands, along with other owned and licensed brands. PVH Australia came under our full control as a result of the Australia acquisition and we now operate directly those businesses.

We entered into a licensing agreement in May 2019 with G-III Apparel Group, Ltd. ("G-III") for the design, production and wholesale distribution of *Calvin Klein Jeans* women's jeanswear collections in the United States and Canada (the "G-III license"), which resulted in the discontinuation of our directly operated Calvin Klein North America women's jeanswear wholesale business in 2019.

We aggregate our reportable segments for purposes of discussion in this Report into three main businesses: (i) Tommy Hilfiger, which consists of the Tommy Hilfiger North America and Tommy Hilfiger International segments; (ii) Calvin Klein,

which consists of the Calvin Klein North America and Calvin Klein International segments; and (iii) Heritage Brands, which consists of the Heritage Brands Wholesale and Heritage Brands Retail segments. Our Heritage Brands Retail segment will cease operations in mid-2021 following the closure of the last of its directly operated stores. Note 20, "Segment Data," in the Notes to Consolidated Financial Statements included in Item 8 of this report contains information with respect to revenue, income before interest and taxes, assets, depreciation and amortization, and capital expenditures related to each segment, as well as information regarding our revenue generated by distribution channel and based on geographic location, and the geographic locations where our net property, plant and equipment is held.

We generated revenue of \$7.1 billion and \$9.9 billion in 2020 and 2019, respectively. Over 60% of our revenue in 2020 and over 50% of our revenue in 2019 was generated outside of the United States. Our global designer lifestyle brands, *TOMMY HILFIGER* and *Calvin Klein*, together generated over 85% of our revenue during 2020 and 2019. Our business was significantly negatively impacted by the COVID-19 pandemic during 2020, resulting in an unprecedented material decline in revenue, and we expect the pandemic will continue to have a significant impact on our business into 2021. Please see our Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this report for further discussion.

### Tommy Hilfiger Business Overview

We believe *TOMMY HILFIGER* is one of the world's leading designer lifestyle brands and a pioneer of classic, American cool style that inspires the modern American spirit. Global retail sales of products sold under the *TOMMY HILFIGER* brands, including sales by our licensees, were approximately \$6.9 billion and \$9.2 billion in 2020 and 2019, respectively. The decline in global retail sales in 2020 was due primarily to the significant adverse impacts of the COVID-19 pandemic on our business and the businesses of our licensees. Our Tommy Hilfiger business markets its products under several brands in order to fully capitalize on its global appeal, as each brand varies in terms of price point, product offerings, demographic target or distribution.

The *TOMMY HILFIGER* brands consist of *HILFIGER COLLECTION*, *TOMMY HILFIGER TAILORED*, *TOMMY HILFIGER* and *TOMMY JEANS*. Products are sold globally in our stores, through our wholesale partners (in stores and online), through pure play digital commerce retailers and on *tommy.com*, and principally consist of men's, women's and children's sportswear, denim, underwear, swimwear, footwear and accessories. In addition, we license the *TOMMY HILFIGER* brands to third parties for a broad range of lifestyle products, including fragrance, eyewear, watches and home furnishings, as well as for certain territories.

Tommy Hilfiger's global marketing and communications strategy is to build a consumer-centric, go-to-market strategy that maintains the brand's momentum, driving awareness, consistency and relevancy across product lines and regions. We engage consumers through comprehensive 360° marketing campaigns, which have a particular focus on innovative experiences and digital marketing initiatives. Marketing campaigns for the brand are focused on attracting a new generation of consumers worldwide through a blend of global and regional brand ambassadors. Tommy Hilfiger spent approximately \$175 million and \$210 million on global marketing and communications efforts in 2020 and 2019, respectively, with a significant portion related to digital media spend. We reduced our marketing and other discretionary spend in 2020 in response to the impacts of the COVID-19 pandemic on our business.

Through our Tommy Hilfiger North America and Tommy Hilfiger International segments, we sell *TOMMY HILFIGER* products in a variety of distribution channels, including:

- Wholesale — principally consists of the distribution and sale of products in North America, Europe and the Asia-Pacific region under the *TOMMY HILFIGER* brands. In North America, distribution is primarily through department stores, warehouse clubs, and off-price and independent retailers, as well as digital commerce sites operated by the department store customers and pure play digital commerce retailers. In Europe and the Asia-Pacific region, distribution is through department and specialty stores, and digital commerce sites operated by department store customers and pure play digital commerce retailers, as well as through distributors and franchisees.
- Retail — principally consists of the distribution and sale of products under the *TOMMY HILFIGER* brands in our stores in North America, Europe and the Asia-Pacific region, as well as on the *tommy.com* sites we operate in these regions. Our stores in North America are primarily located in premium outlet centers. In Europe and the Asia-Pacific region, we operate full-price and outlet stores, as well as concession locations.

- Licensing — we license the *TOMMY HILFIGER* brands to third parties globally for a broad range of products through approximately 25 license agreements. We provide support to our licensees and seek to preserve the integrity of our brands by taking an active role in the design, quality control, advertising, marketing and distribution of each licensed product, most of which are subject to our prior approval and continuing oversight. The arrangements generally are exclusive to a territory or product category. Territorial licensees include our joint ventures in Brazil, India and Mexico.

Tommy Hilfiger's key licensees, and the products and territories licensed, include:

Licensee	Product Category and Territory
American Sportswear S.A.	Men's, women's and children's apparel, footwear and accessories (Central America, South America (excluding Brazil) and the Caribbean)
F&T Apparel LLC & KHQ Investment LLC	Children's apparel, underwear and sleepwear and boy's tailored clothing (United States and Canada)
G-III Apparel Group, Ltd. / G-III Apparel Canada ULC	Men's and women's outerwear, luggage, women's apparel, dresses, suits and swimwear (excluding intimates, sleepwear, loungewear, hats, scarves, gloves and footwear) and men's and women's activewear that also bear trademarks associated with the National Football League, Major League Baseball, the National Basketball Association, the National Hockey League, Major League Soccer or their member teams (United States and Canada)
Handsome Corporation	Men's, women's and children's apparel, sportswear, socks and accessories and men's and women's outerwear (South Korea)
MBF Holdings LLC	Men's and women's footwear (United States and Canada)
Movado Group, Inc. / Swissam Products, Ltd.	Men's and women's watches and jewelry (worldwide, excluding Japan (except certain customers))
Peerless Clothing International, Inc.	Men's tailored clothing (United States and Canada)
Safilo Group S.p.A.	Men's, women's and children's eyeglasses and non-ophthalmic sunglasses (worldwide, excluding India)

Our Tommy Hilfiger North America segment includes the results of our Tommy Hilfiger wholesale, retail and licensing activities in the United States, Canada and Mexico, and our proportionate share of the net income or loss of our investments in our joint venture in Mexico and in PVH Legwear, in each case to the extent relating to the joint venture's Tommy Hilfiger businesses. Our Tommy Hilfiger International segment includes the results of our Tommy Hilfiger wholesale, retail and licensing activities outside of North America, and our proportionate share of the net income or loss of our investments in our joint ventures in Brazil and India to the extent relating to the joint ventures' Tommy Hilfiger businesses.

#### Calvin Klein Business Overview

*Calvin Klein* is a global fashion lifestyle brand with bold, progressive ideals and a sensual aesthetic. Global retail sales of products sold under the *Calvin Klein* brands, including sales by our licensees, were approximately \$6.2 billion and \$9.4 billion in 2020 and 2019, respectively. The decline in global retail sales in 2020 was primarily due to the significant adverse impacts of the COVID-19 pandemic on our business and the businesses of our licensees. The *Calvin Klein* brands provide us with the opportunity to market a range of products both domestically and internationally at various price points, through multiple distribution channels and to different consumer groups. Our brand strategy provides a focused, consistent approach to global growth and development intended to preserve the brand's prestige and image.

The *Calvin Klein* brands consist of *CK Calvin Klein*, *Calvin Klein*, *Calvin Klein Jeans*, *Calvin Klein Underwear* and *Calvin Klein Performance*. Products are sold globally in our stores, through our wholesale partners (in stores and online), through pure play digital commerce retailers and on *calvinklein.com*, and principally consist of men's and women's sportswear, jeanswear, underwear, swimwear, footwear and accessories. The *Calvin Klein* brands also are licensed for a broad range of lifestyle products, including fragrance, women's apparel, footwear, eyewear, watches and jewelry in various countries and regions, as well as for certain territories.

Approximately \$230 million and \$365 million was spent globally in 2020 and 2019, respectively, in connection with the advertising, marketing and promotion of the *Calvin Klein* brands, with a significant portion related to digital media spend. Approximately 30% and 40% of these expenses in 2020 and 2019, respectively, were funded by Calvin Klein's licensees and other authorized users of the brands. We reduced our marketing and other discretionary spend in 2020 in response to the impacts of the COVID-19 pandemic on our business. Calvin Klein's global marketing and communications strategy is to bring together all facets of the consumer marketing experience. The *Calvin Klein* brands continue to generate compelling brand and cultural relevancy by continually evolving and driving consumer engagement. Marketing campaigns for the brand are focused on a truly digital first, socially powered experience for consumers, through the use of global and regional brand ambassadors, capsule collections and experiential events.

Through our Calvin Klein North America and Calvin Klein International segments, we sell *Calvin Klein* products in a variety of distribution channels, including:

- Wholesale — principally consists of the distribution and sale of products in North America, Europe, the Asia-Pacific region and Brazil under the *Calvin Klein* brands. In North America, distribution is primarily through warehouse clubs, department and specialty stores, and off-price and independent retailers, as well as digital commerce sites operated by department store customers and pure play digital commerce retailers. In Europe, the Asia-Pacific region and Brazil, distribution is through department and specialty stores, and digital commerce sites operated by department store customers and pure play digital commerce retailers, as well as through distributors and franchisees.
- Retail — principally consists of the distribution and sale of products under the *Calvin Klein* brands in our stores in North America, Europe, the Asia-Pacific region and Brazil, as well as on the *calvinklein.com* sites we operate in these regions. Our stores in North America are primarily located in premium outlet centers. In Europe, the Asia-Pacific region and Brazil, we operate full-price and outlet stores, as well as concession locations.
- Licensing — we license the *Calvin Klein* brands throughout the world in connection with a broad array of product categories. In these arrangements, Calvin Klein combines its design, marketing and branding skills with the specific manufacturing, distribution and geographic capabilities of its partners to develop, market and distribute these goods, most of which are subject to our prior approval and continuing oversight. Calvin Klein has approximately 40 licensing and other arrangements across the *Calvin Klein* brands. The arrangements generally are exclusive to a territory or product category. Territorial licensees include our joint ventures in India and Mexico.

Calvin Klein's key licensees, and the products and territories licensed, include:

Licensee	Product Category and Territory
CK21 Holdings Pte. Ltd.	Men's and women's <i>CK Calvin Klein</i> apparel (Asia, excluding Japan)
CK Watch & Jewelry Co., Ltd. (Swatch SA)	Men's and women's watches and jewelry (worldwide) *
Coty Inc.	Men's and women's fragrance (worldwide)
Himatsingka Seide, Ltd.	Soft home bed and bath furnishings (United States, Canada, Mexico, Europe, Middle East, Asia and India)
G-III	Women's coats, suits, dresses, sportswear, jeanswear, active performancewear, handbags and small leather goods, men's coats, men's and women's luggage and men's and women's swimwear (United States and Canada with luggage jurisdictions including Europe, Asia and elsewhere)
MBF Holdings LLC (effective January 1, 2021; formerly licensed to Jimlar Corporation)	Men's and women's <i>Calvin Klein</i> and <i>Calvin Klein Jeans</i> footwear (United States and Canada)
Marchon Eyewear, Inc.	Men's and women's optical frames and sunglasses (worldwide)
Peerless Clothing International, Inc.	Men's tailored clothing (United States, Canada and Mexico)

\*Licenses will transition to a new licensee effective in 2022.



Our Calvin Klein North America segment includes the results of our Calvin Klein wholesale, retail and licensing activities in the United States, Canada and Mexico, and our proportionate share of the net income or loss of our investments in our joint venture in Mexico and in PVH Legwear, in each case to the extent relating to the joint venture's Calvin Klein businesses. Our Calvin Klein International segment includes the results of our Calvin Klein wholesale, retail and licensing activities outside of North America, and our proportionate share of the net income or loss of our investment in our joint venture in India relating to the joint venture's Calvin Klein business.

#### Heritage Brands Business Overview

Our Heritage Brands business designs, sources and markets a varied selection of dress shirts, neckwear, sportswear, intimate apparel, underwear and related apparel and accessories, and licenses certain of our heritage brands trademarks for an assortment of products. We design, source and market substantially all of these products on a brand-by-brand basis, targeting distinct consumer demographics and lifestyles in an effort to minimize competition among our brands. Global retail sales of products sold under our owned and licensed heritage brands trademarks, including sales by our licensees, were approximately \$1.8 billion and \$3.3 billion in 2020 and 2019, respectively. The decline in global retail sales in 2020 was primarily due to the significant adverse impacts of the COVID-19 pandemic on our business and the businesses of our licensees.

Through our Heritage Brands Wholesale and Heritage Brands Retail segments, we sell products in a variety of distribution channels, including:

**Wholesale** — We principally distribute our Heritage Brands products at wholesale in the United States and Canada through department, chain and specialty stores, warehouse clubs, mass market and off-price retailers (in stores and online), as well as through pure play digital commerce retailers. Products sold through this channel principally consist of:

- Men's dress shirts and neckwear under brands including *Van Heusen*, *IZOD*, *ARROW* and *Geoffrey Beene*, as well as certain other owned and licensed brands, and to a lesser extent, private label brands. We believe our product offerings collectively represent a sizeable portion of the domestic dress furnishings market.
- Men's sportswear, including tops, bottoms and outerwear, principally under the *Van Heusen*, *IZOD* and *ARROW* brands. *IZOD* and *Van Heusen* were the first and second best-selling national brand men's woven sport shirts, respectively, in United States department and chain stores in 2020.
- Women's intimate apparel under the *Warner's*, *Olga* and *True&Co.* brands. *Warner's* was the fifth best-selling brand for bras and panties in United States department and chain stores in 2020.

**Retail** — We also market products directly to consumers through our Heritage Brands stores, primarily located in outlet centers throughout the United States and Canada. We announced in July 2020 a plan to exit our Heritage Brands Retail business, which will result in the closing of these stores by mid-2021. Approximately 40 of the 162 Heritage Brands Retail stores had been closed by the end of 2020. We also sell our products in the United States through our directly operated digital commerce sites for *Van Heusen* and *IZOD*.

**Licensing** — We license our *Van Heusen*, *IZOD*, *ARROW*, *Geoffrey Beene*, *Warner's* and *Olga* brands globally for a broad range of products through approximately 70 license agreements. We provide support to our licensees and seek to preserve the integrity of our brands by taking an active role in the design, quality control, advertising, marketing and distribution of each licensed product, most of which are subject to our prior approval and continuing oversight. The arrangements generally are exclusive to a territory or product category. Territorial licenses include our joint venture in Mexico.

Our Heritage Brands licensees, and the products and territories licensed by them, include:

Licensee	Product Category and Territory
Arvind Fashions Limited	<i>ARROW</i> men's and women's dresswear, sportswear and accessories (India, Middle East, Nepal and Sri Lanka)
Basic Resources, Inc.	<i>Van Heusen</i> and <i>IZOD</i> men's and boys' knit and woven underwear (United States and Canada)
Five Star Blue, LLC	<i>IZOD</i> men's denim, twill pants and shorts (United States)
F&T Apparel LLC	<i>Van Heusen</i> and <i>ARROW</i> boys' dress furnishings and sportswear; <i>IZOD</i> boys' sportswear; <i>IZOD</i> and <i>ARROW</i> boys' and girls' school uniforms (United States)
I.C.C. International Public Company Limited	<i>ARROW</i> men's dress furnishings, tailored clothing, sportswear and accessories; <i>ARROW</i> women's dresswear and sportswear (Thailand, Myanmar, Cambodia and Vietnam)
Peerless Clothing International, Inc.	<i>Van Heusen</i> and <i>IZOD</i> men's tailored clothing (United States, Canada and Mexico); <i>Geoffrey Beene</i> men's tailored clothing (United States and Canada)
Eastman Dress Group Inc. (through certain affiliates)	<i>IZOD</i> men's, women's and children's footwear (United States, Canada and Mexico); <i>Van Heusen</i> men's and boys' footwear (United States and Canada)

Our Heritage Brands Wholesale segment includes the results of our Heritage Brands wholesale and licensing activities, the results of our directly operated digital commerce sites, and our proportionate share of the net income or loss of our investments in our joint venture in Mexico and in PVH Legwear, in each case to the extent relating to the joint venture's business under our heritage brands trademarks. Our Heritage Brands Retail segment includes the results of our stores operated under one or more of our heritage brands trademarks.

#### Our Business Strategy

As we emerge from the global pandemic, we are focused on driving an accelerated recovery and delivering long-term sustainable growth through the following strategic priorities:

- Winning with the consumer by gaining a deeper understanding of their choices and positioning our brands to best capture the heart of the core consumer.
- Driving the success of our product by focusing on key categories, including casual essentials and athleisure, and developing strong hero product that the consumer desires, connecting the products to where the consumer is shopping, and strengthening our commitment to sustainability and circularity. We will be rationalizing unproductive styles and evolving our supply chain to adapt more quickly to change, including reducing lead times and improving inventory to better match the consumer demand.
- Optimizing and maximizing our distribution in growing channels where the consumer is shopping, including further driving our digital commerce growth and penetration, while optimizing our brick and mortar presence, both in our stores and the stores of our wholesale partners around the world.
- Leveraging and building upon our historical strength in marketing to drive brand heat, consumer engagement and conversion, and expand the consumer base and loyalty with a focus on the biggest growth markets.
- Driving operating efficiencies through right sizing and aligning the cost structure to our strategic priorities and better leveraging our global functions to become faster, leaner and simpler.

- Powering brands that drive fashion forward – for good – and infuse sustainability, inclusion and diversity in everything we do.
- Developing a talented and skilled workforce that embodies our core values and an entrepreneurial spirit, while empowering our associates to design their future.

We believe our long-term strategic priorities focus on driving brand relevance, will deliver sustainable, profitable growth, and generate free cash flow to create long-term value.

#### **Other Strategic Opportunities**

We believe we have an attractive and diverse portfolio of brands with growth potential. However, we continue to further optimize our non-core brands and businesses, particularly in our Heritage Brands business. We also continue to explore strategic acquisitions of companies or trademarks and licensing opportunities that we believe are additive to our overall business, including product category or platform capability expertise and brand positioning and design perspective needs. We take a disciplined approach to acquisitions, seeking brands with broad consumer recognition that we can grow profitably and expand by leveraging our infrastructure and core competencies.

#### **Seasonality**

Our business generally follows a seasonal pattern. Our wholesale businesses tend to generate higher levels of sales in the first and third quarters, while our retail businesses tend to generate higher levels of sales in the fourth quarter. Royalty, advertising and other revenue tends to be earned somewhat evenly throughout the year, although the third quarter has the highest level of royalty revenue due to higher sales by licensees in advance of the holiday selling season. The COVID-19 pandemic has disrupted these historical patterns, however. We otherwise expect this seasonal pattern will generally continue. Working capital requirements vary throughout the year to support these seasonal patterns and business trends.

#### **Design**

Our business depends on our ability to appeal and respond to consumer tastes and demands, as well as on our ability to remain competitive in the areas of quality and delivering a compelling price value proposition where the consumer is shopping.

Our in-house design teams are significant contributors to the continued strength of our brands. Each of our branded businesses employs its own teams of designers and merchandisers that develop products representing its brands' aesthetics, while also being mindful of consumers' tastes, lifestyle needs and current fashion trends. To reflect consumer variances in each of our regional markets, the businesses tailor their products and offerings to appeal to local tastes, fit differences or other preferences, while maintaining the cohesive creative vision for each brand. Our teams have expanded their use of 3D design technology to enhance our design capabilities, which has been accelerated by the COVID-19 pandemic, reducing the need for samples early in the design process and the time needed to bring products to market, and 3D showrooms to enhance the experience of our vendors, while being cost and time efficient.

#### **Product Sourcing**

We have an extensive established network of worldwide sourcing partners that enables us to meet our customers' needs in an efficient manner without relying on any one vendor or factory or on vendors or factories in any one country. Our products were produced in approximately 1,200 factories in over 40 countries during 2020. All but one of these factories were operated by independent manufacturers, with most being located in Asia.

We source finished products and, to a limited extent, raw materials and trim. Raw materials and trim include fabric, buttons, thread, labels and similar components. Finished products consist of manufactured and fully assembled products ready for shipment to our customers and our stores. Raw material, trim, and finished product commitments are generally made two to six months prior to production. We believe we are one of the largest users of shirting fabric in the world. We believe that an ample number of alternative suppliers exist should we need to secure additional or replacement production capacity and raw materials.

Our purchases from our suppliers are effected through individual purchase orders specifying the price, quantity, delivery date and destination of the items to be produced. Sales are monitored regularly at both the retail and wholesale levels and modifications in production can be made either to increase or reduce inventories. We look to establish long-term supplier relationships in the appropriate locations throughout the world to meet our needs and we place our orders in a manner designed to limit the risk that a production disruption at any one facility could cause a serious inventory problem, while seeking to maximize the pricing opportunities. The COVID-19 pandemic has had impacts throughout our supply chain, including temporary closures of supplier factories, as well as factories operating at reduced capacity. We continue to monitor for any potential delays or disruptions in our supply chain and will implement mitigation plans if needed.

The manufacturers of our products are required to meet our quality, human rights, safety, environmental and cost requirements. Our global supply chain teams, offices and buying agents enable us to monitor the quality of the goods manufactured by, and the delivery performance of, our suppliers and work with our global compliance teams to ensure the enforcement of our human rights and labor standards and other code of conduct requirements through our ongoing extensive training, approval and monitoring system. They also monitor and track the primary cost inputs to the finished product to ensure that we pay the most appropriate cost for our finished goods.

We continue to explore new areas of production that can grow with our businesses. Our country of origin strategy provides a flexible approach to product sourcing, which enables us to maximize regional opportunities and mitigate our potential exposure to risks associated with new duties, tariffs, surcharges, or other import controls or restrictions. While China remains an important sourcing country for us, we have been reducing the amount of production we do in the country over time in favor of production in other parts of Asia and in Africa that better serve our sourcing strategy. Many of these efforts have been with our existing partners, but in facilities and countries that offer us production or cost advantages over those in China. Another example of our efforts to evolve our supply chain is PVH Arvind Manufacturing Private Limited Company ("PVH Ethiopia"), a joint venture that we formed with Arvind Limited ("Arvind"). PVH Ethiopia began producing finished products in Ethiopia during 2017. The goods produced are primarily distributed in the United States through our Heritage Brands business.

We also continue to develop strategies that can enhance the operational efficiency of our supply chain and unlock gross margin opportunities. We have incorporated 3D technology to enhance our design capabilities, which reduce our lead times, improve our planning abilities and eliminate the need for early samples in the design process. Speed is another critical focus area across the Company. We have implemented various speed models, core replenishment and read and react capabilities for select categories to enhance our operations and make our business model more dynamic and responsive, while also increasing service levels, reducing inventory exposure and improving quality and consumer value. We believe the enhancement of our supply chain efficiencies and working capital management through the effective use of our distribution network and overall infrastructure will allow us to control costs better and provide improved service to our customers.

#### **Corporate Responsibility**

As an industry leader and one of the largest branded apparel companies in the world, we recognize that we have a responsibility to address our social and environmental impacts. Corporate responsibility has always played a critical role within our broader business strategy. We are steadfast in our commitment to drive fashion forward – for good – by finding innovative and responsible solutions to protect our planet, cultivating an environment of inclusion, diversity and equity, and improving the lives of women and children where we live and work.

*Forward Fashion* is our strategy to transform how clothes are made and (re)used, and the actions we are taking to move our business and the fashion industry toward a more innovative and responsible future. We are committed to the goals outlined in our *Forward Fashion* strategy and are taking action in a number of ways, including joining key pledges, industry groups and stakeholder initiatives that align with our strategy. *Forward Fashion* has three focus areas that guide our activities and drive impact across our business:

- Reduce negative impacts — Our ambition is for our products and business operations to generate zero waste, zero carbon emissions and zero hazardous chemicals. This means protecting our environment by reducing energy use and powering our business through renewable sources, diverting the waste we send to landfills, eliminating water pollution from our wet processors, and fostering and harnessing innovation to design and manufacture products that eliminate product waste.
- Increase positive impacts — Our ambition is for 100% of our products and packaging to be ethically and sustainably sourced from suppliers who respect human rights and are good employers.

- Improve lives across our value chain — Our ambition is to improve the lives of the over one million people across our value chain, focusing on education and opportunities for women and children, ensuring access to clean water, investing in health and education initiatives, and continuing to champion inclusion and diversity.

Our businesses are an integral part of our *Forward Fashion* strategy and are equally committed to delivering against our corporate responsibility priorities.

We issue an annual report on our corporate responsibility efforts that can be found on our corporate website.

#### Warehousing, Distribution and Logistics

Our products are shipped from manufacturers to our wholesale and retail warehousing and distribution centers for inspection, sorting, packing and shipment. Centers range in size and our main facilities, some of which are operated by independent third parties, are located in the United States, the Netherlands, Canada, China, Japan, South Korea, Brazil and Australia. Our warehousing and distribution centers are designed to provide responsive service to our customers and our retail stores on a cost-effective basis.

#### Material Customers

Our largest customers account for significant portions of our revenue. Sales to our five largest customers were 16.3% of our revenue in 2020, 18.4% of our revenue in 2019 and 18.9% of our revenue in 2018. No single customer accounted for more than 10% of our revenue in 2020, 2019 or 2018.

#### Advertising and Promotion

Our marketing programs are an integral component of our brands' relevance and success of the products offered under them. We build each of our brands to be a leader in its respective market segment, with strong consumer awareness, relevance and consumer loyalty. We design and market our products to complement each other, satisfy lifestyle needs, emphasize product features important to our target consumers, including sustainability attributes, deliver a strong price/value proposition and encourage consumer loyalty.

Our marketing and advertising efforts encompass marketing, communications, social media and special events. Our in-house teams coordinate our brands' marketing and advertising, building personalized relationships and tailoring the overall consumer experience for all regions and product lines, and across all channels of distribution. We believe that this enhanced marketing approach enables us to meet our consumers' needs as we adapt to their rapidly changing demands.

A significant emphasis of our marketing programs is digital media, including our digital commerce platforms and social media channels, which allow us to expand our consumer reach and enable us to provide timely information in an entertaining fashion in regard to our products, special events, promotions and store locations. Tommy Hilfiger's digital commerce site, *tommy.com*, and Calvin Klein's digital commerce site, *calvinklein.com*, serve as marketing vehicles to complement the ongoing development of the *TOMMY HILFIGER* and *Calvin Klein* lifestyle brands, respectively, in addition to offering a broad array of apparel and licensed products. We also operate our Heritage Brands digital commerce sites in the United States for *Van Heusen* and *IZOD*. In 2020, a significant portion of our marketing and advertising spend related to digital media.

We leverage new ways to engage consumers through livestreaming fashion shows and other consumer activations and in partnership with top live-streamers and pure play partners. In addition, we advertise our brands through sport sponsorships and product tie-ins. We believe that our use of high-profile brand ambassadors and well-known social media influencers helps drive our brand awareness and cultural relevance. We have focused on better aligning regional needs with regional and local ambassadors and influencers to best cater to local market needs and unique activations. Additionally, the marketing and communications team coordinates personal appearances by Mr. Tommy Hilfiger, including at brand events, as part of its efforts.

We also advertise through select print media (including fashion, entertainment/human interest, business, men's, women's and sports magazines, and newspapers), on television, through outdoor signage and through in-store point of sale materials, as well as participate in cooperative advertising programs with our retail partners. With respect to our retail outlet stores, the majority of which are located in premium outlet centers in the United States and Canada, we generally rely upon

local outlet mall developers to promote traffic for their centers. Outlet center developers employ multiple formats, including signage, print advertising, direct marketing, radio and television advertising, and special promotions.

#### Trademarks

We own the *TOMMY HILFIGER*, *Calvin Klein*, *Van Heusen*, *IZOD*, *ARROW*, *Warner's*, *Olga*, *True&Co.* and *Geoffrey Beene* brands, as well as related trademarks (e.g., the interlocking "IZ" logo for *IZOD* and the *TOMMY HILFIGER* flag logo and crest design) and lesser-known names. These trademarks are registered for use in each of the primary countries where our products are sold and additional applications for registration of these and other trademarks are made in jurisdictions to accommodate new marks, uses in additional trademark classes or additional categories of goods or expansion into new countries.

Mr. Tommy Hilfiger is prohibited in perpetuity from using, or authorizing others to use, the *TOMMY HILFIGER* marks (except for the use by Mr. Hilfiger of his name personally and in connection with certain specified activities). In addition, we are prohibited in perpetuity from selling products not ordinarily sold under the names of prestige designer businesses or prestige global lifestyle brands without Mr. Hilfiger's consent, from engaging in new lines of business materially different from such types of lines of business without Mr. Hilfiger's consent, or from disparaging or intentionally tarnishing the *TOMMY HILFIGER*-related marks or Mr. Hilfiger's personal name.

We own the *Calvin Klein* marks and derivative marks in all trademark classes and for all product categories through our ownership of Calvin Klein Trademark Trust ("the Trust"), which is the sole and exclusive title owner of substantially all registrations of the *Calvin Klein* trademarks. The sole purpose of the Trust is to hold these marks. Calvin Klein maintains and protects the marks on behalf of the Trust. The Trust licenses the use of the trademarks to two of our subsidiaries on an exclusive, irrevocable, perpetual and royalty-free basis.

Mr. Calvin Klein retains the right to use his name, on a non-competitive basis, with respect to his right of publicity, unless those rights are already being used in our Calvin Klein business. Mr. Klein has also been granted a royalty-free worldwide right to use the *Calvin Klein* mark with respect to certain personal businesses and activities, subject to certain limitations designed to protect the image and prestige of the *Calvin Klein* brands and to avoid competitive conflicts.

Our trademarks are the subject of registrations and pending applications throughout the world for use on a variety of apparel, footwear and related products, as well as licensed product categories, and we continue to expand our worldwide usage and registration of new and related trademarks. In general, trademarks remain valid and enforceable as long as the marks continue to be used in connection with the products and services with which they are identified and, as to registered tradenames, the required registration renewals are filed. In markets where products bearing any of our brands are not sold by us or any of our licensees or other authorized users, our rights to the use of trademarks may not be clearly established.

Our trademarks and other intellectual property rights are valuable assets and we vigorously seek to protect them on a worldwide basis against infringement. We are susceptible to others imitating our products and infringing on our intellectual property rights. This is especially the case with respect to the *TOMMY HILFIGER* and *Calvin Klein* brands, as these brands enjoy significant worldwide consumer recognition and the generally higher pricing of products sold under them (as compared to goods sold under our heritage brands trademarks) provides significant opportunity and incentive for counterfeiters and infringers. We have broad, proactive enforcement programs that we believe have been generally effective in controlling the sale of counterfeit products in our key markets.

#### Competition

The apparel industry is competitive as a result of its fashion orientation, mix of large and small producers, low barriers to entry, the flow of domestic and imported merchandise and the wide diversity of retailing methods. We compete with numerous domestic and foreign designers, brand owners, manufacturers and retailers of apparel, accessories and footwear, including, in certain circumstances, the private label brands of our wholesale customers. Additionally, with the shift in consumer shopping preferences driving growth in the digital channel, there are more companies in the apparel sector and an increased level of transparency in pricing and product comparisons, which impacts purchasing decisions. As well, as consumers are increasingly focused on circularity with respect to apparel, companies that enable consumers to rent or purchase pre-owned apparel also impact purchasing decisions.

We believe we are well-positioned to compete in the apparel industry on the basis of style, quality, price and service. Our business depends on our ability to stimulate consumer tastes and demand, as well as on our ability to remain competitive in

these areas. Our diversified portfolio of brands and products and our use of multiple channels of distribution have allowed us to develop a business that produces results that are not dependent on any one demographic group, merchandise preference, distribution channel or region. We have developed a portfolio of brands that appeals to a broad spectrum of consumers. Our brands generally have long histories and enjoy high recognition and awareness within their respective consumer segments. The worldwide recognition of the *TOMMY HILFINGER* and *Calvin Klein* brands provides us with significant global opportunities to expand their global penetration in existing markets, into new markets and into additional product categories.

#### Imports and Import Restrictions

Most of our products are imported into the countries where they are sold. These products are subject to various customs laws, which may impose tariffs, as well as quota restrictions. In addition, each of the countries in which our products are sold has laws and regulations covering imports. The United States and other countries in which we sell our products may impose, from time to time, new duties, tariffs, surcharges, or other import controls or restrictions, including the imposition of a "safeguard quota," or adjust presently prevailing duty or tariff rates or levels. We, therefore, maintain a program of intensive monitoring of import restrictions and developments. We seek to minimize, where possible, our potential exposure to import related risks through, among other measures, adjustments in product design and fabrication, shifts of production among countries, including consideration of countries with tariff preference and free trade agreements, and manufacturers, and geographical diversification of our sources of supply. In some instances, production of a specific product category, component parts or raw materials may be highly concentrated in one country.

The United States and China are involved in a trade dispute that saw the imposition in 2019 of significant additional tariffs on the products we sell that are imported into the United States from China. These tariffs remain in place. Additionally, other governmental actions can have an impact on our ability to import goods. Please see our risk factor "*We primarily use foreign suppliers for our products and raw materials, which poses risks to our business operations*" in Item 1A, "Risk Factors," for further discussion.

#### Government Regulations

Our business is subject to various United States federal state, and local and foreign laws and regulations, including environmental, health and safety laws and regulations. In addition, we may incur liability under environmental statutes and regulations with respect to the contamination of sites that we own or operate or previously owned or operated (including contamination caused by prior owners and operators of such sites and neighboring properties, or other persons) and the off-site disposal of hazardous materials. We believe our operations are in compliance with the terms of all applicable laws and regulations and our compliance with these laws and regulations has not had, and is not expected to have, a material effect on our capital expenditures, cash flows, earnings or competitive position.

#### Human Capital Resources

We believe that attracting, developing and retaining diverse talent is critical to our long-term success. To facilitate talent attraction and retention, we strive to create a strong associate experience and a diverse and inclusive workplace, with opportunities for our associates to grow and develop in their careers, supported by competitive compensation, benefits and health and wellness programs, and by programs that build connections between our associates and their communities.

The PVH Board of Directors and its committees provide oversight on human capital matters. The Nominating, Governance & Management Development Committee is charged, in part, with monitoring issues of corporate conduct and culture, and provides oversight of diversity, equity and inclusion policies and programs as it relates to our management development, talent assessment and succession planning programs and processes. Our Corporate Responsibility Committee through its charter is responsible for monitoring policies and performance related to corporate responsibility, including social, employment, environmental and other matters.

#### Associate Information

As of January 31, 2021, we employed approximately 33,000 associates globally, of which approximately 13,000 associates were employed on a part-time basis. Approximately 45% of our associates are employed in the United States. Globally, approximately 66% of our associates are employed in Company-operated retail stores, 27% are assigned to offices and 7% are employed in warehousing and distribution facilities. Our use of seasonal workers is not significant and is largely associated with the Christmas and Lunar New Year selling periods. Approximately 2% of our total associate population is represented for the purpose of collective bargaining by four different unions in the United States. Our collective bargaining agreements generally are for three-year terms. In some international markets, a significant percentage of associates are covered by governmental labor arrangements. Additionally, we have one or more works councils in several European countries. Works councils are organizations that represent workers in respect to certain actions management seeks to take that could have a broad effect on the workers. We believe that our relations with our associates are good.

#### Inclusion and Diversity

Our culture is grounded in our values. We seek to cultivate an environment of inclusion, belonging and equity for all to build a better workplace, drive innovation in the marketplace and create positive impacts in our communities.

We believe we benefit from the unique strengths that each of our associates brings to the workplace, and that a diverse workforce is critical to our long-term success. We strive to improve continuously and make PVH an inclusive work environment through diversity recruitment, development programs, and equitable policies and initiatives. One example is our business resource groups, which are associate-initiated and associate-led groups that foster an inclusive culture and are intended to contribute to the overall success of the business. These groups, which are dedicated to bringing associates together to increase professional and social networks, enhance career development and business acumen, and contribute to building a more inclusive work environment, are supported by our global and regional Inclusion and Diversity ("I&D") Councils and include: (i) UPWARD – Uniting Professional Women Advancing Relationships & Development – for our female associates; (ii) WERK – Well-Connected, Equality, Resourcefulness and Knowledge – for our LGBTQIA+ associates; (iii) BRAAVE – Building Resources for African American Voices and Empowerment – for our Black and BIPOC associates; and (iv) Working Parents – for our associates who are parents.

In 2020, we hired a Chief Diversity Officer to lead the development and implementation of an integrated global I&D strategy and work to enhance our ability to attract, develop, retain and promote diverse talent. The diversity of the Board of Directors continues to be a focus of the Board refreshment program. The five directors who have joined the Board since 2015 include four women and a director who self-identifies as Black and LGBTQIA+. These directors bring with them strong operating and industry experiences, as well as contributing important and diverse perspectives that helps better mirror the overall make-up of our associate and consumer populations.

Our I&D efforts have been recognized over the years, including being named to Forbes Best Employers for Diversity and America's Best Employers for Women List in 2020, and as one of America's 100 Most JUST Companies by Forbes magazine and JUST Capital in 2021. We also received a score of 100% on the Human Rights Campaign's Corporate Equality Index in 2021, for the fifth year in a row.

#### Talent Management and Development

Our talent management and development processes support associate performance and development, talent reviews and succession planning. We regularly review succession plans and conduct assessments to identify talent needs and growth paths for our associates.

Developing our associates is a key strategic priority for us, with the focus on developing leaders and preparing the workforce for the future. PVH University, our global internal learning and development program, provides tools and learning opportunities that empower associates to build core competencies and develop skills necessary for improvement and advancement through engaging and impactful learning content. PVH University programs include, among other things, academies for leadership and a Leaders as Teachers program in which our associates instruct on topics in their area of expertise. The PVH University library and curriculum includes its digital academy to build enterprise digital and data literacy, as well as to support digital transformation initiatives. Additionally, our approach to performance and development is designed to motivate our associates to develop, leverage our associate's strengths and support a coaching and feedback culture, while supporting our talent and succession planning efforts.

Compensation, Benefits and Wellness

We are committed to providing market competitive compensation and benefits, tailoring our offerings to the countries and regions where our associates work to best position our programs locally while recognizing differing levels and types of government-provided benefits. These benefits include, among other things, a corporate wellness program, retirement plan benefits, flexible working arrangements, an employee assistance program, paid parental leave, recognition programs (for exemplary work, work anniversaries, etc.) and an associate discount program. We also are committed to achieving pay equity and have developed consistent guidelines and practices on compensation. In addition, we have established through The PVH Foundation, our philanthropic organization, a Company- and associate-funded Associate Relief Fund that provides grants to eligible associates experiencing personal hardship due to natural disasters, personal calamities and other events.

The health and safety of our associates is of utmost importance to us. In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our associates, as well as the communities in which we operate. This included implementing measures to support high safety standards in our retail stores, offices and distribution centers, including temporary closures, remote working, reduced occupancy levels, social-distancing, sanitation measures and the distribution of re-usable three-layer cloth masks. In addition, the vast majority of our office-based associates continue to work remotely.

Associate and Community Engagement

We believe it is critical that our associates are informed and engaged. We communicate frequently with our associates through a variety of methods, including our news app, PVH Insider, which reaches associates around the world; our intranet site, the Thread; town hall meetings on regional, business-wide and global bases; and associate surveys.

Local community engagement activities exist in all major office locations. Our global philanthropic efforts are led by The PVH Foundation, a nonprofit corporation which supports global, national, and local nonprofits in communities where our associates work and live. PVH's matching gift program allows our associates to have their philanthropic donations to qualifying organizations matched by The PVH Foundation to increase their impact. Associates are also offered paid time off each year to volunteer with organizations of their choice.

We encourage you to read our annual Corporate Responsibility Report on our PVH.com corporate website for more detailed information regarding our environmental, social and corporate governance programs and initiatives. Our website, our Corporate Responsibility Report and portions thereof are not incorporated by reference into this Annual Report.

**Executive Officers of the Registrant**

The following table sets forth the name, age and position of each of our executive officers:

Name	Age	Position
Stefan Larsson	46	Chief Executive Officer
Michael A. Shaffer	58	Executive Vice President and Chief Operating & Financial Officer
Martijn Hagman	46	Chief Executive Officer, Tommy Hilfiger Global and PVH Europe
Patricia Donnelly	54	Chief Executive Officer, PVH Americas
Mark D. Fischer	59	Executive Vice President, General Counsel & Secretary
Julie Fuller	47	Executive Vice President, Chief People Officer

Mr. Larsson joined us as President in 2019 and became Chief Executive Officer effective February 1, 2021. From 2015 until 2017, Mr. Larsson was President and Chief Executive Officer of Ralph Lauren Corporation. From 2012 until 2015, he was the Global President of Old Navy, Inc., a division of The Gap, Inc.

Mr. Shaffer has been employed by us since 1990. He served as Senior Vice President, Retail Operations immediately prior to being named Executive Vice President, Finance in 2005, Executive Vice President and Chief Financial Officer in 2006, and Executive Vice President and Chief Operating & Financial Officer in 2012.

Mr. Hagman has been employed by us (including his employment within our Tommy Hilfiger organization prior to the Tommy Hilfiger acquisition) since 2008. He was named Chief Financial Officer, PVH Europe in 2013, Chief Operating & Financial Officer, PVH Europe in 2017, and Chief Executive Officer, Tommy Hilfiger Global and PVH Europe in 2020.

Ms. Donnelly joined us as Chief Executive Officer, PVH Americas on February 16, 2021. Ms. Donnelly was Chief Executive Officer, Urban Outfitters Group, a division of Urban Outfitters, Inc., from 2016 until January 2021, having served previously as North America Brand President of the division upon joining Urban Outfitters, Inc. in 2014.

Mr. Fischer joined us as Vice President, General Counsel & Secretary in 1999. He became Senior Vice President in 2007 and Executive Vice President in 2013.

Ms. Fuller, Executive Vice President, Chief People Officer since January 1, 2021, joined us as Executive Vice President, Chief Human Resources Officer In Transition in September 2020. From 2017 until 2020, Ms. Fuller was Vice President, Global Talent and Organizational Effectiveness of Nike, Inc., having served previously as Nike, Inc.'s Vice President, Human Resources North America from 2015 until 2017.

**Item 1A. Risk Factors**

The following risk factors should be read in conjunction with the other information set forth in this Annual Report on Form 10-K when evaluating our business and the forward-looking statements contained within this report. The occurrence of one or more of the circumstances or events described below could have a material adverse effect on our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may occur or become material and also may adversely affect our business, financial condition or results of operations.

**Business and Operational Risks**

***The COVID-19 pandemic has had, and is expected to continue to have, a significant adverse impact on us.***

The COVID-19 pandemic has had, and is expected to continue to have, a significant impact on our business, results of operations, financial position and cash flows from operations. The extent of the impact of the pandemic on our business, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments, including the duration, severity and locations of any resurgence of infections, the imposition or loosening of restrictions on store operations or travel, the availability and effectiveness of the vaccines, and other factors, none of which can be predicted with certainty.

Virtually all of our retail stores were temporarily closed for varying periods of time throughout the first quarter and into the second quarter of 2020 due to governmental orders and concern for the health and safety of our associates, consumers and communities; the stores operated by our wholesale customers and franchisees were similarly affected. Broad shutdowns under government orders, particularly in Europe and Canada, were put in place during the last quarter of 2020 and continuing into 2021, affecting us, our wholesale customers and our franchisees. Approximately 50% of our European stores remain closed to date. In places where stores are open, they generally are operating on reduced hours and at reduced occupancy levels and remain subject to closure due to health protocols or more limited governmental orders. The impact of the pandemic on some of our brick and mortar wholesale customers has resulted in them closing some of their stores, and several of our wholesale customers in North America have filed for bankruptcy. The pandemic has also impacted our supply chain partners, including third-party manufacturers, logistics providers and other vendors, as well as the supply chains of our wholesale customers, franchisees and licensees.

Consumers also are being affected, resulting in additional adverse impacts on us. Consumers have been unable to purchase our products due to illness or are unwilling to shop in stores out of fear of exposure. Store closures, reduced store hours and occupancy levels, travel restrictions and concerns about the health risks in traveling adversely affect traffic in our stores and our wholesale customers' and franchisees' stores. Consumer spending is also being negatively impacted by job losses and reduced incomes, changing needs due to remote working, reduced in-person social interaction, vacation time spent at home and other factors. This is exemplified by the impact on our dress furnishings business, as not going to the office means fewer men are wearing dress shirts and ties. All these factors have and are expected to continue to negatively impact our direct sales to consumers and our sales to our wholesale customers, due to lower sales of our products, and those of our licensees, through their sales channels.

If sales, which are more difficult to plan due to the uncertainties surrounding the pandemic, exceed or do not meet expectations, we may experience a shortage of product required to meet demand or excess inventory levels. Inventory levels in excess of consumer demand may result in inventory write-downs and the sale of excess inventory at discounted prices, which could have a material adverse effect on the reputation of our brands and our profitability.

Any or all of the foregoing could have a material and adverse impact on our results of operations, financial condition and cash flows from operations, as well as placing limitations on our ability to execute on our business strategies and initiatives.

***A significant portion of our revenue and gross profit is derived from a small number of large wholesale customers and the loss of any of these customers or significant financial difficulties in their businesses could substantially reduce our revenue.***

A small number of our customers account for significant portions of our revenue. Sales to our five largest customers were 16.3%, 18.4% and 18.9% of our revenue in 2020, 2019 and 2018, respectively. No single customer accounted for more than 10% of our revenue in 2020, 2019 or 2018.

We do not have long-term agreements with any of our customers and purchases generally occur on an order-by-order basis. A decision by any of our major customers, whether motivated by marketing strategy, competitive conditions, financial difficulties or otherwise, to decrease significantly the amount of merchandise purchased from us or our licensing or other partners, or to change their manner of doing business with us or our licensing or other partners, could reduce substantially our revenue and materially adversely affect our profitability.

Traditional brick and mortar retailers have experienced, and continue to experience, significant business disruptions as a result of the COVID-19 pandemic, including temporary store closures and reduced traffic and consumer spending trends. Several of our customers in North America filed for bankruptcy since the onset of the pandemic, including J.C. Penney Corporation, Inc., which was one of our ten largest customers in 2019.

The retail industry's recent history has seen a great deal of consolidation, particularly in the United States, and other ownership changes, as well as store closing programs, restructurings, reorganizations and management changes, and we expect such changes to be ongoing, particularly as consumers continue to transition away from traditional brick and mortar retailers to digital commerce. In the future, retailers also may reposition their stores' target markets or marketing strategies. Any of these types of actions could result in a further decrease in the number of stores to which we can sell, to which we want to sell or which want to carry our products. Additionally, stores may purchase a smaller amount of our products and reduce the retail floor space designated for our brands. These changes could decrease our opportunities in the market, increase our reliance on a smaller number of customers or decrease our negotiating strength with our customers. These factors could have a material adverse effect on our financial condition and results of operations.

***We may not be able to continue to develop and grow our Tommy Hilfiger and Calvin Klein businesses.***

A significant portion of our business strategy involves growing our Tommy Hilfiger and Calvin Klein businesses. Our achievement of revenue and profitability growth from Tommy Hilfiger and Calvin Klein will depend largely upon our ability to:

- continue to maintain and enhance the distinctive brand identities of the *TOMMY HILFIGER* and *Calvin Klein* brands;
- continue to maintain good working relationships with Tommy Hilfiger's and Calvin Klein's licensees;
- continue to enter into new, or renew or extend existing, licensing agreements for the *TOMMY HILFIGER* and *Calvin Klein* brands; and
- continue to strengthen and expand the Tommy Hilfiger and Calvin Klein businesses.

We cannot assure you that we can execute successfully any of these actions or our growth strategy for these businesses, nor can we assure you that the launch of any additional product lines or businesses by us or our licensees or that the continued offering of these lines will achieve the degree of consistent success necessary to generate profits or positive cash flow. Our ability to carry out our growth strategy successfully may be affected by, among other things, our ability to enhance our relationships with existing customers to obtain additional selling space or add additional product lines, our ability to develop new relationships with retailers, economic and competitive conditions, changes in consumer spending patterns and

changes in consumer tastes and style trends. If we fail to continue to develop and grow the Tommy Hilfiger or Calvin Klein business, our financial condition and results of operations may be materially adversely affected.

***The success of our Tommy Hilfiger and Calvin Klein businesses depends on the value of our "TOMMY HILFIGER" and "Calvin Klein" brands and, if the value of either of those brands were to diminish, our business could be adversely affected.***

Our success depends on our brands and their value. The *TOMMY HILFIGER* name is integral to the existing Tommy Hilfiger business, as well as to our strategies for continuing to grow and expand the business. Mr. Hilfiger, who remains active in the business, is closely identified with the *TOMMY HILFIGER* brand and any negative perception with respect to Mr. Hilfiger could adversely affect the *TOMMY HILFIGER* brands. In addition, under Mr. Hilfiger's employment agreement, if his employment is terminated for any reason, his agreement not to compete with the Tommy Hilfiger business will expire two years after such termination. Although Mr. Hilfiger could not use any *TOMMY HILFIGER* trademark in connection with a competitive business, his association with a competitive business could adversely affect the Tommy Hilfiger business. We also have exposure with respect to the *Calvin Klein* brands, which are integral to the existing Calvin Klein business and could be adversely affected if Mr. Klein's public image or reputation were to be tarnished. In addition, brand value could diminish significantly due to a number of other factors, including changing consumer attitudes regarding social issues and consumer perception that we have acted in an irresponsible manner. Negative claims or publicity regarding the *TOMMY HILFIGER* or *Calvin Klein* brands or products, including licensed products, especially through social media, which accelerates and increases the potential scope of negative publicity, could adversely affect the reputation of the brands and sales even if the subject of such publicity is unverified or inaccurate and we seek to correct it.

***Our business is heavily dependent on the ability and desire of consumers to travel and shop.***

Reduced consumer traffic and purchasing, whether in our own retail stores or in the stores of our wholesale customers, could have a material adverse effect on our financial condition, results of operations and cash flows. Reductions could result from economic conditions, fuel shortages, increased fuel prices, travel restrictions, travel concerns and other circumstances, including adverse weather conditions, natural disasters, war, terrorist attacks or the perceived threat of war or terrorist attacks. Disease epidemics and other health-related concerns, such as the current COVID-19 pandemic, also could result in (and, in the case of the COVID-19 pandemic, has resulted in) closed stores, reduced consumer traffic and purchasing, as consumers become ill or limit or cease shopping in order to avoid exposure, or governments impose mandatory business closures, travel restrictions or the like to prevent the spread of disease. Additionally, political or civil unrests and demonstrations also could affect consumer traffic and purchasing, as was the case with the protests in Hong Kong SAR in 2019.

Our U.S. retail store operations are a material contributor to our revenue and earnings. The majority of our United States retail stores are located away from major residential centers or near vacation destinations, making travel a critical factor in their success. These retail businesses historically also have had a significant portion of their revenue and earnings attributable to sales to international tourists and, as such, have been significantly negatively affected by the lack of international tourism into the United States in 2020 as a result of the COVID-19 pandemic. In addition to the factors discussed above, international tourism to the United States could be reduced, as could the extent to which international tourists shop at our retail stores, during times of a strengthening United States dollar, particularly the euro, the Brazilian real, the Canadian dollar, the Mexican peso, the Korean won and the Chinese yuan renminbi. A reduction in international tourist traffic or spending therefore could have a material adverse effect on our financial condition and results of operations.

Other factors that could affect the success of our stores include:

- the location of the store or mall, including the location of a particular store within the mall;
- the other tenants occupying space at the mall;
- increased competition in areas where the stores are located;
- the amount of advertising and promotional dollars spent on attracting consumers to the store or mall;
- the changing patterns of consumer shopping behavior;
- increased competition from online retailers; and
- the diversion of sales from our retail stores to our digital commerce sites.

***Our inability to effectively execute our digital commerce strategy could materially adversely affect the reputation of our brands and our revenue and our operating results may be harmed.***

Our digital commerce revenue has historically been a relatively small portion of our total revenue, but digital commerce is the fastest growing area of our business both with respect to our direct-to-consumer businesses and the wholesale business (*i.e.*, sales to pure play and digital commerce businesses of traditional retailers). The success of our digital commerce businesses depends, in part, on third parties and factors over which we have limited control, including changing consumer preferences and buying trends relating to digital commerce usage and promotional or other advertising initiatives employed by our wholesale customers or other third parties on their digital commerce sites. Any failure on our part, or on the part of our third party digital partners, to provide digital commerce platforms that attract consumers, build our brands and result in repeat consumer purchases could result in diminished brand image, relevance and loyalty and lost revenue. Additionally, as consumers shift purchasing preferences to online channels, the failure to attract to our digital commerce channels consumers who previously made purchases in our stores and those operated by our wholesale partners and franchisees, will adversely affect our financial condition and results of operations.

Our operation of digital commerce sites pose risks and uncertainties including:

- changes in required technology interfaces;
- website downtime and other technical failures;
- costs and technical issues from website software upgrades;
- data and system security;
- computer viruses; and
- changes in applicable laws and regulations.

Keeping current with technology, competitive trends and the like may increase our costs and may not succeed in increasing sales or attracting consumers. Our failure to respond successfully to these risks and uncertainties might adversely affect the reputation of our brands and our revenue and results of operations.

The success of our digital commerce businesses depends, in part, on consumer satisfaction, including timely receipt of orders. Fulfillment of these orders requires different logistics operations than for our retail store and wholesale customer operations. We need adequate capacity, systems and operations to support the anticipated growth in our digital commerce businesses. If we encounter difficulties with our distribution facilities or in our relationships with the third parties who operate the facilities, or if any such facilities were to shut down or be limited in capacity for any reason, including as a result of fire, natural disasters, systems disruptions (including as a result of attacks on computer systems, such as ransomware attacks), or labor interruptions, including as a result of disease epidemics and health related concerns (such as the current COVID-19 pandemic), we could experience longer lead times or disruption or delay in distributing our products to our consumers, which could result in consumer dissatisfaction and lost sales. Additionally, we might need to incur significantly higher costs than anticipated to ensure smooth and timely operation. Any of the foregoing could have an adverse effect on the reputation of our brands and our revenue and results of operations.

***Future economic conditions, including volatility in the financial and credit markets may adversely affect our business.***

Economic conditions in the past have adversely affected, and in the future may adversely affect, our business, our customers and licensees and their businesses, and our financing and other contractual arrangements, including, for example, as a result of the current COVID-19 pandemic. Such conditions, among other things, have resulted, and in the future may result, in financial difficulties leading to restructurings, bankruptcies, liquidations and other unfavorable events for our customers and licensees, may cause such customers to reduce or discontinue orders of our products and licensed products sold by our licensees, and may result in customers being unable to pay us for products they have purchased from us and licensees being unable to pay us for royalties owed to us. Financial difficulties of customers and licensees may also affect the ability of our customers and licensees to access credit markets or lead to higher credit risk relating to receivables from customers and licensees. Our traditional wholesale customers and our licensees have experienced, and continue to experience, significant business disruptions as a result of the COVID-19 pandemic, with several of our wholesale customers in North America filing for bankruptcy in 2020, which has had, and continues to have an adverse impact on our results of operations.

Future volatility in the financial and credit markets, including the recent volatility due, in part, to the COVID-19 pandemic, could make it more difficult for us to obtain financing or refinance existing debt when the need arises, including upon maturity, which for our senior unsecured credit facilities is currently scheduled for April 2024 and for our 3 5/8% senior notes is July 2024, or on terms that would be acceptable to us.

***We primarily use foreign suppliers for our products and raw materials, which poses risks to our business operations.***

The majority of our apparel, footwear and accessories are produced by and purchased or procured from independent manufacturers located in countries in Asia, South America, Europe, the Middle East, North America, Africa, Central America and the Caribbean. Although no single supplier or country is or is expected to become critical to our production needs, any of the following could materially and adversely affect our ability to produce or deliver our products and, as a result, have a material adverse effect on our business, financial condition and results of operations:

- political or labor instability or military conflict involving any of the countries in which we, our contractors, or our suppliers operate, which could cause a delay in the transportation of our products and raw materials to us and an increase in transportation costs;
- heightened terrorism security concerns, which could subject imported or exported goods to additional, more frequent or more thorough inspections, leading to delays in deliveries or impoundments of goods for extended periods or could result in decreased scrutiny by customs officials for counterfeit goods, leading to lost sales, increased costs for our anti-counterfeiting measures and damage to the reputation of our brands;
- a significant decrease in availability or increase in cost of raw materials, including commodities (particularly cotton), or the ability to use raw materials produced in a country that is a major provider due to political, human rights, labor, environmental, animal cruelty or other concerns;
- a significant decrease in factory and shipping capacity or increase in demand for such capacity;
- a significant increase in wage and shipping costs;
- natural disasters, which could result in closed factories and scarcity of raw materials;
- disease epidemics and health related concerns, such as the current COVID-19 pandemic, which could result in (and in the case of the pandemic, has resulted in certain of the following) closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas;
- the migration and development of manufacturers, which could affect where our products are or are planned to be produced;
- the adoption of regulations, quotas and safeguards relating to imports and our ability to adjust timely to changes in trade regulations, which, among other things, could limit our ability to produce products in cost-effective countries that have the labor and expertise needed;
- the implementation of new or increased duties, taxes and other charges on imports; and
- the regulation or prohibition of the transaction of business with specific individuals or entities and their affiliates or goods manufactured in certain regions, such as the listing of a person or entity as a SDN (Specially Designated Nationals and Blocked Persons) by the United States Department of the Treasury's Office of Foreign Assets Control and the issuance of Withhold Release Orders ("WROs") by the United States Customs and Border Patrol.

The United States government imposed additional tariffs in 2018 and 2019 on a variety of imports from China, including certain categories of apparel, footwear and accessories, and has threatened increased tariffs on goods imported into the United States from China and Vietnam. China and Vietnam are significant sourcing countries of apparel, footwear and accessories for us globally and for most of our licensees. We imported approximately \$30 million and \$136 million of inventory into the United States from China and Vietnam, respectively, in 2020. Accordingly, any tariffs on apparel, footwear and accessories imported from China and Vietnam into the United States result in an increase in our cost of goods sold for that product. We continuously look for alternative sourcing options, but we may not be able to shift from China and Vietnam production of inventory bound for the United States. In addition, higher costs in sourcing from other countries, including because others in the industry are looking to move production for the same reason, may make the move price-prohibitive. We may not be able to pass the entire cost increase resulting from the tariffs onto consumers or could choose not to. Any increase in prices to consumers could have an adverse impact on our direct sales to consumers, as well as sales by our wholesale customers

and our licensees. Any adverse impact on such sales or increase in our cost of goods sold could have a material adverse effect on our business and results of operations.

Various actions by the United States Government (including SDN designations and issuances of WROs), have prohibited or limited the business that companies like us and, in many cases, our business partners, can conduct with numerous individuals, companies and entities who operate in Xinjiang Province, China, as well as the use of cotton grown in Xinjiang. These and other actions have affected and could continue to affect the sourcing and availability of raw materials used by our suppliers in the manufacturing of certain of our products. These and related matters also have been subject to significant scrutiny and contention in China, the United States and elsewhere, resulting in criticism against multinational companies, including us. As a consequence, these matters (and matters like them) have the potential to affect our revenue and the reputation of our brands and us. In addition, while we make efforts to confirm that SDNs, people and materials covered by WROs, and other sanctioned people and materials are not present in our supply chain, we could be subject to penalties, fines or sanctions if any of the vendors from which we purchase goods is found to have dealings, directly or indirectly with SDNs or other sanctioned persons or in banned materials.

***If our suppliers, licensees, or other business partners, or the suppliers used by our licensees fail to use legal and ethical business practices, our business could suffer.***

We require our suppliers, licensees and other business partners, and the suppliers used by our licensees, to operate in compliance with applicable laws, rules and regulations regarding working conditions, employment practices and environmental compliance. Additionally, we impose upon our business partners operating guidelines that require additional obligations in those areas in order to promote ethical business practices. We audit, or have third parties audit, the operations of these independent parties to determine compliance. We were a member of the Accord on Fire and Building Safety in Bangladesh and are a member of its successor, the mission of each of which is to improve fire and building safety in Bangladesh's apparel factories. We also collaborate with factories, suppliers, industry participants and other stakeholders to improve the lives of the workers and others in our sourcing communities. However, we do not control our business partners, or the suppliers used by our licensees, including with respect to their labor, manufacturing and other business practices.

If any of these suppliers or business partners violates labor, environmental, building and fire safety, or other laws or implements labor, manufacturing or other business practices that are generally regarded as unethical, the shipment of finished products to us or our customers could be interrupted, orders could be canceled and relationships could be terminated. Further, we could be prohibited from importing goods by governmental authorities. In addition, we could be the focus of adverse publicity and our reputation and the reputation of our brands could be damaged. Any of these events could have a material adverse effect on our revenue and, consequently, our results of operations.

***We are dependent on third parties to source and manufacture our products and any disruption in our relationships with these parties or in their businesses may materially adversely affect our businesses.***

We rely upon independent third parties for the manufacturing of the vast majority of our apparel, footwear and accessories. A manufacturer's failure to ship products to us in a timely manner, as has occurred, and may occur in the future, as a result of the COVID-19 pandemic, or to meet required quality standards could cause us to miss the delivery date requirements of our customers for those products. As a result, customers could cancel their orders, refuse to accept deliveries or demand reduced prices. Any of these actions taken by our customers could have a material adverse effect on our revenue and, consequently, our results of operations.

We use third party buying offices for a portion of our product sourcing. Any interruption in the operations of these buying offices, or the failure of these buying offices to perform effectively their services for us, could result in material delays, reductions of shipments and increased costs. Furthermore, such events could harm our wholesale and retail relationships. Any disruption in our relationships with these buying offices or in their businesses could have a material adverse effect on our cash flows, business, financial condition and results of operations.

***We are dependent on a limited number of distribution facilities. If one becomes inoperable, our business, financial condition and operating results could be negatively impacted.***

We operate a limited number of distribution facilities and also engage independently operated distribution facilities around the world to warehouse and ship products to our customers and our retail stores, as well as perform related logistics services. Our ability to meet the needs of our wholesale customers and of our retail stores depends on the proper operation of our primary facilities. If any of our primary facilities were to shut down or otherwise become inoperable or inaccessible, including as a result of disease epidemics and other health-related concerns, such as the COVID-19 pandemic, we could have a substantial loss of inventory or disruptions of deliveries to our customers and our stores, incur significantly higher costs or experience longer lead times associated with the distribution of our products during the time it takes to reopen or replace the facility. This could materially and adversely affect our business, financial condition and operating results.

***A portion of our revenue is dependent on royalties and licensing.***

The operating profit associated with our royalty, advertising and other revenue is significant because the operating expenses directly associated with administering and monitoring an individual licensing or similar agreement are minimal. Therefore, the loss of a significant licensee, whether due to the termination or expiration of the relationship, the cessation of the licensee's operations or otherwise (including as a result of financial difficulties of the licensee), without an equivalent replacement, or a significant decline in our licensees' sales, for example as has occurred as a result of the COVID-19 pandemic, could materially impact our profitability.

While we generally have significant control over our licensees' products and advertising, we rely on them for, among other things, operational and financial controls over their businesses. Our licensees' failure to successfully market licensed products or our inability to replace our existing licensees could materially and adversely affect our revenue both directly from reduced royalty, advertising and other revenue received and indirectly from reduced sales of our other products. Risks are also associated with our licensees' ability to obtain capital, execute their business plans, timely deliver quality products, manage their labor relations, maintain relationships with their suppliers, manage their credit risk effectively and maintain relationships with their customers.

***Our licensing business makes us susceptible to the actions of third parties over whom we have limited control.***

We rely on our licensees to preserve the value of our brands. Although we attempt to protect our brands through, among other things, approval rights over design, production quality, packaging, merchandising, distribution, advertising and promotion of our products, we cannot assure you that we can control our licensees' use of our brands. The misuse of our brands by a licensee could have a material adverse effect on our business, financial condition and results of operations.

***We face intense competition in the apparel industry.***

Competition is intense in the apparel industry. We compete with numerous domestic and foreign designers, brand owners, manufacturers and retailers of apparel, accessories and footwear, some of which have greater resources than we do. We also face increased competition from online retailers in the digital channel, which is characterized by low barriers to entry. In addition, in certain instances, we compete directly with our wholesale customers, as they also sell their own private label products in their stores and online. We compete within the apparel industry primarily on the basis of:

- anticipating and responding to changing consumer tastes, demands and shopping preferences in a timely manner and developing distinctive, attractive, quality products;
- maintaining favorable brand recognition and relevance, including through digital brand engagement and online and social media presence;
- appropriately pricing products and creating an acceptable value proposition for customers;
- providing strong and effective marketing support;
- ensuring product availability and optimizing supply chain efficiencies with third party suppliers and retailers; and
- obtaining sufficient retail floor space at retail and effective presentation of our products at retail, on digital commerce sites operated by our department store customers and pure play digital commerce retailers, and on our digital commerce sites.



The failure to compete effectively or to keep pace with rapidly changing markets could have a material adverse effect on our business, financial condition and results of operations.

***Our profitability may decline as a result of increasing pressure on margins.***

The apparel industry, particularly in the United States (our largest market), is subject to significant pricing pressure caused by many factors, including intense competition, consolidation in the retail industry, pressure from retailers to reduce the costs of products, retailer demands for allowances, incentives and other forms of economic support, and changes in consumer demand including, for example, as has occurred as a result of the COVID-19 pandemic. These factors may cause us to reduce our sales prices to retailers and consumers, which could cause our profitability to decline if we are unable to appropriately manage inventory levels or offset price reductions with sufficient reductions in product costs or operating expenses. This could have a material adverse effect on our results of operations, liquidity and financial condition.

***If we are unable to manage our inventory effectively and accurately forecast demand for our products, our results of operations could be materially adversely affected.***

We have made and continue to make investments in our supply chain management systems and processes that enable us to respond more rapidly to changes in sales trends and consumer demands and enhance our ability to manage inventory. However, we cannot assure you that we will be able to anticipate and respond successfully to changing consumer tastes and style trends or economic conditions and, as a result, we may not be able to manage inventory levels to meet our future order requirements. If we are unable to or fail to accurately forecast consumer demand, including, for example, as has occurred as a result of the COVID-19 pandemic, we may at times experience excess inventory levels or a shortage of product required to meet demand. Inventory levels in excess of consumer demand may result in inventory write-downs and the sale of excess inventory at discounted prices, which could have a material adverse effect on the reputation of our brands and our profitability. If we underestimate consumer demand for our products, we may not have sufficient inventories of product to meet consumer requirements in a timely manner, which could result in lost revenues, as well as damage to our reputation and relationships.

***Acquisitions may not be successful in achieving intended benefits, cost savings and synergies.***

Acquisitions have been a consistent part of our growth. Prior to completing any acquisition, our management team identifies expected synergies, cost savings and growth opportunities but, due to legal and business limitations, we may not have access to all necessary information. The integration process may be complex, costly and time-consuming. The potential difficulties of integrating the operations of an acquired business and realizing our expectations for an acquisition, including the benefits that may be realized, include, among other things:

- failure to implement our business plan for the combined business;
- delays or difficulties in completing the integration of acquired companies or assets;
- higher than expected costs, lower than expected cost savings or a need to allocate resources to manage unexpected operating difficulties;
- unanticipated issues in integrating systems and operations;
- diversion of the attention and resources of management;
- assumption of liabilities not identified in due diligence;
- the impact on our or an acquired business' internal controls and compliance with the requirements under applicable regulation; and
- other unanticipated issues, expenses and liabilities.

We have completed acquisitions that have not performed as well as initially expected or have not fully achieved expected benefits and we cannot assure you that any acquisition will not have a material adverse impact on our financial condition and results of operations.

***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, who have substantial experience and expertise in our business. We also depend on other key executives in various areas of our businesses and operations. Competition for qualified personnel in the apparel industry is intense and competitors may use aggressive tactics to recruit our key employees. The unexpected loss of services of one or more of these individuals could have a material adverse effect on us.

**Financial Risks**

***Our level of debt could impair our financial condition and ability to operate.***

We had outstanding as of January 31, 2021 an aggregate principal amount of \$3.579 billion of indebtedness under our senior unsecured credit facilities, our senior unsecured notes and our unsecured debentures. Our level of debt could have important consequences to investors, including:

- requiring a substantial portion of our cash flows from operations be used for the payment of interest on our debt, thereby reducing the funds available to us for our operations or other capital needs;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate because our available cash flow after paying principal and interest on our debt may not be sufficient to make the capital and other expenditures necessary to address these changes;
- increasing our vulnerability to general adverse economic and industry conditions because, during periods in which we experience lower earnings and cash flows, such as has occurred during the COVID-19 pandemic, we will be required to devote a proportionally greater amount of our cash flow to paying principal and interest on our debt;
- limiting our ability to obtain additional financing in the future to fund working capital, capital expenditures, acquisitions, contributions to our pension plans and general corporate requirements;
- placing us at a competitive disadvantage to other relatively less leveraged competitors that have more cash flow available to fund working capital, capital expenditures, acquisitions, share repurchases, dividend payments, contributions to pension plans and general corporate requirements; and
- leaving us vulnerable to increases in interest rates with respect to borrowings we make at variable interest rates, including under our senior unsecured credit facilities, to the extent they are not subject to an interest rate swap agreement.

In addition, our interest rate swap agreements as well as a portion of the borrowings under our senior unsecured credit facilities that have variable interest rates are tied to the London Interbank Offered Rate ("LIBOR"). The Financial Conduct Authority in the United Kingdom announced that it would phase out LIBOR as a benchmark by the end of 2021. However, the Intercontinental Exchange ("ICE") Benchmark Administration, in its capacity as administrator of LIBOR, has announced it intends to extend publication of United States dollar LIBOR (other than one-week and two-month tenors) to June 2023. We cannot predict the consequences and timing of these developments, which could include an increase in interest expense and also may require the amendment of contracts that reference LIBOR.

***Our ability to maintain compliance with the financial covenants under our senior unsecured credit facilities may be adversely affected by future economic conditions.***

We are required under the terms of our senior unsecured credit facilities to comply with certain financial covenants, including a minimum interest coverage ratio and a maximum net leverage ratio. In June 2020, given the disruption to our business caused by the COVID-19 pandemic, and prior to any potential covenant violation, we amended our senior unsecured credit facilities to provide temporary relief under these financial covenants and replaced them with a minimum liquidity covenant through and including the second quarter of fiscal 2021 in order to provide operating flexibility during this period.

A prolonged disruption to our business, including as a result of the COVID-19 pandemic, may impact our ability to comply with such covenants in the future. Non-compliance with our financial covenants would constitute an event of default under the terms of our senior unsecured credit facilities, which may result in an acceleration of payment to the lenders, which in turn could trigger defaults under our other debt facilities.

Any additional covenant waivers that may be required under our senior unsecured credit facilities may lead to fees associated with obtaining the waiver, increased costs, increased interest rates, additional restrictive covenants and other lender protections that would be applicable to us under these facilities, and such increased costs, restrictions and modifications may be significant. In addition, our ability to provide additional lender protections under these facilities if necessary, including the granting of security interests in collateral, will be limited by the restrictions under our other debt facilities. There can be no assurance that we would be able to obtain future waivers in a timely manner, on terms acceptable to us, or at all. If we were not able to obtain a covenant waiver in the future under our senior unsecured credit facilities, there can be no assurance that we would be able to raise sufficient debt or equity capital, or divest assets, to refinance or repay such facilities.

***Our business is exposed to foreign currency exchange rate fluctuations and control regulations.***

Our Tommy Hilfiger and Calvin Klein businesses each have substantial international components that expose us to significant foreign exchange risk. Our Heritage Brands business also has international components but those components are not significant to the business. Changes in exchange rates between the United States dollar and other currencies can impact our financial results in two ways: a translational impact and a transactional impact.

The translational impact refers to the impact that changes in exchange rates can have on our results of operations and financial position. The functional currencies of our foreign subsidiaries are generally the applicable local currencies. Our consolidated financial statements are presented in United States dollars. The results of operations in local foreign currencies are translated into United States dollars using an average exchange rate over the representative period and our assets and liabilities in local foreign currencies are translated into United States dollars using the closing exchange rate at the balance sheet date. Foreign exchange differences that arise from the translation of our foreign subsidiaries' assets and liabilities into United States dollars are recorded as foreign currency translation adjustments in other comprehensive (loss) income. Accordingly, our other comprehensive (loss) income will be unfavorably impacted during times of a strengthening United States dollar, particularly against the euro, the Brazilian real, the Australian dollar, the Japanese yen, the Korean won, the British pound sterling, the Canadian dollar and the Chinese yuan renminbi, and favorably impacted during times of a weakening United States dollar against those currencies. Our results of operations will be similarly affected by foreign currency translation in periods that we generate income. However, in periods that we generate losses, as we did in 2020, the opposite is true and our results will be favorably impacted by a strengthening United States dollar against the foreign currencies in which we generate losses and unfavorably impacted by a weakening United States dollar against those currencies.

A transactional impact on financial results is common for apparel companies operating outside the United States that purchase goods in United States dollars, as is the case with most of our foreign operations. As with translation, our results of operations will be unfavorably impacted during times of a strengthening United States dollar as the increased local currency value of inventory results in a higher cost of goods in local currency when the goods are sold and favorably impacted during times of a weakening United States dollar as the decreased local currency value of inventory results in a lower cost of goods in local currency when the goods are sold. We also have exposure to changes in foreign currency exchange rates related to certain intercompany transactions and selling, general and administrative (commonly referred to as "SG&A") expenses. We currently use and plan to continue to use foreign currency forward exchange contracts or other derivative instruments to mitigate the cash flow or market value risks associated with these inventory and intercompany transactions, but we are unable to eliminate these risks entirely.

We also have exposure to changes in foreign currency exchange rates related to our €1.125 billion aggregate principal amount of euro-denominated senior notes that are held in the United States. During times of a strengthening United States dollar against the euro, we could be required to use a lower amount of our cash flows from operations to pay interest and make long-term debt repayments on our euro-denominated senior notes, whereas during times of a weakening United States dollar against the euro, we could be required to use a greater amount of our cash flows from operations to pay interest and make long-term debt repayments on these notes.

We conduct business, directly or through licensees and other partners, in countries that are or have been subject to exchange rate control regulations and have, as a result, experienced difficulties in receiving payments owed to us when due, with amounts left unpaid for extended periods of time. Although the amounts to date have been immaterial to our results, as our international businesses grow and if controls are enacted or enforced in additional countries, there can be no assurance that such controls would not have a material and adverse effect on our business, financial condition or results of operations.

***A significant shift in the relative sources of our earnings, adverse decisions of tax authorities or changes in tax treaties, laws, rules or interpretations could have a material adverse effect on our results of operations and cash flow.***

We have direct operations in many countries and the applicable tax rates vary by jurisdiction. As a result, our overall effective tax rate could be materially affected by the relative level of earnings in the various taxing jurisdictions to which our earnings are subject. In addition, the tax laws and regulations in the countries where we operate may be subject to change. Moreover, there may be changes from time to time in interpretation and enforcement of tax law. As a result, we may pay additional taxes if tax rates increase or if tax laws, regulations or treaties in the jurisdictions where we operate are modified by the authorities in an adverse manner.

In addition, various national and local taxing authorities periodically examine us and our subsidiaries. The resolution of an examination or audit may result in us paying more than the amount that we may have reserved for a particular tax matter, which could have a material adverse effect on our cash flows, business, financial condition and results of operations for any affected reporting period.

We and our subsidiaries are engaged in a number of intercompany transactions. Although we believe that these transactions reflect arm's length terms and that proper transfer pricing documentation is in place, which should be respected for tax purposes, the transfer prices and conditions may be scrutinized by local tax authorities, which could result in additional tax liabilities.

***If we are unable to fully utilize our deferred tax assets, our profitability could be reduced.***

Our deferred income tax assets are valuable to us. These assets include tax loss and foreign tax credit carryforwards in various jurisdictions. Realization of deferred tax assets is based on a number of factors, including whether there will be adequate levels of taxable income in future periods to offset the tax loss and foreign tax credit carryforwards in jurisdictions where such assets have arisen. Valuation allowances are recorded in order to reduce the deferred tax assets to the amount expected to be realized in the future. In assessing the adequacy of our valuation allowances, we consider various factors including reversal of deferred tax liabilities, forecasted future taxable income and potential tax planning strategies. These factors could reduce the value of the deferred tax assets, which could have a material effect on our profitability.

***Volatility in securities markets, interest rates and other economic factors could increase substantially our defined benefit pension costs and liabilities.***

We have significant obligations under our defined benefit pension plans. The funded status of our pension plans is dependent on many factors, including returns on invested plan assets and the discount rate used to measure pension obligations. Unfavorable returns on plan assets, a lower discount rate or unfavorable changes in the applicable laws or regulations could materially change the timing and amount of pension funding requirements, which could reduce cash available for our business.

Our operating performance also may be significantly impacted by the amount of expense recorded for our pension plans. Pension expense recorded throughout the year is calculated using actuarial valuations that incorporate assumptions and estimates about financial market, economic and demographic conditions. Differences between estimated and actual results give rise to gains and losses that are recorded immediately in pension expense, generally in the fourth quarter of the year. These gains and losses can be significant and can create volatility in our operating results. As a result of the recent volatility in the financial markets due, in part, to the impact of the COVID-19 pandemic, there is significant uncertainty with respect to the actuarial gain or loss we may record on our retirement plans in 2021. We may incur a significant actuarial gain or loss in 2021 if there is a significant increase or decrease in discount rates, respectively, or if there is a difference in the actual and expected return on plan assets.

***Our balance sheet includes a significant amount of intangible assets and goodwill. A decline in the estimated fair value of an intangible asset or of a reporting unit could result in an impairment charge recorded in our operating results, which could be material.***

Goodwill and other indefinite-lived intangible assets are tested for impairment annually and between annual tests if an event occurs or circumstances change that would indicate that it is more likely than not that the carrying amount may be impaired. Intangible assets with finite lives also are tested for impairment when events and circumstances indicate the carrying amount may not be recoverable. If the carrying amount of our goodwill or any other intangible assets were to exceed its fair value, the asset would be written down to its fair value, with the impairment charge recognized as a noncash expense in our operating results.

Adverse changes in future market conditions or weaker operating results compared to our expectations, including, for example, as has occurred as a result of the COVID-19 pandemic, may impact (and, in the case of the pandemic, have impacted) our projected cash flows and estimates of weighted average cost of capital, which could result (and, in the case of the pandemic, has resulted) in a material impairment charge if we are unable to recover the carrying value of our goodwill and other intangible assets (as occurred for some of our goodwill and other intangible assets as a result of the impact of the pandemic).

As of January 31, 2021, we had \$2.954 billion of goodwill and \$3.518 billion of other intangible assets on our balance sheet, which together represented 49% of our total assets. We determined in the first quarter of 2020 that the significant adverse impacts of the COVID-19 pandemic on our business, including an unprecedented material decline in revenue and earnings and an extended decline in our stock price and associated market capitalization, was a triggering event that required us to perform impairment testing of our goodwill and indefinite-lived intangible assets. The interim testing resulted in us recording \$926 million of noncash impairment charges in the first quarter of 2020. We also determined that certain finite-lived intangible assets, which had a relatively short remaining useful life, were not recoverable and, therefore, impaired due to the adverse impacts of the pandemic on the current and projected performance of the underlying businesses and recorded \$7 million of noncash impairment charges in the first quarter of 2020 to write down these assets. No further impairments of our goodwill and other intangible assets were recorded in 2020.

***Our balance sheet includes a significant amount of long-lived assets in our retail stores, including operating lease right-of-use assets and property, plant and equipment. A decline in the current and projected cash flows in our retail stores could result in impairment charges, which could be material.***

Long-lived assets, such as operating lease right-of-use assets and property, plant and equipment in our retail stores, are tested for impairment if an event occurs or circumstances change that would indicate the carrying amount may not be recoverable. If the carrying amount of a long-lived asset were to exceed its fair value, the asset would be written down to its fair value and an impairment charge recognized as a noncash expense in our operating results. Adverse changes in future market conditions, a shift in consumer buying trends or weaker operating results compared to our expectations, including, for example, as a result of the COVID-19 pandemic, may impact (and, in the case of the pandemic, have impacted) our projected cash flows and estimates of weighted average cost of capital, which could result (and, in the case of the pandemic has resulted) in a potentially material impairment charge if we are unable to recover the carrying value of our long-lived assets. We recorded \$75 million of noncash impairment charges in 2020 related to operating lease right-of-use assets and property, plant and equipment in our retail stores, resulting from the adverse impacts of the COVID-19 pandemic on the financial performance of certain of our retail stores and the shift in consumer buying trends from brick and mortar retail stores to digital channels.

#### Legal and Regulatory Risks

***We may be unable to protect our trademarks and other intellectual property rights.***

Our trademarks and other intellectual property rights are important to our success and our competitive position. We are susceptible to others imitating our products and infringing on our intellectual property rights, especially with respect to the *TOMMY HILFIGER* and *Calvin Klein* brands, as they enjoy significant worldwide consumer recognition and the generally premium pricing of *TOMMY HILFIGER* and *Calvin Klein* brand products creates additional incentive for counterfeiters and infringers. Imitation or counterfeiting of our products or infringement of our intellectual property rights could diminish the value of our brands or otherwise adversely affect our revenue. We cannot assure you that the actions we take to establish and protect our trademarks and other intellectual property rights will be adequate to prevent imitation of our products by others. We cannot assure you that other third parties will not seek to invalidate our trademarks or block sales of our products as a violation of their own trademarks and intellectual property rights. In addition, we cannot assure you that others will not assert rights in, or ownership of, trademarks and other intellectual property rights of ours or in marks that are similar to ours or marks that we license or market or that we will be able to successfully resolve these types of conflicts to our satisfaction. In some cases, there may be trademark owners who have prior rights to our marks because the laws of certain foreign countries may not protect intellectual property rights to the same extent as do the laws of the United States. In other cases, there may be holders who have prior rights to similar trademarks. We have in the past been and currently are involved both domestically and internationally in proceedings relating to a company's claim of prior rights to some of our trademarks or marks similar to some of our brands.

***Provisions in our certificate of incorporation and our by-laws and Delaware General Corporation Law could make it more difficult to acquire us and may reduce the market price of our common stock.***

Our certificate of incorporation and by-laws contain provisions requiring stockholders who seek to introduce proposals at a stockholders meeting or nominate a person to become a director to provide us with advance notice and certain information, as well as meet certain ownership criteria; permitting the PVH Board of Directors to fill vacancies on the Board; and authorizing the Board of Directors to issue shares of preferred stock without approval of our stockholders. These provisions could have the effect of deterring changes of control.

In addition, Section 203 of the Delaware General Corporation Law imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the Board of Directors.

#### Information Technology and Data Privacy Risks

***We rely significantly on information technology. Our business and reputation could be adversely impacted if our computer systems, or systems of our business partners and service providers, are disrupted or cease to operate effectively or if we or they are subject to a data security or privacy breach.***

Our ability to manage and operate our business effectively depends significantly on information technology systems, including systems operated by third parties and us and systems that communicate with third parties, including website and mobile applications through which we communicate with our consumers and our employees. We process, transmit, store and maintain information about consumers, employees and other individuals in the ordinary course of business. This includes personally identifiable information protected under applicable laws and the collection and processing of customers' credit and debit card numbers and reliance on systems maintained by third parties with whom we contract to provide payment processing. The failure of any system to operate effectively or disruption in these systems, which may occur as a result of circumstances beyond our control including fire, natural disasters, power outages and systems disruptions, could require significant remediation costs and adversely impact our operations.

We utilize a risk-based, multi-layered information security approach based on the NIST (National Institute of Standards and Technology) Cybersecurity Framework to identify and address cybersecurity risks. We take measures to protect data and ensure those who use our systems are aware of the importance of protecting our systems and data. These include implementation of security standards, network system security tools, associate training programs and security breach procedures. To measure the effectiveness of these, we perform phishing exercises, tabletop breach exercises and penetration tests. Our mandatory training provided to all associates who have access to our systems includes regular phishing tests and online courses, at least one of which annually is taken by the members of the Board of Directors. Three courses were conducted in 2020, as were six tests. We have an escalating schedule of discipline for test failures, which includes additional training and would ultimately lead to loss of access rights. In addition, to measure and assess compliance, our information security approach is subject to a bi-annual assessment of its maturity within the NIST Cybersecurity Framework by an independent third party consultant.

We generally require third party providers who have access to our systems or receive personally identifiable information or other confidential data to take measures to protect data but have no control over their efforts and are limited in our ability to assess their systems and processes. In cases where third party service organizations process data that affects our financial statements, System and Organization Controls (SOC) 1 reports are obtained and evaluated annually. While we invest, and believe our service providers invest, considerable resources in protecting systems and information, including through training of the people who have access to systems and information, we all are still subject to security events, including but not limited to cybercrimes and cybersecurity attacks, such as those perpetrated by sophisticated and well-resourced bad actors attempting to disrupt operations or access or steal data. Security events may not be detected for an extended period of time, which could compound the scope and extent of the damages and problems. Such security events could disrupt our business, severely damage our reputation and our relationship with consumers, and expose us to risks of litigation and liability. While we maintain insurance coverages, including cybersecurity insurance, it may be unavailable or insufficient to cover all losses or all types of claims. Although we generally require that third party providers with access to our systems and confidential information have insurance coverage for any losses that we may experience as a result of the work they do, the amount that we are able to recover may not fully compensate us for any loss we experience.

We regularly implement new systems and hardware and are currently undertaking a major multi-year SAP S/4 implementation to upgrade our platforms and systems worldwide. The implementation of new software and hardware involves

risks and uncertainties that could cause disruptions, delays or deficiencies in the design, implementation or application of these systems including:

- adversely impacting our operations;
- increased costs;
- disruptions in our ability to effectively source, sell or ship our products;
- delays in collecting payments from our customers; and
- adversely affecting our ability to timely report our financial results.

Our business, results of operations and financial condition could be materially adversely affected as a result of these implementations. In addition, intended improvements may not be realized. Our business partners and service providers face the same risks, which could also adversely impact our business and operations.

*We are subject to data privacy and security laws and regulations globally, the number and complexity of which are increasing. We may be the subject of enforcement or other legal actions despite our compliance efforts.*

We collect, use, store, and otherwise process or rely upon access to data, including personally identifiable information, of consumers, employees, and other individuals in the daily conduct of our business. There have been significant developments in the area of data privacy and cybersecurity law and regulation. Significant laws, such as the European Union's General Data Protection Regulation, the Brazilian General Data Protection Law, the California Consumer Privacy Act/California Privacy Rights Act and the Virginia Consumer Data Protection Act, have been enacted and are being proposed. These laws and regulations have caused and could continue to cause us to change the way we operate, including in a less efficient manner, in order to comply with these laws. We have a data privacy compliance program and, as discussed above, have a training program to ensure our associates understand the law and how to protect our confidential data but our compliance efforts are not an assurance that we will not be the subject of regulatory or other legal actions. We could expend significant management and associate time and incur significant cost investigating and defending ourselves against the claims in any such matter, which matters also could result in us being the subject of significant fines, judgments or settlements. In addition, any such claim could give rise to significant reputational damage, whether or not we ultimately are successful in defending ourselves.

#### Item 1B. Unresolved Staff Comments

None.

#### Item 2. Properties

The general location, use, ownership status and approximate size of the principal properties that we occupied as of January 31, 2021 are set forth below:

Location	Use	Ownership Status	Approximate Area in Square Feet
New York, New York	Corporate and Heritage Brands administrative offices and showrooms	Leased	209,000
New York, New York	Calvin Klein administrative offices and showrooms	Leased	474,000
New York, New York	Tommy Hilfiger administrative offices and showrooms	Leased	220,000
Bridgewater, New Jersey	Corporate and retail administrative offices	Leased	285,000
Banksmeadow, Australia	Tommy Hilfiger, Calvin Klein and Heritage Brands administrative offices, showrooms, warehouse and distribution center	Leased	243,000
Amsterdam, The Netherlands	Tommy Hilfiger and Calvin Klein administrative offices and showrooms	Leased	515,000
Venlo/Oud Gastel/Sevenum, The Netherlands	Warehouse and distribution centers	Leased	2,450,000
McDonough, Georgia	Warehouse and distribution center	Leased	851,000
Palmetto, Georgia	Warehouse and distribution center	Leased	983,000
Jonesville, North Carolina	Warehouse and distribution center	Owned	778,000
Hong Kong SAR, China	Corporate, Tommy Hilfiger and Calvin Klein administrative offices	Leased	163,000
Hawassa, Ethiopia	Manufacturing facility	Leased	152,000

In addition, as of January 31, 2021, we leased certain other administrative offices and showrooms in various domestic and international locations. We also leased and operated as of January 31, 2021 over 1,700 retail locations in the United States, Canada, Europe, Asia-Pacific and Brazil.

Information with respect to maturities of the Company's lease liabilities in which we are a lessee is included in Note 16, "Leases," in the Notes to Consolidated Financial Statements included in Item 8 of this report.

#### Item 3. Legal Proceedings

We are a party to certain litigations which, in management's judgment based, in part, on the opinions of legal counsel, will not have a material adverse effect on our financial position.

#### Item 4. Mine Safety Disclosures

Not applicable.

**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is traded on the New York Stock Exchange under the symbol "PVH." Certain information with respect to the dividends declared on our common stock appear in the Consolidated Statements of Changes in Stockholders' Equity and Redeemable Non-Controlling Interest included in Item 8 of this report. Please see Note 8, "Debt," in the Notes to Consolidated Financial Statements included in Item 8 of this report for a description of the restrictions to our paying dividends on our common stock. As of March 11, 2021, there were 544 stockholders of record of our common stock.

**ISSUER PURCHASES OF EQUITY SECURITIES**

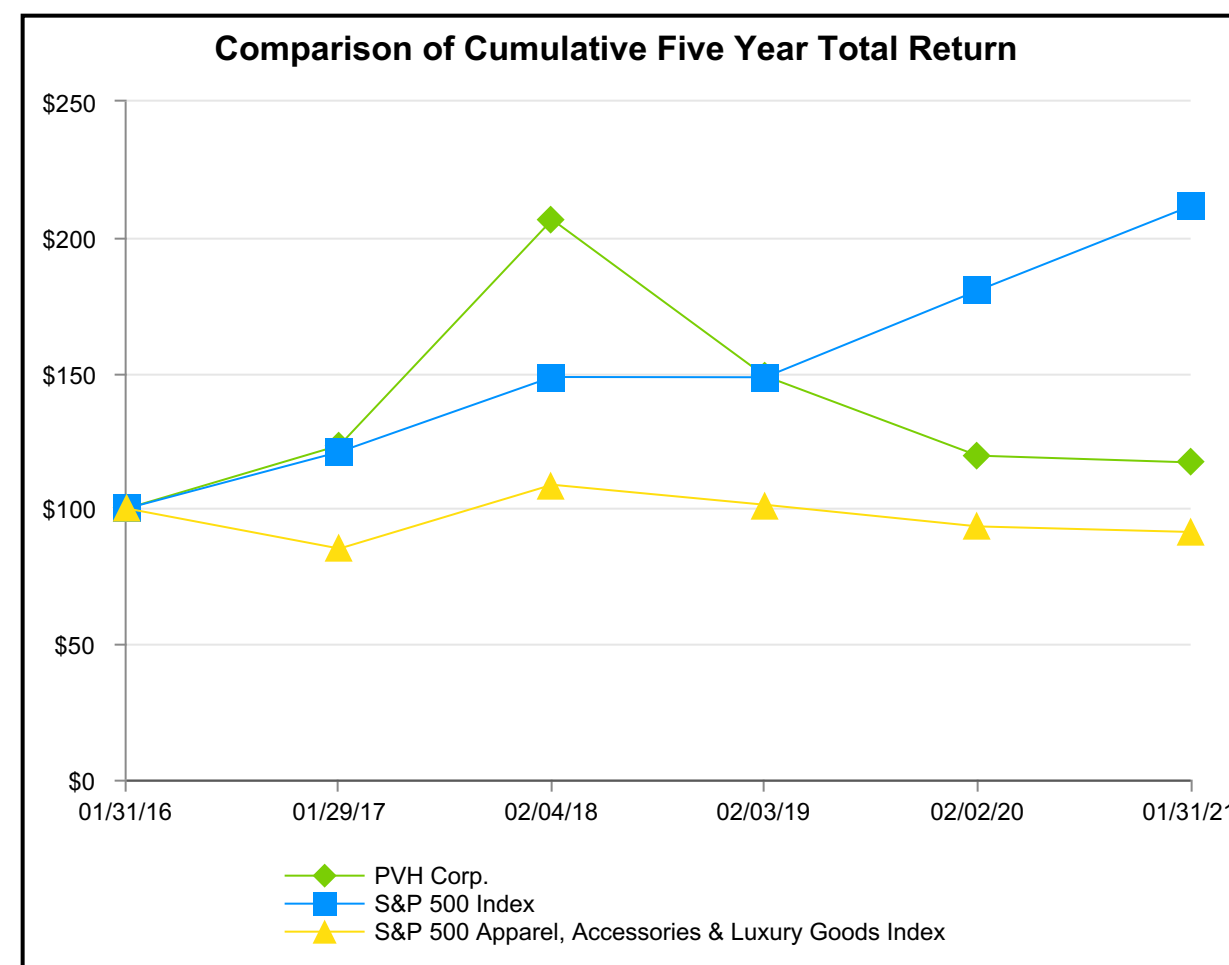
Period	(a) Total Number of Shares (or Units) Purchased <sup>(1)</sup>	(b) Average Price Paid per Share (or Unit) <sup>(1)</sup>	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup>	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup>
November 2, 2020 - November 29, 2020	712	\$ 59.60	—	\$ 572,591,498
November 30, 2020 - January 3, 2021	558	66.42	—	572,591,498
January 4, 2021 - January 31, 2021	12,228	93.83	—	572,591,498
<b>Total</b>	<b>13,498</b>	<b>\$ 90.89</b>	<b>—</b>	<b>\$ 572,591,498</b>

<sup>(1)</sup> Our Stock Incentive Plan provides us with the right to deduct or withhold, or require employees to remit to us, an amount sufficient to satisfy any applicable tax withholding requirements applicable to stock-based compensation awards. To the extent permitted, employees may elect to satisfy all or part of such withholding requirements by tendering previously owned shares or by having us withhold shares having a fair market value equal to the minimum statutory tax withholding rate that could be imposed on the transaction. Included in this table are shares withheld during the fourth quarter of 2020 in connection with the settlement of restricted stock units to satisfy tax withholding requirements.

<sup>(2)</sup> The PVH Board of Directors has authorized over time since 2015 an aggregate \$2.0 billion stock repurchase program through June 3, 2023. The program may be modified by the Board of Directors, including to increase or decrease the repurchase limitation or extend, suspend, or terminate the program, at any time, without prior notice. We suspended share repurchases under our stock repurchase program beginning in March 2020 in order to increase our cash position and preserve financial flexibility in response to the impacts of the COVID-19 pandemic on our business. In addition, we entered into an amendment to our senior unsecured credit facilities in June 2020 under which share repurchases are not permitted until after the relief period (as defined). Our existing stock repurchase program remains authorized by the Board of Directors and we may resume share repurchases after the restrictions under the June 2020 amendment lapse.

The following performance graph and return to stockholders information shown below are provided pursuant to Item 201(e) of Regulation S-K promulgated under the Exchange Act. The graph and information are not deemed to be "filed" under the Exchange Act or otherwise subject to liabilities thereunder, nor are they to be deemed to be incorporated by reference in any filing under the Securities Act or Exchange Act unless we specifically incorporate them by reference.

The performance graph compares the yearly change in the cumulative total stockholder return on our common stock against the cumulative return of the S&P 500 Index and the S&P 500 Apparel, Accessories & Luxury Goods Index for the five fiscal years ended January 31, 2021.



**Value of \$100.00 invested after 5 years:**

Our Common Stock	\$ 116.98
S&P 500 Index	\$ 211.48
S&P 500 Apparel, Accessories & Luxury Goods Index	\$ 91.33

**Item 6. Selected Financial Data**

Item 6 of this report is no longer required as the Company has adopted certain provisions within the amendments to Regulation S-K that eliminate Item 301.

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

### OVERVIEW

The following discussion and analysis is intended to help you understand us, our operations and our financial performance. It should be read in conjunction with our consolidated financial statements and the accompanying notes, which are included elsewhere in this report.

We are one of the largest global apparel companies in the world and, in March 2020, we marked our 100-year anniversary as a listed company on the New York Stock Exchange. We manage a diversified brand portfolio, including *TOMMY HILFIGER*, *Calvin Klein*, *Van Heusen*, *IZOD*, *ARROW*, *Warner's*, *Olga*, *True&Co.* and *Geoffrey Beene*, which are owned, as well as various other owned, licensed and, to a lesser extent, private label brands. We had a perpetual license for *Speedo* in North America and the Caribbean until April 6, 2020.

Our business strategy is to position our brands to sell globally at various price points and in multiple channels of distribution. This enables us to offer products to a broad range of consumers, while minimizing competition among our brands and reducing our reliance on any one demographic group, product category, price point, distribution channel or region. We also license the use of our trademarks to third parties and joint ventures for product categories and in regions where we believe our licensees' expertise can better serve our brands.

We generated revenue of \$7.1 billion and \$9.9 billion in 2020 and 2019, respectively. Over 60% of our revenue in 2020 and over 50% of our revenue in 2019 was generated outside of the United States. Our business was significantly negatively impacted by the COVID-19 pandemic during 2020, resulting in an unprecedented material decline in revenue. Our global lifestyle brands, *TOMMY HILFIGER* and *Calvin Klein*, accounted for over 85% of our revenue during 2020 and 2019.

### RESULTS OF OPERATIONS

#### COVID-19 Pandemic Update

The COVID-19 pandemic has had, and is expected to continue to have, a significant impact on our business, results of operations, financial condition and cash flows from operations.

Our retail stores have been, and continue to be, impacted by temporary closures, reduced hours and limited occupancy as a result of the pandemic:

- Virtually all of our retail stores were temporarily closed for varying periods of time throughout the first quarter and into the second quarter of 2020, but had reopened by mid-June 2020.
- During the fourth quarter of 2020 and into the first quarter of 2021, our retail stores in Europe, North America and certain markets in Asia have faced significant pressure as a result of resurgences in COVID-19 cases there, including additional temporary store closures, particularly in Europe and Canada. Approximately 70% of our stores in Europe were temporarily closed throughout the fourth quarter of 2020. Approximately 75% of our stores in Europe were temporarily closed earlier in the first quarter of 2021 and 50% are currently closed.

In addition, our North America retail stores have been, and continue to be, challenged by the lack of international tourists coming to the United States, as stores located in international tourist destinations represent a significant portion of that business.

Our brick and mortar wholesale customers and licensing partners also have experienced significant business disruptions as a result of the pandemic, with several of our North America wholesale customers filing for bankruptcy. Our wholesale customers and franchisees globally generally have experienced temporary store closures at the same time as us. Although most of our wholesale customers' and franchisees' stores had reopened the majority of their locations across all regions by mid-June, there was a significant level of inventory that remained in their stores. The elevated inventory levels, as well as lower traffic and consumer demand throughout the year, resulted in a sharp reduction in shipments to these customers in 2020.

Our digital channels, which have historically represented a less significant portion of our overall business, have experienced strong growth during 2020 both with respect to sales to our traditional and pure play wholesale customers, as well

as within our own directly operated digital commerce businesses across all brand businesses and regions; these favorable trends have continued into 2021.

The COVID-19 pandemic also has impacted, and continues to impact, some of our suppliers, including third-party manufacturers, logistics providers and other vendors, with some operating at reduced capacity. A current vessel and container shortage globally is leading to delayed Spring 2021 inventory receipts and, in turn, has delayed deliveries to our wholesale customers and availability in our stores and for our directly operated digital commerce businesses, which is impacting our inventory and sales volume during the first quarter of 2021. In addition, the shipping disruption occurring as a result of the temporary blockage of the Suez Canal, while unrelated to the pandemic specifically, may also result in delays which impact our business, although currently such impact is expected to be minimal. We continue to monitor these delays and other potential disruptions in our supply chain and will implement mitigation plans if needed.

Throughout the pandemic, our top priority has been to ensure the health and safety of our associates, consumers and employees of our business partners around the world. Accordingly, we have implemented health and safety measures to support high standards in our retail stores, office and distribution centers, including temporary closures, reduced occupancy levels, and social distancing and sanitization measures, as well as changes to fitting room use in our stores. We have incurred and expect to continue to incur additional costs associated with these measures.

We took the following actions starting in the first quarter of 2020 to reduce our operating expenses in response to the pandemic: (i) reducing payroll costs, including temporary furloughs, salary and incentive compensation reductions, decreased working hours, and hiring freezes, as well as taking advantage of COVID-related government payroll subsidy programs primarily in international jurisdictions, (ii) eliminating or reducing expenses in all discretionary spending categories and (iii) reducing rent expense through rent abatements negotiated with landlords for certain stores affected by temporary closures. In addition, we announced in July 2020 plans to streamline our North American operations to better align our business with the evolving retail landscape, including (i) a reduction in our North America office workforce by approximately 450 positions, or 12%, across all three brand businesses and corporate functions, which is expected to result in annual cost savings of approximately \$80 million, and (ii) the exit from our Heritage Brands Retail business by mid-2021. While certain of these initiatives were substantially completed in 2020, we continue to manage our cost structure proactively into 2021. We announced in March 2021 plans to reduce our workforce in certain international markets and to reduce our real estate footprint, including reductions in office space and select store closures, which are expected to result in annual cost savings of approximately \$60 million.

We also have taken and continue to take actions to manage our working capital and liquidity. Please see the section entitled "Liquidity and Capital Resources" below for further discussion.

The impacts of the COVID-19 pandemic resulted in an unprecedented material decline in our revenue and earnings in 2020, including \$1.021 billion of pre-tax noncash impairment charges recognized during the year, primarily related to goodwill, tradenames and other intangible assets, and store assets. There continues to be uncertainty with respect to the impact of the COVID-19 pandemic on our business and the businesses of our licensees and wholesale customers, and our revenue and earnings in 2021 may be subject to significant material change. We currently expect the pandemic will continue to negatively impact our revenue and earnings in 2021, particularly in the first quarter due to ongoing store closures, predominantly in Europe. Despite these store closures in Europe, we expect our international businesses to exceed 2019 pre-pandemic revenue levels in the first half of 2021. Our North America businesses are expected to remain challenged throughout 2021 as international tourism, which is the source of a significant portion of regional revenue, is not expected to return to any significant level until the end of the year.

#### Operations Overview

We generate net sales from (i) the wholesale distribution to traditional retailers (both for stores and digital operations), pure play digital commerce retailers, franchisees, licensees and distributors of branded sportswear (casual apparel), jeanswear, performance apparel, intimate apparel, underwear, swimwear, dress shirts, neckwear, handbags, accessories, footwear and other related products under owned and licensed trademarks, and (ii) the sale of certain of these products through (a) approximately 1,730 Company-operated free-standing retail store locations worldwide under our *TOMMY HILFIGER*, *Calvin Klein* and certain of our heritage brands trademarks, (b) approximately 1,425 Company-operated shop-in-shop/concession locations worldwide under our *TOMMY HILFIGER* and *Calvin Klein* trademarks, and (c) digital commerce sites worldwide under our *TOMMY HILFIGER* and *Calvin Klein* trademarks and in the United States through our directly operated digital commerce sites for *Van Heusen*, *IZOD*, and, until April 6, 2020, *Speedo*. We announced in July 2020 a plan to exit our Heritage Brands Retail business, which will result in the closing of 162 heritage brands stores by mid-2021. Approximately 40 of these stores had been

closed by the end of 2020. Additionally, we generate royalty, advertising and other revenue from fees for licensing the use of our trademarks. We manage our operations through our operating divisions, which are presented as six reportable segments: (i) Tommy Hilfiger North America; (ii) Tommy Hilfiger International; (iii) Calvin Klein North America; (iv) Calvin Klein International; (v) Heritage Brands Wholesale; and (vi) Heritage Brands Retail. Our Heritage Brands Retail segment will cease operations following the closure of our directly operated Heritage Brands Retail stores.

The following actions and transactions have impacted our results of operations and the comparability among the years, including our 2021 expectations as compared to 2020, as discussed below:

- We announced in March 2021 plans to reduce our workforce in certain international markets and to reduce our real estate footprint, including reductions in office space and select store closures, which are expected to result in annual cost savings of approximately \$60 million. We expect to incur pre-tax costs of approximately \$70 million in 2021 in connection with these actions, of which approximately \$30 million is expected to be noncash.
- We announced in July 2020 plans to streamline our North American operations to better align our business with the evolving retail landscape including (i) a reduction in our office workforce by approximately 450 positions, or 12%, across all three brand businesses and corporate functions (the “North America workforce reduction”), which is expected to result in annual cost savings of approximately \$80 million, and (ii) the exit from our Heritage Brands Retail business by mid-2021. We recorded pre-tax costs of \$69 million during 2020, including (i) \$40 million related to the North America workforce reduction, primarily consisting of severance, and (ii) \$29 million in connection with the exit from the Heritage Brands Retail business, consisting of \$15 million of severance, \$7 million of noncash asset impairments and \$7 million of accelerated amortization of lease assets and other costs. We expect to incur additional pre-tax costs of approximately \$21 million in 2021 in connection with the Heritage Brands Retail business closure, primarily consisting of severance, accelerated amortization of lease assets and contract termination and other costs. Please see Note 17, “Exit Activity Costs,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.
- We completed the Speedo transaction in April 2020 for net proceeds of \$169 million. Upon the closing of the transaction, we deconsolidated the net assets of the Speedo North America business. We recorded a pre-tax noncash loss of \$142 million in the fourth quarter of 2019, when the transaction was announced, consisting of (i) a noncash impairment of our perpetual license right for the *Speedo* trademark and (ii) a noncash loss to reduce the carrying value of the business to its estimated fair value, less costs to sell. We recorded an additional pre-tax noncash loss of \$3 million in the first quarter of 2020 upon the closing of the transaction, consisting of (i) a \$6 million noncash loss resulting from the remeasurement of the loss recorded in the fourth quarter of 2019, primarily due to changes to the net assets of the Speedo North America business subsequent to February 2, 2020, partially offset by (ii) a \$3 million gain on our retirement plans. Please see Note 3, “Acquisitions and Divestitures,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.
- We completed a transaction in 2019 in connection with which we terminated early the licenses for the global Calvin Klein and Tommy Hilfiger North America socks and hosiery businesses in order to consolidate the socks and hosiery businesses for all of our brands in the United States and Canada in a newly formed joint venture, PVH Legwear, and to bring in-house the international Calvin Klein socks and hosiery wholesale businesses. We own a 49% economic interest in PVH Legwear. PVH Legwear was formed with a wholly owned subsidiary of our former heritage brands trademarks socks and hosiery licensee, and has licensed from us since December 2019 the rights to distribute and sell *TOMMY HILFIGER*, *Calvin Klein*, *IZOD*, *Van Heusen* and *Warner’s* socks and hosiery in the United States and Canada. We recorded a pre-tax charge of \$60 million in 2019 in connection with these actions.

- We completed the Australia acquisition and the TH CSAP acquisition in the second quarter of 2019. Prior to the closing of the Australia acquisition, we, along with Gazal, jointly owned and managed a joint venture, PVH Australia, which licensed and operated businesses under the *TOMMY HILFIGER*, *Calvin Klein* and *Van Heusen* brands, along with other owned and licensed brands. PVH Australia came under our full control as a result of the acquisition and we now operate directly those businesses. The aggregate net purchase price for the shares acquired was \$59 million, net of cash acquired and after taking into account the proceeds from the divestiture to a third party of an office building and warehouse owned by Gazal in June 2019. Additionally, pursuant to the terms of the acquisition agreement, key executives of Gazal and PVH Australia exchanged a portion of their interests in Gazal for approximately 6% of the outstanding shares of our previously wholly owned subsidiary that acquired 100% of the ownership interests in the Australia business, for which we recognized a liability on the date of the acquisition. We settled in June 2020 a portion of the liability for this mandatorily redeemable non-controlling interest for \$17 million. The remaining liability, which is payable in the second quarter of 2021, was \$24 million as of January 31, 2021, based on exchange rates in effect on that date. We completed the TH CSAP acquisition for \$74 million, as a result of which we now operate directly the Tommy Hilfiger retail business in the Central and Southeast Asia market. Please see Note 3, “Acquisitions and Divestitures,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

In connection with the Australia and TH CSAP acquisitions, we recorded an aggregate net pre-tax gain of \$83 million during 2019, including (i) a noncash gain of \$113 million to write up our previously held equity investments in Gazal and PVH Australia to fair value, partially offset by (ii) \$21 million of costs, primarily consisting of noncash valuation adjustments and one-time expenses recorded on our equity investments in Gazal and PVH Australia prior to the Australia acquisition closing, and (iii) a \$9 million expense recorded in interest expense resulting from the remeasurement of the mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition. We recorded a pre-tax expense of \$5 million during 2020 in interest expense resulting from the remeasurement of the mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition.

- We entered into a licensing agreement in May 2019 with G-III for the design, production and wholesale distribution of *Calvin Klein Jeans* women’s jeanswear collections in the United States and Canada, which resulted in the discontinuation of our directly operated Calvin Klein North America women’s jeanswear wholesale business in 2019.
- We closed our *TOMMY HILFIGER* flagship and anchor stores in the United States (the “TH U.S. store closures”) in the first quarter of 2019 and recorded pre-tax costs of \$55 million, primarily consisting of noncash lease asset impairments. Please see Note 11, “Fair Value Measurements,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion of the noncash lease asset impairments.
- We announced in January 2019 a restructuring in connection with strategic changes for our Calvin Klein business (the “Calvin Klein restructuring”). The strategic changes included (i) the closure of the *CALVIN KLEIN 205 W39 NYC* brand (formerly *Calvin Klein Collection*), (ii) the closure of the flagship store on Madison Avenue in New York, New York, (iii) the restructuring of the Calvin Klein creative and design teams globally, and (iv) the consolidation of operations for the men’s Calvin Klein Sportswear and Calvin Klein Jeans businesses. All costs related to this restructuring were incurred by the end of 2019. We recorded pre-tax costs of \$103 million during 2019 in connection with the Calvin Klein restructuring, consisting of a \$30 million noncash lease asset impairment resulting from the closure of the flagship store on Madison Avenue in New York, New York, \$26 million of contract termination and other costs, \$26 million of severance, \$13 million of inventory markdowns and \$9 million of other noncash asset impairments. We recorded pre-tax costs of \$41 million in the fourth quarter of 2018, consisting of \$27 million of severance, \$7 million of noncash asset impairments, \$4 million of contract termination and other costs and \$2 million of inventory markdowns.

Our Tommy Hilfiger and Calvin Klein businesses each have substantial international components that expose us to significant foreign exchange risk. Our Heritage Brands business also has international components but those components are not significant to the business. Our results of operations in local foreign currencies are translated into United States dollars using an average exchange rate over the representative period. Accordingly, our revenue is unfavorably impacted during times of a strengthening United States dollar against the foreign currencies in which we generate significant revenue and favorably impacted during times of a weakening United States dollar against those currencies. Our earnings are similarly affected by foreign currency translation in periods that we generate income. However, in periods that we generate losses, as we did in 2020, the opposite is true and our results are favorably impacted by a strengthening United States dollar against the foreign currencies in which we generate losses and unfavorably impacted by a weakening United States dollar against those currencies. Over 60%

of our 2020 revenue was subject to foreign currency translation. The United States dollar strengthened against most major currencies in 2019 and into the first half of 2020, but then weakened against those currencies in the latter half of 2020, particularly the euro, which is the foreign currency we transact the most business. As a result, foreign currency translation had a slight positive impact on our revenue and net loss in 2020 as compared to 2019. We currently expect our 2021 revenue and net income to increase by approximately \$180 million and \$20 million, respectively, due to the impact of foreign currency translation.

There is also a transactional impact on our financial results because inventory typically is purchased in United States dollars by our foreign subsidiaries. Our results of operations will be unfavorably impacted during times of a strengthening United States dollar, as the increased local currency value of inventory results in a higher cost of goods in local currency when the goods are sold, and favorably impacted during times of a weakening United States dollar, as the decreased local currency value of inventory results in a lower cost of goods in local currency when the goods are sold. We use foreign currency forward exchange contracts to hedge against a portion of the exposure related to this transactional impact. The contracts cover at least 70% of the projected inventory purchases in United States dollars by our foreign subsidiaries. These contracts are generally entered into 12 months in advance of the related inventory purchases. Therefore, the impact of fluctuations of the United States dollar on the cost of inventory purchases covered by these contracts may be realized in our results of operations in the year following their inception, as the underlying inventory hedged by the contracts is sold. Our 2020 net loss was negatively impacted compared to 2019 as a result of this foreign currency transactional impact. We currently expect our 2021 net income to increase by approximately \$30 million due to the transactional impact of foreign currency.

Further, we have exposure to changes in foreign currency exchange rates related to our €1.125 billion aggregate principal amount of senior notes that are held in the United States. The strengthening of the United States dollar against the euro would require us to use a lower amount of our cash flows from operations to pay interest and make long-term debt repayments, whereas the weakening of the United States dollar against the euro would require us to use a greater amount of our cash flows from operations to pay interest and make long-term debt repayments. We designated the carrying amount of these senior notes issued by PVH Corp., a U.S. based entity, as net investment hedges of our investments in certain of our foreign subsidiaries that use the euro as their functional currency. As a result, the remeasurement of these foreign currency borrowings at the end of each period is recorded in equity.

Retail comparable store sales discussed below refer to sales from Company-operated retail stores that have been open and operated by us for at least 12 months, as well as sales from Company-operated digital commerce sites for those businesses and regions that have operated the related digital commerce site for at least 12 months. Sales from retail stores and Company-operated digital commerce sites that are shut down during the year are excluded from the calculation of retail comparable store sales. Sales for retail stores that are relocated, materially altered in size or closed for a prolonged period of time and sales from Company-operated digital commerce sites that are materially altered are also excluded from the calculation of retail comparable store sales until such stores or sites have been in their new location or in their newly renovated state, as applicable, for at least 12 months. Retail comparable store sales are based on local currencies and comparable weeks. Due to the extensive temporary store closures in 2020, retail comparable store sales are not reported for 2020, as we do not believe this metric would be meaningful.

The following table summarizes our statements of operations in 2020, 2019 and 2018:

	2020	2019	2018
(Dollars in millions)			
Net sales	\$ 6,799	\$ 9,400	\$ 9,154
Royalty revenue	260	380	376
Advertising and other revenue	74	129	127
Total revenue	7,133	9,909	9,657
Gross profit	3,777	5,388	5,308
<i>% of total revenue</i>	<i>53.0 %</i>	<i>54.4 %</i>	<i>55.0 %</i>
SG&A	3,983	4,715	4,433
<i>% of total revenue</i>	<i>55.8 %</i>	<i>47.6 %</i>	<i>45.9 %</i>
Goodwill and other intangible asset impairments	933	—	—
Non-service related pension and postretirement (income) cost	(76)	90	5
Debt modification and extinguishment costs	—	5	—
Other noncash loss, net	3	29	—
Equity in net (loss) income of unconsolidated affiliates	(5)	10	21
(Loss) income before interest and taxes	(1,072)	559	892
Interest expense	125	120	121
Interest income	4	5	5
(Loss) income before taxes	(1,193)	444	776
Income tax (benefit) expense	(56)	29	31
Net (loss) income	(1,137)	415	745
Less: Net loss attributable to redeemable non-controlling interest	(1)	(2)	(2)
Net (loss) income attributable to PVH Corp.	\$ (1,136)	\$ 417	\$ 746

#### Total Revenue

Total revenue was \$7.133 billion in 2020, \$9.909 billion in 2019 and \$9.657 billion in 2018. The decrease in revenue of \$2.776 billion, or 28%, in 2020 as compared to 2019 was due to the impacts of the COVID-19 pandemic on our business and included the aggregate effect of the following items:

- The reduction of an aggregate \$1.075 billion of revenue, or a 23% decrease compared to the prior year, attributable to our Tommy Hilfiger International and Tommy Hilfiger North America segments, which included a positive impact of \$98 million, or 2%, related to foreign currency translation. Tommy Hilfiger International segment revenue decreased 13% (including a 3% positive foreign currency impact). Revenue in our Tommy Hilfiger North America segment decreased 41%.
- The reduction of an aggregate \$1.029 billion of revenue, or a 28% decrease compared to the prior year, attributable to our Calvin Klein International and Calvin Klein North America segments, which included a positive impact of \$40 million, or 1%, related to foreign currency translation. Calvin Klein International segment revenue decreased 16% (including a 2% positive foreign currency impact). Revenue in our Calvin Klein North America segment decreased 43%.
- The reduction of an aggregate \$672 million of revenue, or a 44% decrease compared to the prior year, attributable to our Heritage Brands Retail and Heritage Brands Wholesale segments, which included a 12% decline resulting from the April 2020 sale of the Speedo North America business.

Our 2020 revenue included a 30% decline in our wholesale sales and a 25% decline in our direct to consumer retail revenue, which included a 69% increase in sales through our directly operated digital commerce businesses driven by strong growth across all brand businesses and regions. Our sales through digital channels as a percentage of total revenue, including the digital businesses of our traditional and pure play wholesale customers and our directly operated digital commerce businesses, doubled in 2020 as compared to 2019.



The increase in revenue of \$252 million, or 3%, in 2019 as compared to 2018 was due principally to the effect of the following items:

- The net addition of an aggregate \$367 million of revenue, or an 8% increase over the prior year, attributable to our Tommy Hilfiger International and Tommy Hilfiger North America segments, which included a negative impact of \$129 million, or 3%, related to foreign currency translation. Tommy Hilfiger International segment revenue increased 15% (including a 5% negative foreign currency impact), driven principally by outperformance in Europe and the addition of revenue resulting from the Australia and TH CSAP acquisitions. Tommy Hilfiger International comparable store sales increased 9%, including a benefit of 4% from sales on our digital commerce sites. Revenue in our Tommy Hilfiger North America segment decreased 1%, as growth in the North America wholesale business was more than offset by a 6% decline in Tommy Hilfiger North America comparable store sales due to weakness in traffic and consumer spending trends, especially in stores located in international tourist locations.
- The net reduction of an aggregate \$63 million of revenue, or a 2% decrease compared to the prior year, attributable to our Calvin Klein International and Calvin Klein North America segments, which included a negative impact of \$85 million, or 2%, related to foreign currency translation. Calvin Klein International segment revenue increased 3% (including a 4% negative foreign currency impact), as continued solid growth in Europe and the addition of revenue resulting from the Australia acquisition were partly offset by the negative impacts of (i) softness experienced in Asia due, in part, to the business disruptions caused by the protests in Hong Kong SAR and the trade tensions between the United States and China and (ii) the reduction of revenue resulting from the *Calvin Klein Collection* closure. Calvin Klein International comparable store sales decreased 1%. Revenue in our Calvin Klein North America segment decreased 7%, driven by the effect of the G-III license and a 2% decrease in Calvin Klein North America comparable store sales due to weakness in traffic and consumer spending trends, especially in stores located in international tourist locations.
- The reduction of an aggregate \$52 million of revenue, or a 3% decrease compared the prior year, attributable to our Heritage Brands Retail and Heritage Brands Wholesale segments, primarily due to weakness in the North America wholesale business and a 2% decline in comparable store sales.

We currently expect that revenue in 2021 will continue to be impacted negatively by the COVID-19 pandemic, particularly in the first quarter due to ongoing store closures, predominantly in Europe. Despite these store closures in Europe, we currently expect our international businesses to exceed 2019 pre-pandemic revenue levels in the first half of 2021. Our North America businesses are expected to remain challenged as international tourism, which is the source of a significant portion of regional revenue, is not expected to return to any significant level until the end of the year. We currently expect revenue for the full year 2021 to increase 22% to 24% compared to 2020, inclusive of a positive impact of approximately 3% related to foreign currency translation. Our 2021 revenue outlook does not contemplate new or extended broad shutdowns under government orders, or any new temporary store closures beyond what is already known and may be subject to significant material change as a result of the occurrence of any of these unanticipated events. There continues to be uncertainty in 2021 with respect to the impact of the pandemic on our business and the businesses of our licensees and other business partners.

#### Gross Profit

Gross profit is calculated as total revenue less cost of goods sold and gross margin is calculated as gross profit divided by total revenue. Included as cost of goods sold are costs associated with the production and procurement of product, such as inbound freight costs, purchasing and receiving costs and inspection costs. Also included as cost of goods sold are the amounts recognized on foreign currency forward exchange contracts as the underlying inventory hedged by such forward exchange contracts is sold. Warehousing and distribution expenses are included in SG&A expenses. All of our royalty, advertising and other revenue is included in gross profit because there is no cost of goods sold associated with such revenue. As a result, our gross profit may not be comparable to that of other entities.

The following table shows our revenue mix between net sales and royalty, advertising and other revenue, as well as our gross margin for 2020, 2019 and 2018:

	2020	2019	2018
Components of revenue:			
Net sales	95.3 %	94.9 %	94.8 %
Royalty, advertising and other revenue	4.7	5.1	5.2
Total	100.0 %	100.0 %	100.0 %
Gross margin	53.0 %	54.4 %	55.0 %

Gross profit in 2020 was \$3.777 billion, or 53.0% of total revenue, as compared to \$5.388 billion, or 54.4% of total revenue, in 2019. The 140 basis point decrease in gross margin was primarily driven by (i) increased promotional selling and inventory liquidation as a result of the impact of the COVID-19 pandemic on the business, (ii) increased promotional selling and inventory liquidation in conjunction with the planned exit from our Heritage Brands Retail business and (iii) the unfavorable impact of the stronger United States dollar on our international businesses that purchase inventory in United States dollars, particularly our European businesses, as the increased local currency value of inventory resulted in higher cost of goods in local currency when the goods were sold, partially offset by (iv) the impact of a change in revenue mix of our International and North America segments, as our International segments revenue was a larger proportion in 2020 than in 2019, and generally carry higher gross margins.

Gross profit in 2019 was \$5.388 billion, or 54.4% of total revenue, as compared to \$5.308 billion, or 55.0% of total revenue, in 2018. The 60 basis point decrease in gross margin was principally driven by (i) a gross margin decline in our Tommy Hilfiger North America business due to more promotional selling as compared to the prior year, (ii) the impact of additional inventory reserves recorded in the fourth quarter of 2019 in anticipation of lower 2020 sales trends as a result of the onset of the COVID-19 outbreak, (iii) short-lived noncash inventory valuation adjustments recorded in connection with the Australia and TH CSAP acquisitions, and (iv) the negative impact of tariffs imposed on goods imported from China into the United States. These decreases were partially offset by the impact of a change in revenue mix of our International and North America segments, as our International segments revenue was a larger proportion in 2019 than in 2018, and generally carry higher gross margins, as well as gross margin improvements realized in our Calvin Klein North America business.

We currently expect that gross margin in 2021 will increase as compared to 2020 primarily due to (i) a significant reduction in the level of promotional selling and inventory liquidation as compared to 2020, as our inventories were significantly lower as of year-end 2020, (ii) the favorable impact of the weaker United States dollar on our international businesses that purchase inventory in United States dollars, particularly our European businesses, as the decreased local currency value of inventory results in lower cost of goods in local currency when the goods are sold and (iii) the impact of a change in revenue mix of our International and North America segments, as our International segments revenue is expected to be a larger proportion in 2021 than in 2020, and generally carry higher gross margins. There continues to be uncertainty with respect to the impact of the COVID-19 pandemic on our business and the businesses of our licensees and other business partners, and our gross margin may be subject to significant material change.

#### SG&A Expenses

Our SG&A expenses were as follows:

	2020	2019	2018
(In millions)			
SG&A expenses	\$ 3,983	\$ 4,715	\$ 4,433
% of total revenue	55.8 %	47.6 %	45.9 %

SG&A expenses in 2020 were \$3.983 billion, or 55.8% of total revenue, as compared to \$4.715 billion, or 47.6% of total revenue in 2019. The significant basis point increase was principally attributable to (i) the deleveraging of expenses driven by the significant decline in revenue resulting from the COVID-19 pandemic, (ii) the pre-tax noncash impairments of our store assets resulting from the impacts of the pandemic on our business, (iii) costs incurred in connection with the planned exit from our Heritage Brands Retail business, (iv) additional accounts receivable losses recorded as a result of the pandemic, (v) additional expenses associated with pandemic-related health and safety measures and (vi) the impact of the change in revenue mix of our International and North America segments, as our International segments revenue was a larger proportion in 2020 than in 2019, and generally carry higher SG&A expenses as percentages of total revenue. These increases were partially offset

by (i) a reduction in expenses as a result of the cost savings initiatives we implemented in April 2020, including temporary furloughs, salary and incentive compensation reductions, and lower discretionary spending, (ii) pandemic-related government payroll subsidy programs primarily in international jurisdictions, as well as rent abatements negotiated with certain of our landlords, and (iii) the absence in 2020 of costs that were incurred in 2019 in connection with the Calvin Klein restructuring, the Socks and Hosiery transaction and the TH U.S. store closures.

SG&A expenses in 2019 were \$4.715 billion, or 47.6% of total revenue, as compared to \$4.433 billion, or 45.9% of total revenue in 2018. The 170 basis point increase in SG&A expenses as a percentage of total revenue was principally attributable to (i) an increase in costs incurred in connection with the Calvin Klein restructuring, (ii) the costs incurred in connection with the Socks and Hosiery transaction, and (iii) the costs incurred in connection with the TH U.S. store closures. Also contributing to the increase was the impact of the change in revenue mix of our International and North America segments, as our International segments revenue was a larger proportion in 2019 than in 2018, and generally carry higher SG&A expenses as percentages of total revenue.

We currently expect that SG&A expenses as a percentage of revenue in 2021 will decrease as compared to 2020 primarily as a result of (i) the leveraging of expenses driven by an expected increase in revenue as compared to the prior year, (ii) cost savings resulting from the North America workforce reduction, (iii) the absence in 2021 of accounts receivable losses recorded in 2020 as a result of the COVID-19 pandemic, and (iv) the absence in 2021 of noncash store asset impairments recorded in 2020 resulting from the impacts of the pandemic on our business. These decreases are expected to be partially offset by (i) the absence in 2021 of pandemic-related government payroll subsidy programs, as well as rent abatements, (ii) the absence in 2021 of temporary cost savings initiatives implemented during the first quarter of 2020 in response to the pandemic, including temporary furloughs, and salary and incentive compensation reductions, (iii) the net impact of our planned reductions in our workforce in certain international markets and in our real estate footprint, (iv) the impact of the change in revenue mix of our International and North America segments, as our International segments revenue is expected to be a larger proportion in 2021 than 2020, and generally carry higher SG&A expenses as percentages of total revenue. There continues to be uncertainty with respect to the impact of the COVID-19 pandemic on our business in 2021 and our SG&A expenses may be subject to significant material change.

#### **Goodwill and Other Intangible Asset Impairments**

We recorded noncash impairment charges of \$933 million during 2020 resulting from the impacts of the COVID-19 pandemic on our business, including \$879 million related to goodwill and \$54 million related to other intangible assets, primarily our *ARROW* and *Geoffrey Beene* tradenames. The impairments resulted from interim impairment assessments of our goodwill and other intangible assets, which we were required to perform in the first quarter of 2020 due to the adverse impacts of the pandemic on our then current and estimated future business results and cash flows, as well as the significant decrease in our market capitalization as a result of a sustained decline in our common stock price. No impairment of goodwill and other intangible assets resulted from our annual impairment test in the third quarter of 2020. Please see Note 7, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

#### **Non-Service Related Pension and Postretirement (Income) Cost**

Non-service related pension and postretirement (income) in 2020 was \$(76) million as compared to non-service related pension and postretirement cost of \$90 million and \$5 million in 2019 and 2018, respectively. Non-service related pension and postretirement (income) in 2020 included an actuarial gain on our retirement plans of \$65 million. Non-service related pension and postretirement cost in 2019 and 2018 included actuarial losses on our retirement plans of \$98 million and \$15 million, respectively.

Please see Note 12, "Retirement and Benefit Plans," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

Non-service related pension and postretirement (income) cost recorded throughout the year is calculated using actuarial valuations that incorporate assumptions and estimates about financial market, economic and demographic conditions. Differences between estimated and actual results give rise to gains and losses that are recorded immediately in earnings, generally in the fourth quarter of the year, which can create volatility in our results of operations. We currently expect that non-service related pension and postretirement (income) for 2021 will be approximately \$(16) million. However, our expectation of 2021 non-service related pension and post-retirement income does not include the impact of an actuarial gain or loss. As a result of the recent volatility in the financial markets due, in part, to the impact of the COVID-19 pandemic, there is significant uncertainty with respect to the actuarial gain or loss we may record on our retirement plans in 2021. We may incur a significant

actuarial gain or loss in 2021 if there is a significant increase or decrease in discount rates, respectively, or if there is a difference in the actual and expected return on plan assets. Our actual 2021 non-service related pension and postretirement (income) cost may be significantly different than our projections.

#### **Debt Modification and Extinguishment Costs**

We incurred costs totaling \$5 million in 2019 in connection with the refinancing of our senior credit facilities. Please see the section entitled "Liquidity and Capital Resources" below for further discussion.

#### **Other Noncash Loss, Net**

We recorded a noncash loss of \$3 million in the first quarter of 2020 in connection with the Speedo transaction.

We recorded a noncash loss of \$142 million in the fourth quarter of 2019 in connection with the then-pending Speedo transaction to reduce the carrying value of the business to its estimated fair value, less costs to sell, which included a noncash impairment of our perpetual license right for the *Speedo* trademark.

We recorded a noncash gain of \$113 million in the second quarter of 2019 to write up our previously held equity investments in Gazal and PVH Australia to fair value in connection with the Australia acquisition.

Please see Note 3, "Acquisitions and Divestitures," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion of these transactions.

#### **Equity in Net Income (Loss) of Unconsolidated Affiliates**

The equity in net (loss) income of unconsolidated affiliates was a \$(5) million loss in 2020 as compared to \$10 million and \$21 million of income in 2019 and 2018, respectively. These amounts relate to our share of income (loss) from (i) our joint venture for the *TOMMY HILFIGER*, *Calvin Klein*, *Warner's*, *Olga*, and other licensed trademarks in Mexico, (ii) our joint venture for the *TOMMY HILFIGER* and *Calvin Klein* brands in India (our two prior joint ventures in India merged in the third quarter of 2020), (iii) our joint venture for the *TOMMY HILFIGER* brand in Brazil, (iv) our PVH Legwear joint venture for the *TOMMY HILFIGER*, *Calvin Klein*, *IZOD*, *Van Heusen* and *Warner's* brands and other owned and licensed trademarks in the United States and Canada that began operations in December 2019, (v) PVH Australia (prior to acquiring it on May 31, 2019 through the Australia acquisition) and (vi) our investments in Gazal (prior to acquiring it on May 31, 2019 through the Australia acquisition) and Karl Lagerfeld Holding B.V. ("Karl Lagerfeld") (prior to its impairment in the first quarter of 2020). Please see Note 5, "Investments in Unconsolidated Affiliates," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion of our investment in Karl Lagerfeld.

The equity in net (loss) income for 2020 decreased as compared to 2019 primarily due to (i) a \$12 million pre-tax noncash impairment of our investment in Karl Lagerfeld recorded in the first quarter of 2020 resulting from the impacts of the COVID-19 pandemic on its business, and (ii) a reduction in income on our investments due to the negative impacts of the COVID-19 pandemic on our unconsolidated affiliates' businesses, partially offset by (iii) income on our investment in PVH Legwear in 2020. The equity in net income for 2019 decreased as compared to 2018, primarily due to having only a partial year of income from our investments in Gazal and PVH Australia. Our investments in the continuing joint ventures are being accounted for under the equity method of accounting. Subsequent to the closing of the Australia acquisition, we began to consolidate the operations of Gazal and PVH Australia into our financial statements. Please see the section entitled "Investments in Unconsolidated Affiliates" within "Liquidity and Capital Resources" below for further discussion.

We currently expect that our equity in net income (loss) of unconsolidated affiliates for 2021 will increase as compared to 2020 primarily due to the absence in 2021 of the \$12 million noncash impairment of our investment in Karl Lagerfeld recorded in the first quarter of 2020.

### Interest Expense, Net

Interest expense, net increased to \$121 million in 2020 from \$115 million in 2019 primarily due to (i) the issuance in April 2020 of an additional €175 million principal amount of 3 5/8% senior unsecured notes due 2024 and in July 2020 of \$500 million principal amount of 4 5/8% senior unsecured notes due 2025, partially offset by (ii) lower interest rates on our senior unsecured credit facilities as compared to 2019. Also included in interest expense, net in 2020 and 2019 were expenses of \$5 million and \$9 million, respectively, resulting from the remeasurement of a mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition.

Interest expense, net decreased to \$115 million in 2019 from \$116 million in 2018 primarily due to (i) lower interest rates on our senior unsecured credit facilities as compared to 2018, partially offset by (ii) a \$9 million expense resulting from the remeasurement of a mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition.

Please see the section entitled “Financing Arrangements” within “Liquidity and Capital Resources” below for further discussion.

Interest expense, net in 2021 is currently expected to be approximately \$110 million compared to \$121 million in 2020 primarily due to (i) the impact of planned long-term debt repayments in 2021, including a \$400 million voluntary repayment made in March 2021 and (ii) the absence in 2021 of a \$5 million expense resulting from the remeasurement of a mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition, as the measurement period ended in 2020, partially offset by (iii) a full year impact in 2021 of the issuance of senior unsecured notes in April 2020 and July 2020.

### Income Taxes

Income tax (benefit) expense was as follows:

	2020	2019	2018
(Dollars in millions)			
Income tax (benefit) expense	\$ (56)	\$ 29	\$ 31
Income tax as a % of pre-tax (loss) income	4.7 %	6.5 %	4.0 %

The United States government enacted the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) on March 27, 2020, which includes various income tax provisions aimed at providing economic relief. There was a slight favorable cash flow impact in 2020 as a result of the deferral of income tax payments under the CARES Act. We also considered the significant adverse impact of the pandemic on our business in assessing the realizability of our deferred tax assets. Based on this assessment, we determined that no additional valuation allowances were needed against our deferred tax assets. However, we will continue to monitor the impacts on our ability to realize our deferred tax assets.

The United States Tax Cuts and Job Act of 2017 (the “U.S. Tax Legislation”) was enacted on December 22, 2017. The U.S. Tax Legislation is comprehensive and significantly revised the United States tax code. We completed our final analysis of the impacts of the U.S. Tax Legislation in the fourth quarter of 2018 and recorded a net tax benefit of \$25 million to adjust the provisional amount recorded in 2017, during the measurement period allowed by the Securities and Exchange Commission. The \$25 million net tax benefit included the release of a \$26 million valuation allowance on our foreign tax credits, partially offset by a \$2 million expense related to the remeasurement of our net United States deferred tax liabilities.

We file income tax returns in more than 40 international jurisdictions each year. A substantial amount of our earnings are in international jurisdictions, particularly in the Netherlands and Hong Kong SAR, where income tax rates, coupled with special rates levied on income from certain of our jurisdictional activities, are lower than the United States statutory income tax rate. We expect to benefit from these special rates until 2022.

Our effective income tax benefit rate for 2020 was lower than the United States statutory income tax rate primarily due to (i) the unfavorable impact of the \$879 million of pre-tax goodwill impairment charges, which were mostly non-deductible, and resulted in a 13.3% decrease to our effective income tax rate, (ii) the tax on foreign earnings in excess of a deemed return on tangible assets of foreign corporations (known as “GILTI”), (iii) the mix of foreign and domestic pre-tax results and (iv) a \$33 million expense related to the remeasurement of certain of our net deferred tax liabilities in connection with the legislation enacted in the Netherlands known as the “2021 Dutch Tax Plan,” which became effective on January 1,

2021 and resulted in a decrease to our effective income tax rate of 2.8%, partially offset by (v) the favorable impact on certain liabilities for uncertain tax positions resulting from the expiration of applicable statutes of limitation, which resulted in an increase to our effective income tax rate of 2.1%.

The effective income tax rate for 2020 was 4.7% compared to 6.5% in 2019. The effective income tax rate for 2020 reflected a \$(56) million income tax benefit recorded on \$(1.193) billion of pre-tax losses. The effective income tax rate for 2019 reflected a \$29 million income tax expense recorded on \$444 million of pre-tax income. The 2020 effective income tax rate was lower than the effective income tax rate for 2019 primarily due to (i) the impact of the \$879 million of pre-tax goodwill impairment charges, which were mostly non-deductible and (ii) a reduction in certain discrete items, including the favorable impact on certain liabilities for uncertain tax positions resulting from the expiration of applicable statutes of limitation and the settlement of a multi-year audit from an international jurisdiction in 2019. The variance between the 2020 and 2019 effective income tax rates is also affected by the substantial change in our pre-tax (loss) income. As a result, the effect that discrete tax amounts have on the effective income tax rate in each year is not comparable.

Our effective income tax rate for 2019 was lower than the United States statutory income tax rate primarily due to (i) the favorable impact on certain liabilities for uncertain tax positions resulting from the expiration of applicable statutes of limitation and the settlement of a multi-year audit from an international jurisdiction, which together resulted in a benefit to our effective income tax rate of 11.8%, and (ii) the favorable impact of a tax exemption on the noncash gain recorded to write-up our existing equity investments in Gazal and PVH Australia to fair value in connection with the Australia acquisition, which resulted in a 5.4% benefit to our effective income tax rate.

The effective income tax rate for 2019 was 6.5% compared with 4.0% in 2018. The 2019 effective income tax rate was higher than the effective income tax rate for 2018 primarily due to (i) the absence of a 5.3% benefit to our 2018 effective income tax rate related to the remeasurement of certain of our net deferred tax liabilities in connection with the legislation enacted in the Netherlands known as the “2019 Dutch Tax Plan” and (ii) the absence of a 3.2% benefit to our 2018 effective income tax rate related to the U.S. Tax Legislation, partially offset by (iii) a favorable change in our uncertain tax positions activity of 8.1%, which includes the benefit to our 2019 effective income tax rate resulting from settlement of a multi-year audit from an international jurisdiction. The variance between the 2019 and 2018 effective income tax rates is also affected by the substantial change in our pre-tax income, which was \$444 million in 2019 and \$776 million in 2018. As a result, the effect that discrete tax amounts have on the effective income tax rate in each year is not comparable.

Our effective income tax rate for 2018 was lower than the United States statutory income tax rate primarily due to (i) a \$41 million benefit from the remeasurement of certain of our net deferred tax liabilities in connection with the enactment of the 2019 Dutch Tax Plan, which resulted in a benefit to our effective income tax rate of 5.3%, (ii) the favorable impact on certain liabilities for uncertain tax positions resulting from the expiration of applicable statutes of limitation, which resulted in a benefit to our effective income tax rate of 3.7%, (iii) a net tax benefit of \$25 million recorded in 2018 to adjust the provisional amount recorded in 2017 in connection with the U.S. Tax Legislation, which resulted in a benefit to our effective income tax rate of 3.2%, and (iv) the benefit of overall lower tax rates in certain international jurisdictions where we file tax returns.

We currently expect that our effective income tax rate in 2021 will be in a range of 17.5% to 19.5%. Our expectation that our effective income tax rate in 2021 will be lower than the United States statutory income tax rate is principally due to the overall benefit of certain discrete items, including the favorable impact on certain liabilities for uncertain tax positions. There continues to be uncertainty with respect to the impact of the COVID-19 pandemic on our business and results of operations, which could affect our current expectation of our effective income tax rate in 2021.

Our tax rate is affected by many factors, including the mix of international and domestic pre-tax earnings, discrete events arising from specific transactions and new regulations, as well as audits by tax authorities and the receipt of new information, any of which can cause us to change our estimate for uncertain tax positions. Please see Note 9, “Income Taxes,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

### Redeemable Non-Controlling Interest

We have a joint venture in Ethiopia with Arvind Limited, in which we own a 75% interest. We consolidate the results of PVH Ethiopia in our consolidated financial statements. PVH Ethiopia was formed to operate a manufacturing facility that produces finished products for us for distribution primarily in the United States. The manufacturing facility began operations in 2017.

The net loss attributable to the redeemable non-controlling interest in PVH Ethiopia was immaterial in 2020, 2019 and 2018. We currently expect that the net loss attributable to the redeemable non-controlling interest for 2021 will also be immaterial. Please see Note 6, "Redeemable Non-Controlling Interest," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity Update

The COVID-19 pandemic had a significant impact on our business, results of operations, financial condition and cash flows in 2020. We currently expect the pandemic will continue to impact our cash flows from operations in 2021, including as a result of its impacts on our 2021 revenue and earnings. Given the unprecedented effects of the pandemic on our business, we took the following actions to positively impact our financial position in 2020:

- Issued \$500 million principal amount of 4 5/8% senior notes due 2025 in July 2020.
- Obtained a waiver in June 2020 of the leverage and interest coverage ratios under our senior unsecured credit facilities (referred to as the "June 2020 Amendment").
- Issued an additional €175 million principal amount of 3 5/8% senior notes due 2024 in April 2020.
- Entered into a \$275 million 364-day revolving credit facility in April 2020.
- Suspended our cash dividend beginning with the second quarter of 2020.
- Suspended share repurchases under the stock repurchase program in March 2020, following \$111 million in repurchases completed earlier in the first quarter of 2020.
- Focused management of our working capital, with particular focus on inventories, including reducing and cancelling inventory commitments, redeploying basic inventory items to subsequent seasons and consolidating future seasonal collections, as well as extending payment terms with our suppliers.
- Reduced capital expenditures in 2020 to \$227 million from \$345 million in 2019.

We ended 2020 with \$1.7 billion of cash on hand and approximately \$1.5 billion of borrowing capacity available under our various debt facilities. Our cash position allowed us to make a voluntary long-term debt repayment of \$400 million in March 2021. We believe that we have taken and continue to take appropriate actions to manage our working capital and liquidity through the uncertainty related to the COVID-19 pandemic and are continuously reevaluating all aspects of our spending and cash flow generation as the situation evolves.

### Cash Flow Summary and Trends

Cash and cash equivalents at January 31, 2021 was \$1.651 billion, an increase of \$1.148 billion from the \$503 million at February 2, 2020. The change in cash and cash equivalents included the impact of (i) \$111 million of common stock repurchases under the stock repurchase program, (ii) \$169 million of net proceeds in connection with the Speedo transaction, (iii) \$186 million of net proceeds from the issuance of an additional €175 million principal amount of 3 5/8% senior notes due 2024 and (iv) \$494 million of net proceeds from the issuance of \$500 million principal amount of 4 5/8% senior notes due 2025.

Cash flow in 2021 will be impacted by various factors in addition to those noted above and below in this "Liquidity and Capital Resources" section, including (i) planned voluntary long-term debt repayments of approximately \$700 million, including the \$400 million voluntary repayment made in March 2021, and (ii) remaining mandatory long-term debt repayments of approximately \$23 million, subject to exchange rate fluctuations. There continues to be uncertainty in 2021 with respect to the impacts of the COVID-19 pandemic. Our cash flows may be subject to material significant change, including as a result of the impacts of the pandemic on our 2021 earnings, delays in collection of, or inability to collect on, certain trade receivables, and other working capital changes that we may experience as a result of the pandemic. We continue to evaluate our capital allocation, including stock repurchases and reinstating dividends on our common stock.

As of January 31, 2021, approximately \$678 million of cash and cash equivalents was held by international subsidiaries. Our intent is to reinvest indefinitely outside of the United States substantially all of our earnings in foreign subsidiaries. However, if management decides at a later date to repatriate these earnings to the United States, we may be required to accrue and pay additional taxes, including any applicable foreign withholding tax and United States state income taxes. It is not practicable to estimate the amount of tax that might be payable if these earnings were repatriated due to the complexities associated with the hypothetical calculation.

### Operations

Cash provided by operating activities was \$698 million in 2020 compared to \$1.020 billion in 2019. The decrease in cash provided by operating activities as compared to 2019 was primarily driven by a significant decrease in net (loss) income as adjusted for noncash charges, partially offset by a favorable change in our working capital, including favorable changes in (i) trade receivables, primarily driven by a decline in our wholesale revenue, (ii) inventories, primarily due to focused management of our inventory, including reducing and cancelling inventory commitments and increased promotional selling, and (iii) accounts payable, primarily due to extended vendor payment terms. Our cash flows from operations in 2020 were significantly impacted by widespread temporary store closures and other significant adverse impacts of the COVID-19 pandemic. In an effort to mitigate the impacts of the pandemic and preserve liquidity, we have focused and continue to focus on working capital management, in particular tightly managing inventories, which in 2020 included reducing and cancelling inventory commitments, increasing promotional selling, redeploying basic inventory items to subsequent seasons and consolidating future seasonal collections, as well as extending payment terms with our suppliers.

In connection with our 2013 acquisition of Calvin Klein, Inc. and certain affiliated companies, we were obligated to pay Mr. Calvin Klein contingent purchase price payments based on 1.15% of total worldwide net sales (as defined in the acquisition agreement, as amended) of products bearing any of the *Calvin Klein* brands with respect to sales made through February 12, 2018. A significant portion of the sales on which the payments to Mr. Klein were made were wholesale sales by us and our licensees and other partners to retailers. Contingent purchase price payments totaled \$16 million in 2018. The final payment due to Mr. Klein was made in the second quarter of 2018.

### Supply Chain Finance Program

We have a voluntary supply chain finance program (the "SCF program") that provides our inventory suppliers with the opportunity to sell their receivables due from us to participating financial institutions at the sole discretion of both the suppliers and the financial institutions. The SCF program is administered through third party platforms that allow participating suppliers to track payments from us, and sell their receivables due from us to financial institutions. We are not a party to the agreements between the suppliers and the financial institutions and have no economic interest in a supplier's decision to sell a receivable. Our payment obligations, including the amounts due and payment terms, are not impacted by suppliers' participation in the SCF program.

Accordingly, amounts due to suppliers that elected to participate in the SCF program are included in accounts payable in our consolidated balance sheets and the corresponding payments are reflected in cash flows from operating activities in our consolidated statements of cash flows. We have been informed by the third party administrators of the SCF program that suppliers had elected to sell approximately \$320 million of our payment obligations that were outstanding as of January 31, 2021 to financial institutions and approximately \$810 million had been settled through the program during 2020.

### Capital Expenditures

Our capital expenditures in 2020 were \$227 million compared to \$345 million in 2019 as a result of our decision to limit discretionary spending to preserve cash. More specifically, we limited capital expenditures in 2020 to certain minimum required expenditures in our retail stores and expenditures for projects then in progress, primarily related to (i) investments to support the multi-year upgrade of our platforms and systems worldwide and (ii) enhancements to our warehouse and distribution network. We currently expect that capital expenditures for 2021 will be in a range of \$300 million to \$325 million and will include continued investments in (i) platforms and systems worldwide, including our digital commerce platforms, and (ii) enhancements to our warehouse and distribution network.

### Investments in Unconsolidated Affiliates

We own a 49% economic interest in PVH Legwear. We made payments of \$2 million and \$28 million to PVH Legwear during 2020 and 2019, respectively, to contribute our share of the joint venture funding.

We held an approximately 22% ownership interest in Gazal and a 50% ownership interest in PVH Australia prior to May 31, 2019. These investments were accounted for under the equity method of accounting until the closing of the Australia acquisition on May 31, 2019, on which date we derecognized our equity investments in Gazal and PVH Australia and began to consolidate the operations of Gazal and PVH Australia into our financial statements. We received aggregate dividends of \$6 million and \$8 million from Gazal and PVH Australia during 2019 and 2018, respectively.

We, along with Grupo Axo, S.A.P.I. de C.V., formed a joint venture (“PVH Mexico”) in 2016, in which we own a 49% economic interest. We received dividends of \$7 million from PVH Mexico during 2019.

Payments made to contribute our share of the joint ventures funding are included in our net cash used by investing activities in our Consolidated Statements of Cash Flows for the respective period. The dividends received from our investments in unconsolidated affiliates are included in our net cash provided by operating activities in our Consolidated Statements of Cash Flows for the respective period.

#### *Speedo Transaction*

We completed the sale of our Speedo North America business to Pentland on April 6, 2020 for net proceeds of \$169 million. Please see Note 3, “Acquisitions and Divestitures,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

#### *TH CSAP Acquisition*

We completed the acquisition of the Tommy Hilfiger retail business in Central and Southeast Asia on July 1, 2019 for \$74 million. Please see Note 3, “Acquisitions and Divestitures,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

#### *Acquisition of the Geoffrey Beene Tradename*

We acquired the *Geoffrey Beene* tradename on April 20, 2018 for \$17 million, of which \$16 million was paid in cash. Please see Note 3, “Acquisitions and Divestitures,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

#### *Australia Acquisition*

We completed the Australia acquisition on May 31, 2019. This transaction resulted in a net cash payment of \$59 million, including (i) a payment of \$118 million, net of cash acquired of \$7 million, as cash consideration for the acquisition and (ii) proceeds of \$59 million related to the sale of an office building and warehouse owned by Gazal. Please see Note 3, “Acquisitions and Divestitures,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

#### *Mandatorily Redeemable Non-Controlling Interest*

The Australia acquisition agreement provided for key executives of Gazal and PVH Australia to exchange a portion of their interests in Gazal for approximately 6% of the outstanding shares of our previously wholly owned subsidiary that acquired 100% of the ownership interests in the Australia business. We are obligated to purchase this 6% interest within two years of the acquisition closing in two tranches. We purchased for \$17 million (based on exchange rates in effect on the payment date) tranche 1 (50% of the shares) on the first anniversary of the closing, as the holders did not exercise their option to defer half of this tranche to tranche 2. We will purchase tranche 2, consisting of all remaining shares, on the second anniversary of the closing. The purchase price for the tranche 1 and tranche 2 shares is based on a multiple of the subsidiary’s adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) less net debt as of the end of the measurement year, and the multiple varies depending on the level of EBITDA compared to a target. The \$17 million payment we made in 2020 for the tranche 1 shares was presented in the Consolidated Statement of Cash Flows as follows: (i) \$13 million as a financing cash flow, which represents the initial fair value of the liability recognized for the tranche 1 shares on the acquisition date, and (ii) \$5 million, attributable to interest, as an operating cash flow.

The liability for the mandatorily redeemable non-controlling interest was \$24 million as of January 31, 2021 based on exchange rates in effect on that date, which is payable in the second quarter of 2021 for the purchase of the tranche 2 shares, and was included in accrued expenses in our Consolidated Balance Sheet. Please see Note 3, “Acquisitions and Divestitures,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

#### *Dividends*

Dividends on common stock totaled \$3 million, \$11 million and \$12 million in 2020, 2019 and 2018, respectively.

We suspended our dividends following the payment of a \$0.0375 per common share dividend on March 31, 2020 in order to increase our cash position and preserve financial flexibility in response to the impacts of the COVID-19 pandemic on our business. Under the terms of the June 2020 Amendment, we are not permitted to declare or pay dividends during the relief period (as defined below). Please see the section entitled “2019 Senior Unsecured Credit Facilities” below for further discussion. Future determinations regarding the declaration and payment of dividends will be at the discretion of the PVH Board of Directors and will depend on the then-existing conditions, including our results of operations, capital requirements, financial condition, any limitations on payment of dividends under the terms of our credit facilities and other relevant factors.

#### *Acquisition of Treasury Shares*

The Board of Directors has authorized over time since 2015 an aggregate \$2.0 billion stock repurchase program through June 3, 2023. The program may be modified by the Board of Directors, including to increase or decrease the repurchase limitation or extend, suspend, or terminate the program, at any time, without prior notice.

We suspended share repurchases under the stock repurchase program beginning in March 2020, following the purchase of 1.4 million shares in open market transactions for \$111 million completed earlier in the first quarter, in order to increase our cash position and preserve financial flexibility in response to the impacts of the COVID-19 pandemic on our business. Under the terms of the June 2020 Amendment, we are not permitted to make share repurchases during the relief period. Please see the section entitled “2019 Senior Unsecured Credit Facilities” below for further discussion. The existing stock repurchase program remains authorized by the Board of Directors and we may resume share repurchases after the restrictions under the June 2020 Amendment lapse.

Repurchases under the program, when it is being used, may be made from time to time over the period through open market purchases, accelerated share repurchase programs, privately negotiated transactions or other methods, as we deem appropriate. Purchases are made based on a variety of factors, such as price, corporate requirements and overall market conditions, applicable legal requirements and limitations, trading restrictions under our insider trading policy and other relevant factors.

During 2019 and 2018, we purchased approximately 3.4 million shares and 2.2 million shares, respectively, of our common stock under the program in open market transactions for \$325 million and \$300 million, respectively. Purchases of \$500,000 that were accrued for in the Consolidated Balance Sheet as of February 2, 2020 were paid in the first quarter of 2020. Purchases of \$2 million that were accrued for in the Consolidated Balance Sheet as of February 4, 2018 were paid in 2018. As of January 31, 2021, the repurchased shares were held as treasury stock and \$573 million of the authorization remained available for future share repurchases.

Treasury stock activity also includes shares that were withheld principally in conjunction with the settlement of restricted stock units and performance share units to satisfy tax withholding requirements.

#### *Financing Arrangements*

Our capital structure was as follows at the end of 2020 and 2019:

(In millions)	1/31/21	2/2/20
Short-term borrowings	\$ —	\$ 50
Current portion of long-term debt	41	14
Finance lease obligations	13	15
Long-term debt	3,514	2,694
Stockholders’ equity	4,730	5,811

In addition, we had \$1.651 billion and \$503 million of cash and cash equivalents as of January 31, 2021 and February 2, 2020, respectively.

#### Short-Term Borrowings

We have the ability to draw revolving borrowings under the senior unsecured credit facilities discussed below in the section entitled “2019 Senior Unsecured Credit Facilities.” We had no borrowings outstanding under these facilities as of January 31, 2021. We borrowed \$746 million under these facilities in March 2020 as a precautionary measure in order to

increase our cash position and preserve liquidity, given the uncertainty of the COVID-19 pandemic, and repaid \$578 million as of the end of the first quarter of 2020. We repaid the remaining outstanding balance under these facilities during the second quarter of 2020. We had no borrowings outstanding under these facilities as of February 2, 2020.

We also have the ability to draw revolving borrowings under our 364-day unsecured revolving credit facility discussed below in the section entitled "2020 Unsecured Revolving Credit Facility." We had no borrowings outstanding under this facility during 2020.

Additionally, we have the ability to borrow under short-term lines of credit, overdraft facilities and short-term revolving credit facilities denominated in various foreign currencies. These facilities provided for borrowings of up to \$250 million based on exchange rates in effect on January 31, 2021 and are utilized primarily to fund working capital needs. We had no borrowings outstanding under these facilities as of January 31, 2021 and \$50 million outstanding under these facilities as of February 2, 2020. The weighted average interest rate on funds borrowed as of February 2, 2020 was 2.56%. The maximum amount of borrowings outstanding under these facilities during 2020 was \$97 million.

#### *Commercial Paper*

We have the ability to issue, from time to time, unsecured commercial paper notes with maturities that vary but do not exceed 397 days from the date of issuance primarily to fund working capital needs. We had no borrowings outstanding under the commercial paper note program as of January 31, 2021 and February 2, 2020. The maximum amount of borrowings temporarily outstanding under the program during 2020 was \$165 million.

The commercial paper program allows for borrowings of up to \$675 million to the extent that we have borrowing capacity under the United States dollar-denominated revolving credit facility included in the 2019 facilities (as defined below). Accordingly, the combined aggregate amount of (i) borrowings outstanding under the commercial paper note program and (ii) the revolving borrowings outstanding under the United States dollar-denominated revolving credit facility at any one time cannot exceed \$675 million. We borrowed an aggregate \$660 million under the commercial paper program and the United States dollar-denominated portion of the revolving credit facility in the first quarter of 2020 as a precautionary measure in order to increase our cash position and preserve liquidity, given the uncertainty of the COVID-19 pandemic, and repaid \$450 million as of the end of the first quarter of 2020. We repaid the remaining outstanding balance during the second quarter of 2020.

#### *2020 Unsecured Revolving Credit Facility*

On April 8, 2020, we entered into a 364-day \$275 million United States dollar-denominated unsecured revolving credit facility (the "2020 facility"). We may increase the commitment under the 2020 facility by an aggregate amount not to exceed \$100 million, subject to certain customary conditions. The 2020 facility will mature on April 7, 2021. We paid in 2020 \$2 million of debt issuance costs in connection with the 2020 facility.

Currently, our obligations under the 2020 facility are unsecured and are not guaranteed by any of our subsidiaries. However, within 120 days after the occurrence of a specified credit ratings decrease (as set forth in the 2020 facility), (i) we must cause each of our wholly owned United States subsidiaries (subject to certain customary exceptions) to become a guarantor under the 2020 facility and (ii) we and each subsidiary guarantor will be required to grant liens in favor of the collateral agent on substantially all of our respective assets (subject to customary exceptions).

The outstanding borrowings under the 2020 facility are prepayable at any time without penalty (other than customary breakage costs). The borrowings under the 2020 facility bear interest at a rate equal to an applicable margin plus, as determined at our option, either (a) a base rate determined by reference to the greater of (i) the prime rate, (ii) the United States federal funds effective rate plus 1/2 of 1.00% and (iii) a one-month reserve adjusted Eurocurrency rate plus 1.00% or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the 2020 facility.

The current applicable margin with respect to the borrowings as of January 31, 2021 was 2.250% for adjusted Eurocurrency rate loans and 1.250% for base rate loans. The applicable margin for borrowings is subject to adjustment based upon our public debt rating after the date of delivery of notice of a change in our public debt rating by Standard & Poor's or Moody's.

The 2020 facility requires us to comply with affirmative, negative and financial covenants, including a minimum interest coverage ratio and maximum net leverage ratio, which are subject to change in the event that, and in the same manner as, the minimum interest coverage ratio and maximum net leverage ratio covenants under the 2019 facilities are amended. We

amended the 2019 facilities in June 2020 (referred to as the "June 2020 Amendment"). Refer to the section entitled "2019 Senior Unsecured Credit Facilities" below for further discussion.

#### Finance Lease Obligations

Our cash payments for finance lease obligations totaled \$5 million in each of 2020, 2019 and 2018.

#### 2016 Senior Secured Credit Facilities

On May 19, 2016, we entered into an amendment to our senior secured credit facilities (as amended, the "2016 facilities"). We replaced the 2016 facilities with new senior unsecured credit facilities on April 29, 2019 as discussed in the section entitled "2019 Senior Unsecured Credit Facilities" below. The 2016 facilities, as of the date they were replaced, consisted of a \$2.347 billion United States dollar-denominated Term Loan A facility and senior secured revolving credit facilities consisting of (i) a \$475 million United States dollar-denominated revolving credit facility, (ii) a \$25 million United States dollar-denominated revolving credit facility available in United States dollars and Canadian dollars and (iii) a €186 million euro-denominated revolving credit facility available in euro, British pound sterling, Japanese yen and Swiss francs.

#### 2019 Senior Unsecured Credit Facilities

We refinanced the 2016 facilities on April 29, 2019 (the "Closing Date") by entering into senior unsecured credit facilities (the "2019 facilities"), the proceeds of which, along with cash on hand, were used to repay all of the outstanding borrowings under the 2016 facilities, as well as the related debt issuance costs.

The 2019 facilities consist of a \$1.093 billion United States dollar-denominated Term Loan A facility (the "USD TLA facility"), a €500 million euro-denominated Term Loan A facility (the "Euro TLA facility" and together with the USD TLA facility, the "TLA facilities") and senior unsecured revolving credit facilities consisting of (i) a \$675 million United States dollar-denominated revolving credit facility, (ii) a CAD \$70 million Canadian dollar-denominated revolving credit facility available in United States dollars or Canadian dollars, (iii) a €200 million euro-denominated revolving credit facility available in euro, British pound sterling, Japanese yen, Swiss francs, Australian dollars and other agreed foreign currencies and (iv) a \$50 million United States dollar-denominated revolving credit facility available in United States dollars or Hong Kong dollars. The 2019 facilities are due on April 29, 2024. In connection with the refinancing of our senior credit facilities, we paid debt issuance costs of \$10 million (of which \$3 million was expensed as debt modification costs and \$7 million is being amortized over the term of the debt agreement) and recorded debt extinguishment costs of \$2 million to write off previously capitalized debt issuance costs.

Each of the senior unsecured revolving credit facilities, except for the \$50 million United States dollar-denominated revolving credit facility available in United States dollars or Hong Kong dollars, also include amounts available for letters of credit and have a portion available for the making of swingline loans. The issuance of such letters of credit and the making of any swingline loan reduces the amount available under the applicable revolving credit facility. So long as certain conditions are satisfied, we may add one or more senior unsecured term loan facilities or increase the commitments under the senior unsecured revolving credit facilities by an aggregate amount not to exceed \$1.5 billion. The lenders under the 2019 facilities are not required to provide commitments with respect to such additional facilities or increased commitments.

We had loans outstanding of \$1.609 billion, net of debt issuance costs and based on applicable exchange rates, under the TLA facilities, no borrowings outstanding under the senior unsecured revolving credit facilities and \$18 million of outstanding letters of credit under the senior unsecured revolving credit facilities as of January 31, 2021.

The terms of the TLA facilities require us to make quarterly repayments of amounts outstanding under the 2019 facilities, which commenced with the calendar quarter ended September 30, 2019. Such required repayment amounts equal 2.50% per annum of the principal amount outstanding on the Closing Date for the first eight calendar quarters following the Closing Date, 5.00% per annum of the principal amount outstanding on the Closing Date for the four calendar quarters thereafter and 7.50% per annum of the principal amount outstanding on the Closing Date for the remaining calendar quarters, in each case paid in equal installments and in each case subject to certain customary adjustments, with the balance due on the maturity date of the TLA facilities. The outstanding borrowings under the 2019 facilities are prepayable at any time without penalty (other than customary breakage costs). Any voluntary repayments we make would reduce the future required repayment amounts.

We made payments of \$14 million on our term loans under the 2019 facilities during 2020. We made payments of \$71 million on our term loans under the 2019 facilities and repaid the 2016 facilities in connection with the refinancing of the senior credit facilities during 2019. We made payments of \$150 million during 2018 on our term loans under the 2016 facilities.

The United States dollar-denominated borrowings under the 2019 facilities bear interest at a rate equal to an applicable margin plus, as determined at our option, either (a) a base rate determined by reference to the greater of (i) the prime rate, (ii) the United States federal funds effective rate plus 1/2 of 1.00% and (iii) a one-month reserve adjusted Eurocurrency rate plus 1.00% or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

The Canadian dollar-denominated borrowings under the 2019 facilities bear interest at a rate equal to an applicable margin plus, as determined at our option, either (a) a Canadian prime rate determined by reference to the greater of (i) the rate of interest per annum that Royal Bank of Canada establishes as the reference rate of interest in order to determine interest rates for loans in Canadian dollars to its Canadian borrowers and (ii) the average of the rates per annum for Canadian dollar bankers' acceptances having a term of one month or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

Borrowings available in Hong Kong dollars under the 2019 facilities bear interest at a rate equal to an applicable margin plus an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

The borrowings under the 2019 facilities in currencies other than United States dollars, Canadian dollars or Hong Kong dollars bear interest at a rate equal to an applicable margin plus an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

The current applicable margin with respect to the TLA facilities and each revolving credit facility as of January 31, 2021 was 1.625% for adjusted Eurocurrency rate loans and 0.625% for base rate or Canadian prime rate loans, which reflects an increase of 0.25% as set forth in the June 2020 Amendment (as defined below). The applicable margin for borrowings under the TLA facilities and the revolving credit facilities is subject to adjustment (i) after the date of delivery of the compliance certificate and financial statements, with respect to each of our fiscal quarters, based upon our net leverage ratio, except during the relief period (as defined below), or (ii) after the date of delivery of notice of a change in our public debt rating by Standard & Poor's or Moody's.

We entered into interest rate swap agreements designed with the intended effect of converting notional amounts of our variable rate debt obligation to fixed rate debt. Under the terms of the agreements, for the outstanding notional amount, our exposure to fluctuations in the one-month LIBOR is eliminated and we pay a fixed rate plus the current applicable margin. The following interest rate swap agreements were entered into or in effect during 2020, 2019 and 2018:

(In millions)

Designation Date	Commencement Date	Initial Notional Amount	Notional Amount Outstanding as of January 31, 2021	Fixed Rate	Expiration Date
March 2020	February 2021	\$ 50	\$ —	0.562%	February 2023
February 2020	February 2021	50	—	1.1625%	February 2023
February 2020	February 2020	50	50	1.2575%	February 2023
August 2019	February 2020	50	50	1.1975%	February 2022
June 2019	February 2020	50	50	1.409%	February 2022
June 2019	June 2019	50	50	1.719%	July 2021
January 2019	February 2020	50	50	2.4187%	February 2021
November 2018	February 2019	139	117	2.8645%	February 2021
October 2018	February 2019	116	50	2.9975%	February 2021
June 2018	August 2018	50	50	2.6825%	February 2021
June 2017	February 2018	306	—	1.566%	February 2020

The notional amounts of the outstanding interest rate swaps that commenced in February 2019 are adjusted according to pre-set schedules during the terms of the swap agreements such that, based on our projections for future debt repayments, our outstanding debt under the USD TLA facility is expected to always equal or exceed the combined notional amount of the then-outstanding interest rate swaps.

Our 2019 facilities require us to comply with customary affirmative, negative and financial covenants including a minimum interest coverage ratio and a maximum net leverage ratio. Given the disruption to our business caused by the COVID-19 pandemic and to ensure financial flexibility, we amended these facilities in June 2020 to provide temporary relief of certain financial covenants until the date on which a compliance certificate is delivered for the second quarter of 2021 (the "relief period") unless we elect earlier to terminate the relief period and satisfy the conditions for doing so (the "June 2020 Amendment"). The June 2020 Amendment provides for the following during the relief period, among other things, the (i) suspension of compliance with the maximum net leverage ratio through and including the first quarter of 2021, (ii) suspension of the minimum interest coverage ratio through and including the first quarter of 2021, (iii) addition of a minimum liquidity covenant of \$400 million, (iv) addition of a restricted payment covenant and (v) imposition of stricter limitations on the incurrence of indebtedness and liens. The limitation on restricted payments requires that we suspend payments of dividends on our common stock and purchases of shares under our stock repurchase program during the relief period. The June 2020 Amendment also provides that during the relief period the applicable margin will be increased 0.25%. In addition, under the June 2020 Amendment, in the event there is a specified credit ratings downgrade by Standard & Poor's and Moody's during the relief period (as set forth in the June 2020 Amendment), within 120 days thereafter (i) we must cause each of our wholly owned United States subsidiaries (subject to certain customary exceptions) to become a guarantor under the 2019 facilities and (ii) we and each subsidiary guarantor will be required to grant liens in favor of the collateral agent on substantially all of our respective assets (subject to customary exceptions). As of January 31, 2021, we were in compliance with all applicable financial and non-financial covenants (as amended) under these facilities.

We expect to maintain compliance with the financial covenants (as amended) under the 2019 facilities for at least the next 12 months based on our current forecasts. If the impacts of the COVID-19 pandemic on our business worsen and our earnings and operating cash flows do not recover as currently estimated by us, there can be no assurance that we will be able to maintain compliance with our financial covenants (as amended) in the future. There can be no assurance that we would be able to obtain future waivers in a timely manner, on terms acceptable to us, or at all. If we were not able to maintain compliance or obtain a future covenant waiver under our credit facilities, there can be no assurance that we would be able to raise sufficient debt or equity capital, or divest assets, to refinance or repay such facilities.

#### 7 3/4% Debentures Due 2023

We have outstanding \$100 million of debentures due November 15, 2023 that accrue interest at the rate of 7 3/4%. The debentures are not redeemable at our option prior to maturity.

#### 3 5/8% Euro Senior Notes Due 2024

We have outstanding €525 million principal amount of 3 5/8% senior notes due July 15, 2024, of which €175 million principal amount was issued on April 24, 2020. Interest on the notes is payable in euros. We paid €3 million (\$3 million based on exchange rates in effect on the payment date) of fees in connection with the issuance of the additional €175 million notes. We may redeem some or all of these notes at any time prior to April 15, 2024 by paying a "make whole" premium plus any accrued and unpaid interest. In addition, we may redeem some or all of these notes on or after April 15, 2024 at their principal amount plus any accrued and unpaid interest.

#### 4 5/8% Senior Notes Due 2025

We issued on July 10, 2020, \$500 million principal amount of 4 5/8% senior notes due July 10, 2025. The interest rate payable on the notes is subject to adjustment if either Standard & Poor's or Moody's, or any substitute rating agency, as defined in the indenture governing the notes, downgrades the credit rating assigned to the notes. We paid \$6 million of fees in connection with the issuance of the notes. We may redeem some or all of these notes at any time prior to June 10, 2025 by paying a "make whole" premium plus any accrued and unpaid interest. In addition, we may redeem some or all of these notes on or after June 10, 2025 at their principal amount plus any accrued and unpaid interest.

#### 3 1/8% Euro Senior Notes Due 2027

We have outstanding €600 million principal amount of 3 1/8% senior notes due December 15, 2027. Interest on the notes is payable in euros. We may redeem some or all of these notes at any time prior to September 15, 2027 by paying a "make whole" premium plus any accrued and unpaid interest. In addition, we may redeem some or all of these notes on or after September 15, 2027 at their principal amount plus any accrued and unpaid interest.

Our financing arrangements contain financial and non-financial covenants and customary events of default. As of January 31, 2021, we were in compliance with all applicable financial and non-financial covenants under our financing arrangements.

As of January 31, 2021, our issuer credit was rated BBB- by Standard & Poor's with a negative outlook and our corporate credit was rated Baa3 by Moody's with a stable outlook, and our commercial paper was rated A-3 by Standard & Poor's and P-3 by Moody's. In assessing our credit strength, we believe that both Standard & Poor's and Moody's considered, among other things, our capital structure and financial policies, our consolidated balance sheet, our historical acquisition activity and other financial information, as well as industry and other qualitative factors.

Please see Note 8, "Debt," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion of our debt.

#### **Contractual Obligations**

The following table summarizes, as of January 31, 2021, our contractual cash obligations by future period:

Description (In millions)	Payments Due by Period				
	Total Obligations	2021	2022-2023	2024-2025	Thereafter
Long-term debt <sup>(1)</sup>	\$ 3,579	\$ 41	\$ 334	\$ 2,476	\$ 728
Interest payments on long-term debt	448	106	199	97	46
Operating and finance leases <sup>(2)</sup>	2,144	493	685	410	557
Inventory purchase commitments <sup>(3)</sup>	771	771			
Minimum contractual royalty payments <sup>(4)</sup>	16	8	8		
Non-qualified supplemental defined benefit plan <sup>(5)</sup>	7	1	1	1	4
Information-technology, sponsorships and other commitments <sup>(6)</sup>	84	69	15		
Total contractual cash obligations	\$ 7,049	\$ 1,489	\$ 1,242	\$ 2,984	\$ 1,335

- (1) At January 31, 2021, the outstanding principal balance under our senior unsecured Term Loan A facilities was \$1.614 billion, which requires mandatory payments through April 29, 2024 (according to the mandatory repayment schedules). We also had outstanding \$100 million of 7 3/4% debentures due November 15, 2023, \$637 million of 3 5/8% senior unsecured euro notes due July 15, 2024, \$500 million of 4 5/8% senior unsecured notes due July 10, 2025 and \$728 million of 3 1/8% senior unsecured euro notes due December 15, 2027.
- (2) We lease Company-operated free-standing retail store locations, warehouses, distribution centers, showrooms, office space and a factory in Ethiopia, as well as certain equipment and other assets. Please see Note 16, "Leases," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further information.
- (3) Represents contractual commitments that are enforceable and legally binding for goods on order and not received or paid for as of January 31, 2021. Inventory purchase commitments also include fabric commitments with our suppliers, which secure a portion of our material needs for future seasons. Substantially all of these goods are expected to be received and the related payments are expected to be made in 2021. This amount does not include foreign currency forward exchange contracts that we have entered into to manage our exposure to exchange rate changes with respect to certain of these purchases. Please see Note 10, "Derivative Financial Instruments," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further information.
- (4) Our minimum contractual royalty payments arise under several license agreements we have with third parties, each of which has different terms. Agreements typically require us to make minimum payments to the licensors of the licensed trademarks based on expected or required minimum levels of sales of licensed products, as well as additional royalty payments based on a percentage of sales when our sales exceed such minimum sales. Certain of our license agreements require that we pay a specified percentage of net sales to the licensor for advertising and promotion of the licensed products, in some cases requiring a minimum amount to be paid. Any advertising payments, with the exception of minimum payments to licensors, are excluded from the minimum contractual royalty payments shown in the table. There is no guarantee that we will exceed the minimum payments under any of these license agreements.
- (5) We have an unfunded, non-qualified supplemental defined benefit plan covering certain retired executives under which the participants will receive a predetermined amount during the 10 years following the attainment of age 65, provided that prior to the termination of employment with us, the participant has been in such plan for at least 10 years and has attained age 55.
- (6) Information-technology, sponsorships and other commitments represent future cash obligations related to (i) information-technology related service agreements, (ii) sponsorship and advertising agreements, including agreements relating to our sponsorship of Mercedes-AMG Petronas Motorsport in Formula One™ racing and certain other similar sponsorships, as well as agreements with celebrities and models and (iii) the mandatorily redeemable non-controlling interest that was recognized in connection with the Australia acquisition, of which the portion related to tranche 1 shares was paid in 2020 and the portion related to tranche 2 shares is payable in 2021 and is included in the table above. Please see Note 3, "Acquisitions and Divestitures," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.



Not included in the above table are contributions to our qualified defined benefit pension plans, or payments to employees and retirees in connection with our unfunded supplemental executive retirement, supplemental pension and postretirement health plans. Contractual cash obligations for these plans cannot be determined due to the number of assumptions required to estimate our future benefit obligations, including return on assets, discount rate and future compensation increases. The liabilities associated with these plans, together with the liability for the non-qualified supplemental defined benefit plans included in the above table, are presented in Note 12, "Retirement and Benefit Plans," in the Notes to Consolidated Financial Statements included in Item 8 of this report. Currently, we do not expect to make any material contributions to our pension plans in 2021. Our actual contributions may differ from our planned contributions due to many factors, including changes in tax and other benefit laws, or significant differences between expected and actual pension asset performance or interest rates.

Not included in the above table are \$157 million of net potential cash obligations associated with uncertain tax positions due to the uncertainty regarding the future cash outflows associated with such obligations. Please see Note 9, "Income Taxes," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further information related to uncertain tax positions.

Not included in the above table are \$45 million of asset retirement obligations related to leased office and retail store locations due to the uncertainty of timing of future cash outflows associated with such obligations. Please see Note 22, "Other Comments," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further information related to asset retirement obligations.

#### ***Off-Balance Sheet Arrangements***

We do not have any off-balance sheet arrangements that have a material current effect, or that are reasonably likely to have a material future effect, on our financial position, changes in financial position, revenue, expenses, results of operations, liquidity, capital expenditures or capital resources.

#### **MARKET RISK**

Financial instruments held by us as of January 31, 2021 include cash and cash equivalents, short-term borrowings, long-term debt, foreign currency forward exchange contracts and interest rate swap agreements. Note 11, "Fair Value Measurements," in the Notes to Consolidated Financial Statements included in Item 8 of this report outlines the fair value of our financial instruments as of January 31, 2021. Cash and cash equivalents held by us are affected by short-term interest rates, which are currently low. The potential for a significant decrease in short-term interest rates is low due to the currently low rates of return we are receiving on our cash and cash equivalents and, therefore, a further decrease would not have a material impact on our interest income. However, there is potential for a more significant increase in short-term interest rates, which could have a more material impact on our interest income. Given our balance of cash and cash equivalents at January 31, 2021, the effect of a 10 basis point change in short-term interest rates on our interest income would be approximately \$1.7 million annually. Borrowings under the 2019 facilities and 2020 facility bear interest at a rate equal to an applicable margin plus a variable rate. As such, the 2019 facilities and 2020 facility expose us to market risk for changes in interest rates. We have entered into interest rate swap agreements for the intended purpose of reducing our exposure to interest rate volatility. As of January 31, 2021, after taking into account the effect of our interest rate swap agreements that were in effect as of such date, approximately 70% of our long-term debt was at a fixed interest rate, with the remainder at variable interest rates. Given our long-term debt position at January 31, 2021, the effect of a 10 basis point change in interest rates on our variable interest expense would be approximately \$500,000 annually. Please refer to "Liquidity and Capital Resources" above for further discussion of our credit facilities and interest rate swap agreements.

Our Tommy Hilfiger and Calvin Klein businesses each have substantial international components that expose us to significant foreign exchange risk. Our Heritage Brands business also has international components but those components are not significant to the business. Over 60% of our \$7.133 billion of revenue in 2020 and over 50% of our \$9.909 billion of revenue in 2019 was generated outside of the United States. Changes in exchange rates between the United States dollar and other currencies can impact our financial results in two ways: a translational impact and a transactional impact.

The translational impact refers to the impact that changes in exchange rates can have on our results of operations and financial position. The functional currencies of our foreign subsidiaries are generally the applicable local currencies. Our consolidated financial statements are presented in United States dollars. The results of operations in local foreign currencies are translated into United States dollars using an average exchange rate over the representative period and the assets and liabilities in local foreign currencies are translated into United States dollars using the closing exchange rate at the balance sheet date.

Foreign exchange differences that arise from the translation of our foreign subsidiaries' assets and liabilities into United States dollars are recorded as foreign currency translation adjustments in other comprehensive income (loss). Accordingly, our other comprehensive income (loss) will be unfavorably impacted during times of a strengthening United States dollar, particularly against the euro, the Brazilian real, the Japanese yen, the Korean won, the British pound sterling, the Australian dollar, the Canadian dollar and the Chinese yuan renminbi, and favorably impacted during times of a weakening United States dollar against those currencies. Our results of operations will be similarly affected by foreign currency translation in periods that we generate income. However, in periods that we generate losses, as we did in 2020, the opposite is true and our results are favorably impacted by a strengthening United States dollar against the foreign currencies in which we generate losses and unfavorably impacted by a weakening United States dollar against those currencies.

Foreign currency translation had a slight positive impact on our revenue and net loss in 2020 as compared to 2019. We currently expect our 2021 revenue and net income to increase by approximately \$180 million and \$20 million, respectively, due to the impact of foreign currency translation.

In 2020, we recognized favorable foreign currency translation adjustments of \$279 million within other comprehensive income (loss) principally driven by a weakening of the United States dollar against the euro of 10% since February 2, 2020. Our foreign currency translation adjustments recorded in other comprehensive income (loss) are significantly impacted by the substantial amount of goodwill and other intangible assets denominated in the euro, which represented 38% of our \$6.5 billion total goodwill and other intangible assets as of January 31, 2021. This translational impact was partially mitigated by the change in the fair value of our net investment hedges discussed below.

A transactional impact on financial results is common for apparel companies operating outside the United States that purchase goods in United States dollars, as is the case with most of our foreign operations. Our results of operations will be unfavorably impacted during times of a strengthening United States dollar, as the increased local currency value of inventory results in a higher cost of goods in local currency when the goods are sold, and favorably impacted during times of a weakening United States dollar, as the decreased local currency value of inventory results in a lower cost of goods in local currency when the goods are sold. We also have exposure to changes in foreign currency exchange rates related to certain intercompany transactions and SG&A expenses. We currently use and plan to continue to use foreign currency forward exchange contracts or other derivative instruments to mitigate the cash flow or market value risks associated with these inventory and intercompany transactions, but we are unable to entirely eliminate these risks. The foreign currency forward exchange contracts cover at least 70% of the projected inventory purchases in United States dollars by our foreign subsidiaries.

Our 2020 net loss was negatively impacted compared to 2019 as a result of this foreign currency transactional impact. We currently expect our 2021 net income to increase by approximately \$30 million due to the transactional impact of foreign currency.

Given our foreign currency forward exchange contracts outstanding at January 31, 2021, the effect of a 10% change in foreign currency exchange rates against the United States dollar would result in a change in the fair value of these contracts of approximately \$105 million. Any change in the fair value of these contracts would be substantially offset by a change in the fair value of the underlying hedged items.

In order to mitigate a portion of our exposure to changes in foreign currency exchange rates related to the value of our investments in foreign subsidiaries denominated in the euro, we designated the carrying amount of our €1.125 billion aggregate principal amount of senior notes issued by PVH Corp., a U.S.-based entity, as net investment hedges of our investments in certain of our foreign subsidiaries that use the euro as their functional currency. The effect of a 10% change in the euro against the United States dollar would result in a change in the fair value of the net investment hedges of approximately \$135 million. Any change in the fair value of the net investment hedges would be more than offset by a change in the value of our investments in certain of our European subsidiaries. Additionally, during times of a strengthening United States dollar against the euro, we would be required to use a lower amount of our cash flows from operations to pay interest and make long-term debt repayments on our euro-denominated senior notes, whereas during times of a weakening United States dollar against the euro, we would be required to use a greater amount of our cash flows from operations to pay interest and make long-term debt repayments on these notes.

Included in the calculations of expense and liabilities for our pension plans are various assumptions, including return on assets, discount rates, mortality rates and future compensation increases. Actual results could differ from these assumptions, which would require adjustments to our balance sheet and could result in volatility in our future pension expense. Holding all other assumptions constant, a 1% change in the assumed rate of return on assets would result in a change to 2021 net benefit

cost related to the pension plans of approximately \$7 million. Likewise, a 0.25% change in the assumed discount rate would result in a change to 2021 net benefit cost of approximately \$48 million.

#### SEASONALITY

Our business generally follows a seasonal pattern. Our wholesale businesses tend to generate higher levels of sales in the first and third quarters, while our retail businesses tend to generate higher levels of sales in the fourth quarter. Royalty, advertising and other revenue tends to be earned somewhat evenly throughout the year, although the third quarter has the highest level of royalty revenue due to higher sales by licensees in advance of the holiday selling season. The COVID-19 pandemic has disrupted these patterns, however. We otherwise expect this seasonal pattern will generally continue. Working capital requirements vary throughout the year to support these seasonal patterns and business trends.

#### RECENT ACCOUNTING PRONOUNCEMENTS

Please see Note 1, "Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements included in Item 8 of this report for a discussion of recently issued and adopted accounting standards.

#### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements are based on the selection and application of significant accounting policies, which require management to make significant estimates and assumptions. Our significant accounting policies are outlined in Note 1, "Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements included in Item 8 of this report. We believe that the following are the more critical judgmental areas in the application of our accounting policies that currently affect our financial position and results of operations:

*Sales allowances and returns*—We have arrangements with many of our department and specialty store customers to support their sales of our products. We establish accruals which, based on a review of the individual customer arrangements and the expected performance of our products in their stores, we believe will be required to satisfy our sales allowance obligations. We also establish accruals, which are based on historical experience, an evaluation of current sales trends and market conditions, and authorized amounts, that we believe are necessary to provide for sales allowances and inventory returns. It is possible that the accrual estimates could vary from actual results, which would require adjustment to the allowance and returns accruals.

*Inventories*—Inventories are comprised principally of finished goods and are stated at the lower of cost or net realizable value, except for certain retail inventories in North America that are stated at the lower of cost or market using the retail inventory method. Cost for substantially all wholesale inventories in North America and certain wholesale and retail inventories in Asia is determined using the first-in, first-out method. Cost for all other inventories is determined using the weighted average cost method. We review current business trends, inventory aging and discontinued merchandise categories to determine adjustments which we estimate will be needed to liquidate existing clearance inventories and record inventories at either the lower of cost or net realizable value or the lower of cost or market using the retail inventory method, as applicable. We believe that all inventory write-downs required at January 31, 2021 have been recorded. Our historical estimates of inventory reserves have not differed materially from actual results. If market conditions were to change, including as a result of the COVID-19 pandemic, it is possible that the required level of inventory reserves would need to be adjusted.

*Asset impairments*—We determined during 2020, 2019 and 2018 that certain long-lived assets were not recoverable, which resulted in us recording impairment charges. The long-lived asset impairments in 2020, primarily related to certain retail store and shop-in-shop assets, including property, plant and equipment and operating lease-right-of-use assets, were as a result of the significant adverse impacts of the COVID-19 pandemic on our business, the impact of the shift in consumer buying trends from our brick and mortar retail stores to digital channels, and our decision in July 2020 to exit from the Heritage Brands Retail business by mid-2021. We also determined during 2020 that certain finite-lived customer relationship intangible assets were impaired due to the adverse impacts of the pandemic on the current and projected performance of the underlying businesses. The long-lived asset impairments in 2019 and 2018, primarily related to certain retail store and shop-in-shop assets, including property, plant and equipment and operating lease right-of-use assets, were primarily as a result of the closure of certain flagship and anchor stores in the United States and the financial performance in certain of our retail stores and shop-in-shops.

In addition, we determined during 2020 that our equity method investment in Karl Lagerfeld was impaired as a result of the adverse impacts of the pandemic on recent and projected business results.

In order to calculate these impairment charges, we estimated the undiscounted future cash flows and the related fair value of each asset. Undiscounted future cash flows were estimated using current sales trends and other factors and, in the case of operating lease right-of-use assets, using estimated market rents. If different assumptions had been used, the recorded impairment charges could have been significantly higher or lower. Please see Note 5, "Investments in Unconsolidated Affiliates," Note 7, "Goodwill and Other Intangible Assets," and Note 11, "Fair Value Measurements," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion of the circumstances surrounding these impairments and the assumptions related to the impairment charges.

*Allowance for credit losses on trade receivables*—Trade receivables, as presented in our Consolidated Balance Sheets, are net of an allowance for credit losses. An allowance for credit losses is determined through an analysis of the aging of accounts receivable and assessments of collectibility based on historical trends, the financial condition of our customers and licensees, including any known or anticipated bankruptcies, and an evaluation of current economic conditions as well as our expectations of conditions in the future. Because we cannot predict future changes in economic conditions and in the financial stability of our customers with certainty, including as a result of uncertainties surrounding the ongoing effects of the COVID-19 pandemic, actual future losses from uncollectible accounts may differ from our estimates and could impact our allowance for credit losses.

*Income taxes*—Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. Deferred tax assets are evaluated for future realization and reduced by a valuation allowance to the extent we believe a portion will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience and expectations of future taxable income by taxing jurisdiction, the carryforward periods available to us for tax reporting purposes and other relevant factors. The actual realization of deferred tax assets may differ significantly from the amounts we have recorded.

During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. Accounting for income taxes requires a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if available evidence indicates it is more likely than not that the tax position will be fully sustained upon review by taxing authorities, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount with a greater than 50 percent likelihood of being realized upon ultimate settlement. For tax positions that are 50 percent or less likely of being sustained upon audit, we do not recognize any portion of that benefit in the financial statements. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. Our actual results have differed materially in the past and could differ materially in the future from our current estimates.

*Goodwill and other intangible assets*—Goodwill and other indefinite-lived intangible assets are tested for impairment annually, at the beginning of the third quarter of each fiscal year, and between annual tests if an event occurs or circumstances change that would indicate that it is more likely than not that the carrying amount may be impaired. Impairment testing for goodwill is done at the reporting unit level. A reporting unit is defined as an operating segment or one level below the operating segment, called a component. However, two or more components of an operating segment will be aggregated and deemed a single reporting unit if the components have similar economic characteristics. Impairment testing for other indefinite-lived intangible assets is done at the individual asset level.

We assess qualitative factors to determine whether it is necessary to perform a more detailed quantitative impairment test for goodwill and other indefinite-lived intangible assets. We may elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting units or indefinite-lived intangible assets. Qualitative factors that we consider as part of our assessment include a change in our market capitalization and its implied impact on reporting unit fair value, a change in our weighted average cost of capital, industry and market conditions, macroeconomic conditions, trends in product costs and financial performance of our businesses. If we perform the quantitative test for any reporting units or indefinite-lived intangible assets, we generally use a discounted cash flow method to estimate fair value. The discounted cash flow method is based on the present value of projected cash flows. Assumptions used in these cash flow projections are generally consistent with our internal forecasts. The estimated cash flows are discounted using a rate that represents our weighted average cost of capital. The weighted average cost of capital is based on a number of variables, including the equity-risk premium and risk-free interest rate. Management believes the assumptions used for the impairment tests are consistent with those that would be utilized by a market participant performing similar analysis and valuations. Adverse changes in future market conditions or weaker operating results compared to our expectations may impact our projected cash flows and estimates of weighted average cost of capital, which could result in a potential impairment charge if we are unable to recover the carrying value of our

goodwill and other indefinite-lived intangible assets. For goodwill, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. For indefinite-lived intangible assets, an impairment loss is recognized to the extent the carrying amount of the asset exceeds its fair value. Our policy reflects an update to accounting guidance adopted in the first quarter of 2020 that eliminated the previous requirement to calculate the implied fair value of goodwill to measure the amount of the goodwill impairment charge, if any, under a second step to the goodwill impairment test. Please see the “Recently Adopted Accounting Guidance” section of Note 1, “Summary of Significant Accounting Policies,” in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion.

#### Goodwill Impairment Testing

##### *2020 Goodwill Interim Impairment Test*

We determined in the first quarter of 2020 that the significant adverse impact of the COVID-19 pandemic on our business, including an unprecedented material decline in revenue and earnings and an extended decline in our stock price and associated market capitalization, was a triggering event that required us to perform a quantitative interim goodwill impairment test. As a result of the interim test performed, we recorded \$879 million of noncash impairment charges in the first quarter of 2020, which was included in goodwill and other intangible asset impairments in our Consolidated Statement of Operations. The impairment charges, which related to the Heritage Brands Wholesale, Calvin Klein Retail North America, Calvin Klein Wholesale North America, Calvin Klein Licensing and Advertising International, and Calvin Klein International reporting units, were recorded to our segments as follows: \$198 million in the Heritage Brands Wholesale segment, \$287 million in the Calvin Klein North America segment, and \$394 million in the Calvin Klein International segment.

Of these reporting units, Calvin Klein Wholesale North America, Calvin Klein Licensing and Advertising International, and Calvin Klein International were determined to be partially impaired. The remaining carrying amount of goodwill allocated to these reporting units as of the date of our interim test was \$162 million, \$143 million and \$347 million, respectively. Holding all other assumptions used in the interim test constant, a 100 basis point change in the annual revenue growth rate assumptions for these businesses would result in a change to the estimated fair value of the reporting units of approximately \$80 million, \$20 million and \$140 million, respectively. Likewise, a 100 basis point change in the weighted average cost of capital would result in a change to the estimated fair value of the reporting units of approximately \$60 million, \$15 million and \$125 million, respectively. While these reporting units were not determined to be fully impaired in the first quarter of 2020, they may be at risk of further impairment in the future if the related businesses do not perform as projected, including if they fail to recover as planned following the COVID-19 pandemic, or if market factors utilized in the impairment analysis deteriorate, including an unfavorable change in long-term growth rates or the weighted average cost of capital.

With respect to our other reporting units that were not determined to be impaired, the Tommy Hilfiger International reporting unit had an estimated fair value that exceeded its carrying amount, as of the date of our interim test, of \$2,949 million by 5%. The carrying amount of goodwill allocated to this reporting unit was \$1,558 million. Holding all other assumptions used in the interim test constant, a 100 basis point change in the annual revenue growth rate of the Tommy Hilfiger International business would result in a change to the estimated fair value of the reporting unit of approximately \$355 million. Likewise, a 100 basis point change in the weighted average cost of capital would result in a change to the estimated fair value of the reporting unit of approximately \$320 million. While the Tommy Hilfiger International reporting unit was not determined to be impaired in the first quarter of 2020, it may be at risk of future impairment if the related business does not perform as projected, including if it fails to recover as planned following the COVID-19 pandemic, or if market factors utilized in the impairment analysis deteriorate, including an unfavorable change in the long-term growth rate or the weighted average cost of capital.

The fair value of the reporting units for goodwill impairment testing was determined using an income approach and validated using a market approach. The income approach was based on discounted projected future (debt-free) cash flows for each reporting unit. The discount rates applied to these cash flows were based on the weighted average cost of capital for each reporting unit, which takes market participant assumptions into consideration. Estimated future operating cash flows used in the interim test were discounted at rates of 10.0%, 10.5% or 11.0%, depending on the reporting unit, to account for the relative risks of the estimated future cash flows. For the market approach, used to validate the results of the income approach method, we used both the guideline company and similar transaction methods. The guideline company method analyzes market multiples of revenue and EBITDA for a group of comparable public companies. The market multiples used in the valuation are based on the relative strengths and weaknesses of the reporting unit compared to the selected guideline companies. Under the similar transactions method, valuation multiples are calculated utilizing actual transaction prices and revenue and EBITDA data from target companies deemed similar to the reporting unit. We classified the fair values of our reporting units as Level 3 fair value measurements due to the use of significant unobservable inputs.

##### *2020 Goodwill Annual Impairment Test*

For the 2020 annual goodwill impairment test performed as of the beginning of the third quarter of 2020, we elected to perform a qualitative assessment first to determine whether it was more likely than not that the fair value of each reporting unit with allocated goodwill was less than the carrying amount.

We assessed relevant events and circumstances, including industry, market and macroeconomic conditions, as well as Company and reporting unit-specific factors. In performing this assessment, we considered the results of our quantitative interim goodwill impairment test performed in the first quarter of 2020 and the impact of (i) favorable changes in the weighted average cost of capital subsequent to the interim test, (ii) the change in our market capitalization and its implied impact on the fair value of our reporting units subsequent to the interim test, and (iii) our recent financial performance and updated financial forecasts, which were consistent with or exceeded the projections used in our interim goodwill impairment test.

After assessing these events and circumstances, we determined that it was not more likely than not that the fair value of each reporting unit with allocated goodwill was less than its carrying amount and concluded that the quantitative goodwill impairment test was not required. No impairment of goodwill resulted from our annual impairment test.

##### *2019 Goodwill Annual Impairment Test*

For the 2019 annual goodwill impairment test performed as of the beginning of the third quarter of 2019, we elected to bypass the qualitative assessment for all reporting units and proceeded directly to the quantitative impairment test using a discounted cash flow method to estimate the fair value of our reporting units. The annual goodwill impairment test during 2019 yielded estimated fair values in excess of the carrying amounts for all of our reporting units and therefore the second step of the quantitative goodwill impairment test (under previous accounting guidance in place at the time the test was performed) was not required. The reporting unit with the least excess fair value had an estimated fair value that exceeded its carrying amount by 15%. No impairment of goodwill resulted from our annual impairment test in 2019.

##### *2019 Goodwill Interim Impairment Test*

In the fourth quarter of 2019, the Speedo transaction was a triggering event that indicated that the amount of goodwill allocated to the Heritage Brands Wholesale reporting unit, the reporting unit that includes the Speedo North America business, could be impaired, prompting the need to perform an interim goodwill impairment test for this reporting unit. No goodwill impairment resulted from this interim test.

#### Indefinite-Lived Intangible Assets Impairment Testing

##### *2020 Indefinite-Lived Intangible Assets Interim Impairment Test*

We determined in the first quarter of 2020 that the impact of the COVID-19 pandemic on our business was a triggering event that prompted the need to perform interim impairment testing of our indefinite-lived intangible assets. For the *TOMMY HILFIGER*, *Calvin Klein*, *Van Heusen*, *Warner's* and *Olga* tradenames and the reacquired perpetual license rights for *TOMMY HILFIGER* in India, we elected to first assess qualitative factors to determine whether it was more likely than not that the fair value of any asset was less than its carrying amount. For these assets, no impairment was identified as a result of our prior annual indefinite-lived intangible asset impairment test in 2019 and the fair values of these indefinite-lived intangible assets substantially exceeded their carrying amounts. The asset with the least excess fair value had an estimated fair value that exceeded its carrying amount by approximately 85% as of the date of our 2019 annual test. Considering this and other factors, we determined qualitatively that it was not more likely than not that the fair values of these indefinite-lived intangible assets were less than their carrying amounts and concluded that the quantitative impairment test in the first quarter of 2020 was not required.

For the *ARROW* and *Geoffrey Beene* tradenames and the reacquired perpetual license rights recorded in connection with the Australia acquisition, we elected to bypass the qualitative assessment and proceeded directly to the quantitative impairment test. As a result of this quantitative interim impairment testing, we recorded \$47 million of noncash impairment charges in the first quarter of 2020 to write down the two tradenames. This included \$36 million to write down the *ARROW* tradename, which had a carrying amount as of the date of our interim test of \$79 million, to a fair value of \$43 million, and \$12 million to write down the *Geoffrey Beene* tradename, which had a carrying amount of \$17 million, to a fair value of \$5 million.

The \$47 million of impairment charges recorded in the first quarter of 2020 was included in goodwill and other intangible asset impairments in our Consolidated Statement of Operations and allocated to our Heritage Brands Wholesale segment. Holding all other assumptions used in the interim test constant, a 100 basis point change in the annual revenue growth rate of the Arrow business would result in a change to the estimated fair value of the tradename of approximately \$5 million. Likewise, a 100 basis point change in the weighted average cost of capital would result in a change to the estimated fair value of the *ARROW* tradename of approximately \$5 million. Holding all other assumptions used in the interim test constant, a 100 basis point change to the annual revenue growth rate or weighted average cost of capital in the Geoffrey Beene business would result in an immaterial change to the estimated fair value of the *Geoffrey Beene* tradename.

With regard to the reacquired perpetual license rights recorded in connection with the Australia acquisition, we determined in the first quarter of 2020 that its fair value substantially exceeded its carrying amount and, therefore, the asset was not impaired.

The fair value of the *ARROW* and *Geoffrey Beene* tradenames was determined using an income-based relief-from-royalty method. Under this method, the value of an asset is estimated based on the hypothetical cost savings that accrue as a result of not having to license the tradename from another party. These cash flows are discounted to present value using a discount rate that factors in the relative risk of the intangible asset. We discounted the cash flows used to value the *ARROW* and *Geoffrey Beene* tradenames at a rate of 10.0%. The fair value of our reacquired perpetual license rights recorded in connection with the Australia acquisition was determined using an income approach, which estimates the net cash flows directly attributable to the subject intangible asset. These cash flows are discounted to present value using a discount rate that factors in the relative risk of the intangible asset. We discounted the cash flows used to value the reacquired perpetual license rights recorded in connection with the Australia acquisition at a rate of 10.0%. We classified the fair values of these indefinite-lived intangible assets as Level 3 fair value measurements due to the use of significant unobservable inputs.

#### *2020 Indefinite-Lived Intangible Assets Annual Impairment Test*

For the 2020 annual indefinite-lived intangible assets impairment test performed as of the beginning of the third quarter of 2020, we elected to assess qualitative factors first to determine whether it was more likely than not that the fair value of any asset was less than its carrying amount.

We assessed relevant events and circumstances, including industry, market and macroeconomic conditions, as well as Company and asset-specific factors. In performing this assessment, we considered the results of our interim impairment testing performed in the first quarter of 2020 and the impact of (i) favorable changes in the weighted average cost of capital subsequent to the interim test and (ii) our recent financial performance and updated financial forecasts, which were consistent with or exceeded the projections used in our interim impairment testing.

After assessing these events and circumstances, we determined that it was not more likely than not that the fair value of our indefinite-lived intangible assets were less than their carrying amounts and concluded that a quantitative impairment test was not required. No impairment of indefinite-lived intangible assets resulted from our annual impairment test.

#### *2019 Indefinite-Lived Intangible Assets Annual Impairment Test*

For the 2019 annual impairment test of all indefinite-lived intangible assets performed as of the beginning of the third quarter of 2019, except for the Australia reacquired perpetual license rights, we elected to bypass the qualitative assessment and proceeded directly to the quantitative impairment test using a discounted cash flow method to estimate fair value. For the Australia reacquired perpetual license rights, since only a few months had passed since the acquisition on May 31, 2019 and the business had performed better than initially expected, we determined qualitatively that it was not more likely than not that the fair value of these reacquired perpetual license rights were less than the carrying amount and concluded that the quantitative impairment test was not required. The fair values of all of our indefinite-lived intangible assets substantially exceeded their carrying amounts, with the exception of the *Speedo* perpetual license right, which had a fair value that exceeded its carrying amount by 3% at the testing date.

#### *2019 Indefinite-Lived Intangible Assets Interim Impairment Test*

In the fourth quarter of 2019, the *Speedo* transaction was a triggering event that prompted the need to perform an interim impairment test of the *Speedo* perpetual license right. As a result of this interim test, the perpetual license right was determined to be impaired and an impairment charge of \$116 million was recorded to other noncash loss, net in the

Consolidated Statement of Operations. Please see Note 3, "Acquisitions and Divestitures," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion of the *Speedo* transaction.

Please see Note 7, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements included in Item 8 of this report for further discussion of goodwill and indefinite-lived intangible assets.

There have been no significant events or change in circumstances since the date of the 2020 annual impairment testing that would indicate the remaining carrying amounts of our goodwill and indefinite-lived intangible assets may be impaired as of January 31, 2021. If different assumptions for our goodwill and other indefinite-lived intangible assets impairment tests had been applied, significantly different outcomes could have resulted. There continues to be uncertainty about the impacts of the COVID-19 pandemic on our business and there can be no assurance that the estimates and assumptions used in our goodwill and indefinite-lived intangible assets impairment testing performed in 2020 will prove to be accurate predictions of the future. For example, if general macroeconomic conditions caused by the pandemic do not recover as currently estimated by management or market factors utilized in the impairment analysis deteriorate or otherwise vary from current assumptions (including those resulting in changes in the weighted average cost of capital), industry conditions deteriorate, business conditions or strategies for a specific reporting unit change from current assumptions, including cost increases or loss of major customers, our businesses do not perform as projected, or there is an extended period of a significant decline in our stock price, we could incur additional goodwill and indefinite-lived intangible asset impairment charges in the future.

*Pension and Benefit Plans*—Pension and benefit plan expenses are recorded throughout the year based on calculations using actuarial valuations that incorporate estimates and assumptions that depend in part on financial market, economic and demographic conditions, including expected long-term rate of return on assets, discount rate and mortality rates. These assumptions require significant judgment. Actuarial gains and losses, which occur when actual experience differs from our actuarial assumptions, are recognized in the year in which they occur and could have a material impact on our operating results. These gains and losses are measured at least annually at the end of our fiscal year and, as such, are generally recorded during the fourth quarter of each year.

The expected long-term rate of return on assets is based on historical returns and the level of risk premium associated with the asset classes in which the portfolio is invested as well as expectations for the long-term future returns of each asset class. The expected long-term rate of return for each asset class is then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. The expected return on plan assets is recognized quarterly and determined at the beginning of the year by applying the long-term expected rate of return on assets to the actual fair value of plan assets adjusted for expected benefit payments, contributions and plan expenses. At the end of the year, the fair value of the assets is remeasured and any difference between the actual return on assets and the expected return is recorded in earnings as part of the actuarial gain or loss.

The discount rate is determined based on current market interest rates. It is selected by constructing a hypothetical portfolio of high quality corporate bonds that matches the cash flows from interest payments and principal maturities of the portfolio to the timing of benefit payments to participants. The yield on such a portfolio is the basis for the selected discount rate. Service and interest cost is measured using the discount rate as of the beginning of the year, while the projected benefit obligation is measured using the discount rate as of the end of the year. The impact of the change in the discount rate on our projected benefit obligation is recorded in earnings as part of the actuarial gain or loss.

We revised during each of 2020, 2019 and 2018 the mortality assumptions used to determine our benefit obligations based on recently published actuarial mortality tables. These changes in life expectancy resulted in changes to the period for which we expect benefits to be paid. In each of these years, the decrease in life expectancy decreased our benefit obligations and future expense.

We also periodically review and revise, as necessary, other plan assumptions such as rates of compensation increases, retirement, and termination based on historical experience and anticipated future management actions. We have not historically had significant adjustments to these assumptions.

Actual results could differ from our assumptions, which would require adjustments to our balance sheet and could result in volatility in our future net benefit cost. Holding all other assumptions constant, a 1% change in the assumed rate of return on assets would result in a change to 2021 net benefit cost related to the pension plans of approximately \$7 million. Likewise, a 0.25% change in the assumed discount rate would result in a change to 2021 net benefit cost of approximately \$48 million.

Note 12, "Retirement and Benefit Plans," in the Notes to Consolidated Financial Statements included in Item 8 of this report sets forth certain significant rate assumptions and information regarding our target asset allocation, which are used in performing calculations related to our pension plans.

*Stock-based compensation*—Accounting for stock-based compensation requires measurement of compensation cost for all stock-based awards at fair value on the date of grant and recognition of compensation cost over the service period for awards expected to vest. We use the Black-Scholes-Merton option pricing model to determine the fair value of our stock options. This model uses assumptions that include the risk-free interest rate, expected volatility, expected dividend yield and expected life of the options. The fair value of restricted stock units is determined based on the quoted price of our common stock on the date of grant. The fair value of our stock options and restricted stock units is recognized as expense over the service period, net of actual forfeitures.

The fair value of contingently issuable performance shares that are subject to market conditions is established using a Monte Carlo simulation model. Certain contingently issuable performance shares that are subject to market conditions are also subject to a holding period of one year after the vesting date. For such awards, the grant date fair value is discounted for the restriction of liquidity, which is calculated using the Chaffe model. We record expense for the awards that are subject to market conditions ratably over the vesting period, net of actual forfeitures, regardless of whether the market condition is satisfied.

Note 13, "Stock-Based Compensation," in the Notes to Consolidated Financial Statements included in Item 8 of this report sets forth certain significant assumptions used to determine the fair value of our stock options and contingently issuable performance shares.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Information with respect to Quantitative and Qualitative Disclosures About Market Risk appears under the heading "Market Risk" in Item 7.

#### **Item 8. Financial Statements and Supplementary Data**

See page F-1 of this report for a listing of the consolidated financial statements and supplementary data included in this report.

#### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

#### **Item 9A. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Operating & Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Operating & Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Operating & Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

#### **Management's Report on Internal Control over Financial Reporting**

Management's report on internal control over financial reporting and our independent registered public accounting firm's audit report on our assessment of our internal control over financial reporting can be found on pages F-66 and F-67.

#### **Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal control over financial reporting despite the fact that a significant number of our employees are working remotely due to the COVID-19 pandemic.

We are currently undertaking a major multi-year SAP S/4 implementation to upgrade our platforms and systems worldwide. The implementation is occurring in phases over multiple years. We successfully launched the Global Finance functionality on the SAP S/4 platform in Asia and North America in the first quarter of 2020.

As a result of this multi-year implementation, we expect certain changes to our processes and procedures, which in turn, could result in changes to our internal control over financial reporting. While we expect this implementation to strengthen our internal control over financial reporting by automating certain manual processes and standardizing business processes and reporting across our organization, we will continue to evaluate and monitor our internal control over financial reporting as processes and procedures in the affected areas evolve. For a discussion of risks related to the implementation of new systems and hardware, please refer to risk factor "*We rely significantly on information technology. Our business and reputation could be adversely impacted if our computer systems, or systems of our business partners and service providers, are disrupted or cease to operate effectively or if we or they are subject to a data security or privacy breach*" in Item 1A. Risk Factors of this report.

#### **Item 9B. Other Information**

Not applicable.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

Information with respect to Directors of the Registrant is incorporated herein by reference to the section entitled "Election of Directors" in our proxy statement for the Annual Meeting of Stockholders to be held on June 17, 2021. Information with respect to compliance by our officers and directors with Section 16(a) of the Securities Exchange Act is incorporated herein by reference to the section entitled "Delinquent Section 16(a) Reports" in our proxy statement for the Annual Meeting of Stockholders to be held on June 17, 2021. Information with respect to our executive officers is contained in the section entitled "Executive Officers of the Registrant" in Part I, Item 1 of this report. Information with respect to the procedure by which security holders may recommend nominees to the PVH Board of Directors and with respect to our Audit & Risk Management Committee, our Audit Committee Financial Expert and our Code of Ethics for the Chief Executive and Senior Financial Officers is incorporated herein by reference to the section entitled "Corporate Governance" in our proxy statement for the Annual Meeting of Stockholders to be held on June 17, 2021.

**Item 11. Executive Compensation**

Information with respect to Executive Compensation is incorporated herein by reference to the sections entitled "Executive Compensation Tables," "Compensation Committee Report," "Compensation Discussion and Analysis," "Corporate Governance - Committees - Compensation Committee" and "Director Compensation" in our proxy statement for the Annual Meeting of Stockholders to be held on June 17, 2021.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Information with respect to the Security Ownership of Certain Beneficial Owners and Management and Equity Compensation Plan Information is incorporated herein by reference to the sections entitled "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in our proxy statement for the Annual Meeting of Stockholders to be held on June 17, 2021.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information with respect to Certain Relationships and Related Transactions and Director Independence is incorporated herein by reference to the sections entitled "Transactions with Related Persons" and "Election of Directors" in our proxy statement for the Annual Meeting of Stockholders to be held on June 17, 2021.

**Item 14. Principal Accounting Fees and Services**

Information with respect to Principal Accounting Fees and Services is incorporated herein by reference to the section entitled "Ratification of the Appointment of Auditor" in our proxy statement for the Annual Meeting of Stockholders to be held on June 17, 2021.

**PART IV**

**Item 15. Exhibits, Financial Statement Schedules**

- (a)(1) See page F-1 for a listing of the consolidated financial statements included in Item 8 of this report.
- (a)(2) See page F-1 for a listing of consolidated financial statement schedules submitted as part of this report.
- (a)(3) The following exhibits are included in this report:

**Exhibit  
 Number**

- 3.1 [Amended and Restated Certificate of Incorporation of PVH Corp. \(incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed June 21, 2019\).](#)
- 3.2 [By-Laws of PVH Corp., as amended through June 20, 2019 \(incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K, filed on June 21, 2019\).](#)
- 4.1 [Specimen of Common Stock certificate \(incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the period ended July 31, 2011\).](#)
- 4.2 [Indenture, dated as of November 1, 1993, between Phillips-Van Heusen Corporation and The Bank of New York, as Trustee \(incorporated by reference to Exhibit 4.01 to our Registration Statement on Form S-3 \(Reg. No. 33-50751\) filed on October 26, 1993\); First Supplemental Indenture, dated as of October 17, 2002, to Indenture, dated as of November 1, 1993, between Phillips-Van Heusen Corporation and The Bank of New York, as Trustee \(incorporated by reference to Exhibit 4.15 to our Quarterly Report on Form 10-Q for the period ended November 3, 2002\); Second Supplemental Indenture, dated as of February 12, 2002, to Indenture, dated as of November 1, 1993, between Phillips-Van Heusen Corporation and The Bank of New York, as Trustee \(incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed on February 26, 2003\); Third Supplemental Indenture, dated as of May 6, 2010, between Phillips-Van Heusen Corporation and The Bank of New York Mellon \(formerly known as The Bank of New York\), as Trustee \(incorporated by reference to Exhibit 4.16 to our Quarterly Report on Form 10-Q for the period ended August 1, 2010\); Fourth Supplemental Indenture, dated as of February 13, 2013, to Indenture, dated as of November 1, 1993, between PVH Corp. and The Bank of New York Mellon, as Trustee \(incorporated by reference to Exhibit 4.11 to our Quarterly Report on Form 10-Q for the period ended May 5, 2013\).](#)
- 4.3 [Indenture, dated as of June 20, 2016, between PVH Corp., U.S. Bank National Association, as Trustee, Elavon Financial Services Limited, UK Branch, as Paying Agent and Authenticating Agent, and Elavon Financial Services Limited, as Transfer Agent and Registrar \(incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K, filed on June 20, 2016\).](#)
- 4.4 [Indenture, dated as of December 21, 2017, between PVH Corp., U.S. Bank National Association, as Trustee, Elavon Financial Services DAC, UK Branch, as Paying Agent and Authenticating Agent, and Elavon Financial Services DAC, as Transfer Agent and Registrar \(incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K, filed on December 21, 2017\).](#)
- 4.5 [Indenture, dated as of July 10, 2020, between PVH Corp. and U.S. Bank National Association, as Trustee \(incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K, filed on July 10, 2020\) and Form of 4.5/8% Senior Note due 2025 \(incorporated by reference to Exhibit 4.2 and Appendix A to Exhibit 4.1 to our Current Report on Form 8-K, filed on July 10, 2020\).](#)
- 4.6 [Description of Securities \(incorporated by reference to Exhibit 4.6 to our Annual Report on Form 10-K for the fiscal year ended February 2, 2020\)](#)
- \*10.1 [Phillips-Van Heusen Corporation Capital Accumulation Plan \(incorporated by reference to our Current Report on Form 8-K, filed on January 16, 1987\); Phillips-Van Heusen Corporation Amendment to Capital Accumulation Plan \(incorporated by reference to Exhibit 10\(n\) to our Annual Report on Form 10-K for the fiscal year ended February 2, 1987\); Form of Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to individual participants \(incorporated by reference to Exhibit 10\(1\) to our Annual Report on Form 10-K for the fiscal year ended January 31, 1988\); Form of Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to individual participants \(incorporated by reference to Exhibit 10.8 to our Quarterly Report on Form 10-Q for the period ended October 29, 1995\).](#)
- \*10.2 [Phillips-Van Heusen Corporation Supplemental Defined Benefit Plan, dated January 1, 1991, as amended and restated effective as of January 1, 2005 \(incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the period ended November 4, 2007\).](#)

- \*10.3 [Phillips-Van Heusen Corporation Supplemental Savings Plan, effective as of January 1, 1991 and amended and restated effective as of January 1, 2005 \(incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the period ended November 4, 2007\).](#)
- \*10.4 [Third Amended and Restated Employment Agreement, dated as of May 20, 2019, between PVH Corp. and Emanuel Chirico \(incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on May 22, 2019\); Salary reduction consent and waiver, dated as of April 7, 2020, signed by Emanuel Chirico \(incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended May 3, 2020\).](#)
- \*10.5 [Second Amended and Restated Employment Agreement, dated as of December 23, 2008, between Phillips-Van Heusen Corporation and Michael Shaffer \(incorporated by reference to Exhibit 10.30 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009\); First Amendment to Second Amended and Restated Employment Agreement, dated January 28, 2011, between Phillips-Van Heusen Corporation and Michael Shaffer \(incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed January 28, 2011\).](#)
- \*10.6 [PVH Corp. Long-Term Incentive Plan, as amended and restated effective May 2, 2013 \(incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed June 26, 2013\).](#)
- \*10.7 [PVH Corp. Stock Incentive Plan, as amended and restated effective April 30, 2020 \(incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on June 22, 2020\).](#)
- \*10.8 [PVH Corp. Performance Incentive Bonus Plan, as amended and restated effective April 30, 2020.](#)
- \*10.9 [Form of Stock Option Agreement for Directors under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan \(incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on June 16, 2006\); Revised Form of Stock Option Agreement for Directors under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan \(incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the period ended May 6, 2007\).](#)
- \*10.10 [Form of Stock Option Agreement for Associates under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan \(incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on April 11, 2007\); Revised Form of Stock Option Agreement for Associates under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan \(incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended May 6, 2007\).](#)
- \*10.11 [Form of Restricted Stock Unit Agreement for Associates under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan \(incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on April 11, 2007\); Revised Form of Restricted Stock Unit Agreement for Associates under the Phillips-Van Heusen Corporation 2006 Corporation Stock Incentive Plan \(incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the period ended May 6, 2007\); Revised Form of Restricted Stock Unit Award Agreement for Employees under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of July 1, 2008 \(incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the period ended August 3, 2008\); Revised Form of Restricted Stock Unit Award Agreement for Associates under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of September 24, 2008 \(incorporated by reference to Exhibit 10.39 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009\).](#)
- \*10.12 [Form of Amendment to Outstanding Restricted Stock Unit Award Agreements with Associates under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, dated November 19, 2008 \(incorporated by reference to Exhibit 10.40 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009\).](#)
- \*10.13 [Form of Performance Share Award Agreement under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan \(incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on May 8, 2007\); Revised Form of Performance Share Award Agreement under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of April 30, 2008 \(incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended May 4, 2008\); Revised Form of Performance Share Award Agreement under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of December 16, 2008 \(incorporated by reference to Exhibit 10.42 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009\); Revised Form of Performance Share Award Agreement under the PVH Corp. 2006 Stock Incentive Plan, effective as of April 25, 2012 \(incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the period ended April 29, 2012\); Alternative Form of Performance Share Unit Award Agreement under the PVH Corp. 2006 Stock Incentive Plan, effective as of May 1, 2013 \(incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended May 5, 2013\).](#)
- \*10.14 [Revised Form of Restricted Stock Unit Award Agreement for Directors under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of July 1, 2008 \(incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the period ended August 3, 2008\); Revised Form of Restricted Stock Unit Award Agreement for Directors under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of September 24, 2008 \(incorporated by reference to Exhibit 10.45 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009\); Revised Form of Restricted Stock Unit Award Agreement for Directors under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, effective as of June 24, 2010 \(incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the period ended August 1, 2010\).](#)
- \*10.15 [Form of Amendment to Outstanding Restricted Stock Unit Award Agreements with Directors under the Phillips-Van Heusen Corporation 2006 Stock Incentive Plan, dated November 19, 2008 \(incorporated by reference to Exhibit 10.46 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2009\).](#)
- 10.16 [Credit and Guaranty Agreement, dated as of April 29, 2019, among PVH Corp., PVH Asia Limited, PVH B.V., certain subsidiaries of PVH Corp., Barclays Bank PLC as Administrative Agent, Joint Lead Arranger and Joint Lead Bookrunner, Citibank, N.A. as Syndication Agent, Joint Lead Arranger and Joint Lead Bookrunner, Merrill Lynch, Pierce, Fenner & Smith Incorporated as Syndication Agent, Joint Lead Arranger and Joint Lead Bookrunner, JPMorgan Chase Bank, N.A. as Documentation Agent, Joint Lead Arranger and Joint Lead Bookrunner, Royal Bank of Canada as Documentation Agent, MUFG Securities Americas Inc. as Documentation Agent, US Bancorp as Documentation Agent, Wells Fargo Securities, LLC as Documentation Agent and RBC Capital Markets, LLC as Joint Lead Arranger and Joint Lead Bookrunner \(incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended May 5, 2019\). First Amendment to Credit Agreement, dated as of June 3, 2020, entered into by and among PVH Corp., PVH Asia Limited, PVH B.V., each Lender party thereto and Barclays Bank PLC as administrative agent \(incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the period ended August 2, 2020\)](#)
- \*10.17 [Schedule of Non-Management Directors' Fees, effective June 16, 2016 \(incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended July 31, 2016\).](#)
- \*10.18 [Schedule of Non-Management Directors' Fees, effective June 20, 2019.](#)
- \*10.19 [Employment Agreement, dated as of March 20, 2017, between PVH Europe B.V. and Daniel Grieder \(incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended April 30, 2017\). Amendment to Employment Agreement, effective as of May 31, 2020, between PVH B.V. and Daniel Grieder \(incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the period ended May 3, 2020\); Salary reduction consent and waiver, dated as of April 7, 2020, signed by Daniel Grieder \(incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended May 3, 2020\).](#)
- \*10.20 [European Management Term Sheet, dated as of March 10, 2010, between Phillips-Van Heusen Corporation, Tommy Hilfiger Europe and Daniel Grieder \(incorporated by reference to Exhibit 10.28 to our Annual Report on Form 10-K for fiscal year ended January 31, 2016\).](#)
- \*10.21 [Employment Agreement, effective as of June 3, 2019, between PVH Corp. and Stefan Larsson \(incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on May 22, 2019\). First Amendment to Employment Agreement, dated as of January 27, 2021, between PVH Corp. and Stefan Larsson \(incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on February 1, 2021\).](#)
- \*10.22 [Employment Agreement, dated as of February 14, 2020, between PVH Corp. and Cheryl Abel-Hodges \(incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on February 14, 2020\).](#)
- \*10.23 [Form of salary reduction consent and waiver signed by Stefan Larsson \(on April 7, 2020\), Michael Shaffer \(on April 8, 2020\) and Cheryl Abel-Hodges \(on April 8, 2020\) \(incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the period ended May 3, 2020\).](#)
- 10.24 [Credit Agreement, dated as of April 8, 2020, among PVH Corp., Barclays Bank PLC as Administrative Agent, Joint Lead Arranger and Joint Lead Bookrunner, Citibank, N.A. as Syndication Agent, Joint Lead Arranger and Joint Lead Bookrunner and Truist Bank as Documentation Agent \(incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the period ended May 3, 2020\).](#)
- \*10.25 [Employment Agreement, dated as of June 2, 2020, between PVH B.V. and Martijn Hagman.](#)
- \*10.26 [Transition Agreement, dated as of January 31, 2021, between PVH Corp. and Emanuel Chirico \(incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on February 1, 2021\).](#)
- +21 [PVH Corp. Subsidiaries.](#)
- +23 [Consent of Independent Registered Public Accounting Firm.](#)

- +31.1 [Certification of Stefan Larsson, Chief Executive Officer, pursuant to Section 302 of the Sarbanes – Oxley Act of 2002.](#)
  - +31.2 [Certification of Michael Shaffer, Executive Vice President and Chief Operating & Financial Officer, pursuant to Section 302 of the Sarbanes – Oxley Act of 2002.](#)
  - +32.1 [Certification of Stefan Larsson, Chief Executive Officer, pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350.](#)
  - +32.2 [Certification of Michael Shaffer, Executive Vice President and Chief Operating & Financial Officer, pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350.](#)
  - +101.INS Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
  - +101.SCH Inline XBRL Taxonomy Extension Schema Document
  - +101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
  - +101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
  - +101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
  - +101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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+ Filed or furnished herewith.

\* Management contract or compensatory plan or arrangement required to be identified pursuant to Item 15(a)(3) of this report.

**Exhibits 32.1 and 32.2 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibits shall not be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.**

(b) Exhibits: See (a)(3) above for a listing of the exhibits included as part of this report.

(c) Financial Statement Schedules: See page F-1 for a listing of the consolidated financial statement schedules submitted as part of this report.

#### Item 16. Form 10-K Summary

None.





**PVH CORP.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions, except per share data)

	2020	2019	2018
Net sales	\$ 6,798.7	\$ 9,400.0	\$ 9,154.2
Royalty revenue	260.4	379.9	375.9
Advertising and other revenue	73.5	129.1	126.7
Total revenue	7,132.6	9,909.0	9,656.8
Cost of goods sold (exclusive of depreciation and amortization)	3,355.8	4,520.6	4,348.5
Gross profit	3,776.8	5,388.4	5,308.3
Selling, general and administrative expenses	3,983.2	4,715.2	4,432.8
Goodwill and other intangible asset impairments	933.5	—	—
Non-service related pension and postretirement (income) cost	(75.9)	90.0	5.1
Debt modification and extinguishment costs	—	5.2	—
Other noncash loss, net	3.1	28.9	—
Equity in net (loss) income of unconsolidated affiliates	(4.6)	9.6	21.3
(Loss) income before interest and taxes	(1,071.7)	558.7	891.7
Interest expense	125.5	120.0	120.8
Interest income	4.2	5.3	4.7
(Loss) income before taxes	(1,193.0)	444.0	775.6
Income tax (benefit) expense	(55.5)	28.9	31.0
Net (loss) income	(1,137.5)	415.1	744.6
Less: Net loss attributable to redeemable non-controlling interest	(1.4)	(2.2)	(1.8)
Net (loss) income attributable to PVH Corp.	\$ (1,136.1)	\$ 417.3	\$ 746.4
Basic net (loss) income per common share attributable to PVH Corp.	\$ (15.96)	\$ 5.63	\$ 9.75
Diluted net (loss) income per common share attributable to PVH Corp.	\$ (15.96)	\$ 5.60	\$ 9.65

See notes to consolidated financial statements.

**PVH CORP.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**  
(In millions)

	2020	2019	2018
Net (loss) income	\$ (1,137.5)	\$ 415.1	\$ 744.6
Other comprehensive income (loss):			
Foreign currency translation adjustments	278.5	(157.8)	(361.3)
Net unrealized and realized (loss) gain related to effective cash flow hedges, net of tax (benefit) expense of \$(5.6), \$(1.0) and \$3.2	(63.1)	(4.1)	101.8
Net (loss) gain on net investment hedges, net of tax (benefit) expense of \$(30.6), \$9.6 and \$22.5	(94.4)	29.7	73.1
Total other comprehensive income (loss)	121.0	(132.2)	(186.4)
Comprehensive (loss) income	(1,016.5)	282.9	558.2
Less: Comprehensive loss attributable to redeemable non-controlling interest	(1.4)	(2.2)	(1.8)
Comprehensive (loss) income attributable to PVH Corp.	\$ (1,015.1)	\$ 285.1	\$ 560.0

See notes to consolidated financial statements.

**PVH CORP.**

**CONSOLIDATED BALANCE SHEETS**  
(In millions, except share and per share data)

	January 31, 2021	February 2, 2020
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,651.4	\$ 503.4
Trade receivables, net of allowances for credit losses of \$69.6 and \$21.1	641.5	741.4
Other receivables	25.1	23.7
Inventories, net	1,417.1	1,615.7
Prepaid expenses	158.2	159.9
Other	50.4	112.9
Assets held for sale	—	237.2
Total Current Assets	3,943.7	3,394.2
Property, Plant and Equipment, net	942.7	1,026.8
Operating Lease Right-of-Use Assets	1,564.8	1,675.8
Goodwill	2,954.3	3,677.6
Tradenames	2,869.7	2,830.2
Other Intangibles, net	648.5	650.5
Other Assets, including deferred taxes of \$57.2 and \$40.3	369.8	375.9
Total Assets	\$ 13,293.5	\$ 13,631.0
<b>LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 1,124.2	\$ 882.8
Accrued expenses	939.9	929.6
Deferred revenue	55.8	64.7
Current portion of operating lease liabilities	421.4	363.5
Short-term borrowings	—	49.6
Current portion of long-term debt	41.1	13.8
Liabilities related to assets held for sale	—	57.1
Total Current Liabilities	2,582.4	2,361.1
Long-Term Portion of Operating Lease Liabilities	1,430.7	1,532.0
Long-Term Debt	3,513.7	2,693.9
Other Liabilities, including deferred taxes of \$418.4 and \$558.1	1,039.8	1,234.5
Redeemable Non-Controlling Interest	(3.4)	(2.0)
Stockholders' Equity:		
Preferred stock, par value \$100 per share; 150,000 total shares authorized	—	—
Common stock, par value \$1 per share; 240,000,000 shares authorized; 86,293,158 and 85,890,276 shares issued	86.3	85.9
Additional paid in capital – common stock	3,129.4	3,075.4
Retained earnings	3,613.2	4,753.0
Accumulated other comprehensive loss	(519.1)	(640.1)
Less: 15,133,663 and 13,597,113 shares of common stock held in treasury, at cost	(1,579.5)	(1,462.7)
Total Stockholders' Equity	4,730.3	5,811.5
Total Liabilities, Redeemable Non-Controlling Interest and Stockholders' Equity	\$ 13,293.5	\$ 13,631.0

See notes to consolidated financial statements.

**PVH CORP.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)

	2020	2019	2018
<b>OPERATING ACTIVITIES<sup>(1)</sup></b>			
Net (loss) income	\$ (1,137.5)	\$ 415.1	\$ 744.6
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	325.8	323.8	334.8
Equity in net loss (income) of unconsolidated affiliates	4.6	(9.6)	(21.3)
Deferred taxes <sup>(2)</sup>	(144.7)	(72.9)	(113.3)
Stock-based compensation expense	50.5	56.1	56.2
Impairment of goodwill and other intangible assets	933.5	—	—
Impairment of other long-lived assets	81.9	109.9 <sup>(3)</sup>	17.9
Actuarial (gain) loss on retirement and benefit plans	(64.5)	97.8	15.0
Debt modification and extinguishment costs	—	5.2	—
Other noncash loss, net	3.1	28.9	—
Changes in operating assets and liabilities:			
Trade receivables, net	138.4	(17.1)	(151.4)
Other receivables	1.2	1.0	10.7
Inventories, net	283.3	121.4	(212.1)
Accounts payable, accrued expenses and deferred revenue	140.9	47.8	112.9
Prepaid expenses	7.9	(14.4)	8.5
Employer pension contributions	—	(0.7)	(10.0)
Contingent purchase price payments to Mr. Calvin Klein	—	—	(15.9)
Other, net	73.3	(72.0)	75.9
Net cash provided by operating activities	697.7	1,020.3	852.5
<b>INVESTING ACTIVITIES<sup>(1)(4)</sup></b>			
Acquisitions, net of cash acquired	—	(192.4)	(15.9)
Purchases of property, plant and equipment	(226.6)	(345.2)	(379.5)
Proceeds from sale of building	—	59.4	—
Investments in unconsolidated affiliates	(1.6)	(27.7)	—
Proceeds from sale of the Speedo North America business	169.1	—	—
Net cash used by investing activities	(59.1)	(505.9)	(395.4)
<b>FINANCING ACTIVITIES<sup>(4)</sup></b>			
Net payments on short-term borrowings	(53.6)	(12.1)	(6.7)
Proceeds from 4 5/8% senior notes, net of related fees	493.8	—	—
Proceeds from 3 5/8% senior notes, net of related fees	185.9	—	—
Proceeds from 2019 facilities, net of related fees	—	1,639.8	—
Repayment of 2016 facilities	—	(1,649.3)	—
Repayment of 2019 facilities	(14.4)	(70.6)	—
Repayment of 2016/2014 facilities	—	—	(150.0)
Net proceeds from settlement of awards under stock plans	3.9	2.5	20.4
Cash dividends	(2.7)	(11.3)	(11.6)
Acquisition of treasury shares	(117.3)	(345.1)	(325.2)
Payments of finance lease liabilities	(5.5)	(5.5)	(5.4)
Payment of mandatorily redeemable non-controlling interest liability attributable to initial fair value	(12.7)	—	—
Net cash provided (used) by financing activities	477.4	(451.6)	(478.5)
Effect of exchange rate changes on cash and cash equivalents	32.0	(11.4)	(20.5)
Increase (decrease) in cash and cash equivalents	1,148.0	51.4	(41.9)
Cash and cash equivalents at beginning of year	503.4	452.0	493.9
Cash and cash equivalents at end of year	\$ 1,651.4	\$ 503.4	\$ 452.0

<sup>(1)</sup> Please see Note 16 for lease related cash flow information.

<sup>(2)</sup> Please see Note 9 for information on deferred taxes.

<sup>(3)</sup> Noncash impairment charge of \$116.4 million related to the sale of the Speedo North America business is included in Other noncash loss, net. Please see Note 3 for further information.

<sup>(4)</sup> Please see Note 19 for information on noncash investing and financing transactions.

See notes to consolidated financial statements.

PVH CORP.

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND REDEEMABLE NON-CONTROLLING INTEREST**  
(In millions, except share and per share data)

	Stockholders' Equity								
	Redeemable Non-Controlling Interest	Preferred Stock	Common Stock		Additional Paid In Capital-Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
			Shares	\$1 par Value					
February 4, 2018	\$ 2.0	\$ —	84,851,079	\$ 84.9	\$ 2,941.2	\$ 3,625.2	\$ (321.5)	\$ (793.4)	\$ 5,536.4
Net income attributable to PVH Corp.						746.4			746.4
Foreign currency translation adjustments							(361.3)		(361.3)
Net unrealized and realized gain related to effective cash flow hedges, net of tax expense of \$3.2							101.8		101.8
Net gain on net investment hedges, net of tax expense of \$22.5							73.1		73.1
Comprehensive income attributable to PVH Corp.									560.0
Cumulative-effect adjustment related to the adoption of accounting guidance for revenue recognition						(1.9)			(1.9)
Cumulative-effect adjustment related to the adoption of accounting guidance for income tax accounting on intercompany sales or transfers of assets other than inventory						(8.0)			(8.0)
Settlement of awards under stock plans			595,062	0.5	19.9				20.4
Stock-based compensation expense					56.2				56.2
Cash dividends (\$0.15 per common share)						(11.6)			(11.6)
Acquisition of 2,370,193 treasury shares								(323.7)	(323.7)
Net loss attributable to redeemable non-controlling interest	(1.8)								
February 3, 2019	0.2	—	85,446,141	85.4	3,017.3	4,350.1	(507.9)	(1,117.1)	5,827.8
Net income attributable to PVH Corp.						417.3			417.3
Foreign currency translation adjustments							(157.8)		(157.8)
Net unrealized and realized loss related to effective cash flow hedges, net of tax benefit of \$1.0							(4.1)		(4.1)
Net gain on net investment hedges, net of tax expense of \$9.6							29.7		29.7
Comprehensive income attributable to PVH Corp.									285.1
Cumulative-effect adjustment related to the adoption of accounting guidance for leases						(3.1)			(3.1)
Settlement of awards under stock plans			444,135	0.5	2.0				2.5
Stock-based compensation expense					56.1				56.1
Cash dividends (\$0.15 per common share)						(11.3)			(11.3)
Acquisition of 3,554,603 treasury shares								(345.6)	(345.6)
Net loss attributable to redeemable non-controlling interest	(2.2)								
February 2, 2020	(2.0)	—	85,890,276	85.9	3,075.4	4,753.0	(640.1)	(1,462.7)	5,811.5
Net loss attributable to PVH Corp.						(1,136.1)			(1,136.1)
Foreign currency translation adjustments							278.5		278.5
Net unrealized and realized loss related to effective cash flow hedges, net of tax benefit of \$5.6							(63.1)		(63.1)
Net loss on net investment hedges, net of tax benefit of \$30.6							(94.4)		(94.4)
Comprehensive loss attributable to PVH Corp.									(1,015.1)
Cumulative-effect adjustment related to the adoption of accounting guidance for credit losses						(1.0)			(1.0)
Settlement of awards under stock plans			402,882	0.4	3.5				3.9
Stock-based compensation expense					50.5				50.5
Cash dividends (\$0.0375 per common share)						(2.7)			(2.7)
Acquisition of 1,536,550 treasury shares								(116.8)	(116.8)
Net loss attributable to redeemable non-controlling interest	(1.4)								
January 31, 2021	\$ (3.4)	\$ —	86,293,158	\$ 86.3	\$ 3,129.4	\$ 3,613.2	\$ (519.1)	\$ (1,579.5)	\$ 4,730.3

See notes to consolidated financial statements.

PVH CORP.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Description of Business* — PVH Corp. and its consolidated subsidiaries (collectively, the “Company”) constitute a global apparel company with a brand portfolio consisting of nationally and internationally recognized trademarks, including *TOMMY HILFIGER*, *Calvin Klein*, *Van Heusen*, *IZOD*, *ARROW*, *Warner's*, *Olga*, *True&Co.* and *Geoffrey Beene*, which are owned, as well as various other owned, licensed and, to a lesser extent, private label brands. The Company designs and markets branded dress shirts, neckwear, sportswear (casual apparel), jeanswear, performance apparel, intimate apparel, underwear, swimwear, handbags, accessories, footwear and other related products and licenses its owned brands globally over a broad array of product categories and for use in numerous discrete jurisdictions.

The Company also licensed *Speedo* for North America and the Caribbean until April 6, 2020, at which time the Company completed the sale of its Speedo North America business to Pentland Group PLC (“Pentland”), the parent company of the *Speedo* brand (the “Speedo transaction”). Upon the closing of the transaction, the Company deconsolidated the net assets of the Speedo North America business and no longer licenses the *Speedo* trademark.

*Principles of Consolidation* — The consolidated financial statements include the accounts of the Company. Intercompany accounts and transactions have been eliminated in consolidation. Investments in entities that the Company does not control but has the ability to exercise significant influence over are accounted for using the equity method of accounting. The Company's Consolidated Statements of Operations include its proportionate share of the net income or loss of these entities. Please see Note 5, “Investments in Unconsolidated Affiliates,” for further discussion. The Company and Arvind Limited (“Arvind”) have a joint venture in Ethiopia, PVH Arvind Manufacturing Private Limited Company (“PVH Ethiopia”), in which the Company owns a 75% interest. PVH Ethiopia is consolidated and the minority shareholder's 25% proportionate share of the equity in this joint venture is accounted for as a redeemable non-controlling interest. Please see Note 6, “Redeemable Non-Controlling Interest,” for further discussion.

*Fiscal Year* — The Company uses a 52-53 week fiscal year ending on the Sunday closest to February 1. References to a year are to the Company's fiscal year, unless the context requires otherwise. Results for 2020, 2019 and 2018 represent the 52 weeks ended January 31, 2021, February 2, 2020 and February 3, 2019, respectively.

*COVID-19 Pandemic* — The COVID-19 pandemic had a significant impact on the Company's business, results of operations, financial condition and cash flows from operations in 2020. The Company's retail stores have been, and continue to be, impacted by temporary closures, reduced hours and reduced occupancy as a result of the pandemic. Virtually all of the Company's retail stores were temporarily closed for varying periods of time throughout the first quarter and into the second quarter of 2020, but had reopened by mid-June 2020. During the fourth quarter of 2020 and into the first quarter of 2021, the Company's retail stores in Europe, North America and certain markets in Asia have faced significant pressure as a result of resurgences in COVID-19 cases there, including additional temporary store closures, particularly in Europe and Canada. In addition, the Company's North America retail stores have been, and continue to be, challenged by the lack of international tourists coming to the United States, as stores located in international tourist destinations represent a significant portion of that business.

The Company's brick and mortar wholesale customers and licensing partners also have experienced significant business disruptions as a result of the pandemic, with several of the Company's North America wholesale customers filing for bankruptcy. The Company's wholesale customers and franchisees globally generally experienced temporary store closures at the same time as the Company. Although most of the Company's wholesale customers' and franchisees' stores had reopened the majority of their locations across all regions by mid-June, there was a significant level of inventory that remained in their stores. The elevated inventory levels, as well as lower traffic and consumer demand throughout the year, resulted in a sharp reduction in shipments to these customers in 2020.

In addition, the pandemic has impacted, and continues to impact, the Company's supply chain partners, including third-party manufacturers, logistics providers and other vendors, as well as the supply chains of its licensees. These supply chains may experience future disruptions as a result of closed factories or factories operating with reduced workforces or other logistics constraints due to the impact of the pandemic.

The Company took certain actions during 2020 to preserve its liquidity and strengthen its financial flexibility. The Company suspended share repurchases under its stock repurchase program and suspended its dividend in March 2020. It entered into an amendment to its senior unsecured credit facilities in June 2020 under which it is not permitted to resume share repurchases or payments of dividends until after the relief period (as defined). In addition, the Company took certain other actions starting in the first quarter of 2020 to (i) reduce payroll costs, through temporary furloughs, salary and incentive compensation reductions, decreased working hours and hiring freezes, as well as taking advantage of COVID-related government payroll subsidy programs primarily in international jurisdictions, (ii) eliminate or reduce expenses in all discretionary spending categories, (iii) reduce rent expense through rent abatements negotiated with landlords for certain of its retail stores affected by temporary closures, (iv) reduce working capital, with a particular focus on tightly managing its inventories, including reducing and cancelling inventory commitments, increasing promotional selling, redeploying basic inventory items to subsequent seasons and consolidating future seasonal collections, as well as extending payment terms with its suppliers and (v) reduce capital expenditures. The Company also announced in July 2020 plans to streamline its North American operations to better align its business with the evolving retail landscape, including (i) a reduction in its office workforce by approximately 450 positions, or 12%, across all three brand businesses and corporate functions, which is expected to result in annual cost savings of approximately \$80 million, and (ii) the exit from its Heritage Brands Retail business by mid-2021.

In April 2020, the Company entered into a \$275.0 million 364-day unsecured revolving credit facility and issued an additional €175.0 million principal amount of 3 5/8% senior notes due 2024. In July 2020, the Company issued \$500.0 million principal amount of 4 5/8% senior notes due 2025. Further, in June 2020 the Company amended its senior unsecured credit facilities to provide temporary relief of certain financial covenants under these facilities during future periods. Please see Note 8, "Debt," for further discussion.

The Company also assessed the impacts of the pandemic on the estimates and assumptions used in preparing these consolidated financial statements, including, but not limited to, the allowance for credit losses, inventory reserves, carrying values of goodwill, intangible assets and other long-lived assets, and the effectiveness of hedging instruments. Based on these assessments, the Company recorded pre-tax noncash impairment charges of \$1.021 billion, including \$879.0 million related to goodwill, \$54.5 million related to other intangible assets, \$74.7 million related to store assets and \$12.3 million related to an equity method investment during 2020. Please see Note 7, "Goodwill and Other Intangible Assets," for further discussion of the impairments related to goodwill and other intangible assets, Note 11, "Fair Value Measurements," for further discussion of the impairments related to store assets and Note 5, "Investments in Unconsolidated Affiliates," for further discussion of the impairment related to an equity method investment.

The estimates and assumptions used in these assessments were based on management's judgment and may be subject to change as new events occur and additional information is received. In particular, there continues to be uncertainty about the impacts of the COVID-19 pandemic on the Company's business and, if economic conditions caused by the pandemic do not recover consistent with management's expectations, the Company's results of operations, financial condition and cash flows from operations may be materially and adversely impacted.

*Use of Estimates* — The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ materially from the estimates due to risks and uncertainties, including the extent of the impacts of the COVID-19 pandemic on the Company's business.

*Cash and Cash Equivalents* — The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash equivalents also includes amounts due from third party credit card processors for the settlement of customer debit and credit card transactions that are collectible in one week or less. The Company's cash and cash equivalents at January 31, 2021 consisted principally of bank deposits and investments in money market funds.

*Accounts Receivable* — Trade receivables, as presented in the Company's Consolidated Balance Sheets, are net of allowances. Costs associated with allowable customer markdowns and operational chargebacks, net of the expected recoveries, are part of the provision for allowances included in accounts receivable. These provisions result from seasonal negotiations, historical experience, and an evaluation of current market conditions.

The Company records an allowance for credit losses as a reduction to its trade receivables for amounts that the Company does not expect to recover. An allowance for credit losses is determined through an analysis of the aging of accounts receivable

and assessments of collectibility based on historical trends, the financial condition of the Company's customers and licensees, including any known or anticipated bankruptcies, and an evaluation of current economic conditions as well as the Company's expectations of conditions in the future. The Company writes off uncollectible trade receivables once collection efforts have been exhausted and third parties confirm the balance is not recoverable. As of January 31, 2021 and February 2, 2020, the allowance for credit losses on trade receivables was \$69.6 million and \$21.1 million, respectively. The \$48.5 million increase in the allowance was primarily due to the evaluation of certain customer and licensee account balances in connection with changes in their financial condition and/or developments regarding their credit, including the adverse impacts of the COVID-19 pandemic.

The Company's policy with respect to its allowance for credit losses on trade receivables reflects changes made in 2020 following the adoption of the updated guidance for measuring credit losses for certain financial assets measured at amortized cost. Please see the section "Recently Adopted Accounting Guidance" below for further discussion.

*Goodwill and Other Intangible Assets* — The Company assesses the recoverability of goodwill annually, at the beginning of the third quarter of each fiscal year, and between annual tests if an event occurs or circumstances change that would indicate that it is more likely than not that the carrying amount may be impaired. Impairment testing for goodwill is done at the reporting unit level. A reporting unit is defined as an operating segment or one level below the operating segment, called a component. However, two or more components of an operating segment will be aggregated and deemed a single reporting unit if the components have similar economic characteristics.

The Company assesses qualitative factors to determine whether it is necessary to perform a more detailed quantitative goodwill impairment test. The Company may elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting unit. When performing the quantitative test, an impairment loss is recognized if the carrying amount of the reporting unit, including goodwill, exceeds its fair value (the fair value of a reporting unit is estimated using a discounted cash flow model). The impairment loss recognized is equal to the amount by which the carrying amount exceeds the fair value, but is limited to the total amount of goodwill allocated to that reporting unit.

The Company's goodwill accounting policy reflects accounting guidance adopted in the first quarter of 2020 that simplified the testing for goodwill impairment. Please see the section "Recently Adopted Accounting Guidance" below for further discussion.

The Company determined in the first quarter of 2020 that the significant adverse impact of the COVID-19 pandemic on the Company's business, including an unprecedented material decline in revenue and earnings and an extended decline in the Company's stock price and associated market capitalization, was a triggering event that required the Company to perform a quantitative interim goodwill impairment test. The Company recorded \$879.0 million of noncash goodwill impairment charges in 2020, which was included in goodwill and other intangible asset impairments in the Company's Consolidated Statement of Operations. The Company did not record any goodwill impairments in 2019. Please see Note 7, "Goodwill and Other Intangible Assets," for further discussion.

Indefinite-lived intangible assets not subject to amortization are tested for impairment annually, at the beginning of the third quarter of each fiscal year, and between annual tests if an event occurs or circumstances change that would indicate that it is more likely than not that the carrying amount may be impaired. Indefinite-lived intangible assets and intangible assets with finite lives are tested for impairment prior to assessing the recoverability of goodwill. The Company assesses qualitative factors to determine whether it is necessary to perform a more detailed quantitative impairment test for its indefinite-lived intangible assets. The Company may elect to bypass the qualitative assessment and proceed directly to the quantitative impairment test. When performing the quantitative test, an impairment loss is recognized if the carrying amount of the asset exceeds the fair value of the asset, which is generally determined using the estimated discounted cash flows associated with the asset's use. Intangible assets with finite lives are amortized over their estimated useful lives and are tested for impairment along with other long-lived assets when events and circumstances indicate that the assets might be impaired.

The Company also determined in the first quarter of 2020 that the impact of the COVID-19 pandemic on its business was a triggering event that prompted the need to perform interim impairment testing of its intangible assets. The Company recorded \$47.2 million of noncash impairment charges related to indefinite-lived intangible assets and \$7.3 million of noncash impairment charges related to finite-lived intangible assets in 2020, which were included in goodwill and other intangible asset impairments in the Company's Consolidated Statement of Operations. Please see Note 7, "Goodwill and Other Intangible Assets," for further discussion. In 2019, the Company recorded a noncash impairment charge of \$116.4 million related to the Speedo perpetual license right, which was included in other noncash loss, net in the Company's Consolidated Statement of

Operations. Please see Note 3, "Acquisitions and Divestitures," and Note 7, "Goodwill and Other Intangible Assets," for further discussion.

*Asset Impairments* — The Company reviews for impairment of long-lived assets (excluding goodwill and other indefinite-lived intangible assets) when events and circumstances indicate that the assets might be impaired. The Company records an impairment loss when the carrying amount of the asset is not recoverable and exceeds its fair value. Please see Note 11, "Fair Value Measurements," for further discussion.

*Inventories* — Inventories are comprised principally of finished goods and are stated at the lower of cost or net realizable value, except for certain retail inventories in North America that are stated at the lower of cost or market using the retail inventory method. Cost for substantially all wholesale inventories in North America and certain wholesale and retail inventories in Asia is determined using the first-in, first-out method. Cost for all other inventories is determined using the weighted average cost method. The Company reviews current business trends, inventory aging and discontinued merchandise categories to determine adjustments that it estimates will be needed to liquidate existing clearance inventories and record inventories at either the lower of cost or net realizable value or the lower of cost or market using the retail inventory method, as applicable.

*Property, Plant and Equipment* — Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is generally provided over the estimated useful lives of the related assets on a straight-line basis. The range of useful lives is principally as follows: Buildings and building improvements — 15 to 40 years; machinery, software and equipment — 2 to 10 years; furniture and fixtures — 2 to 10 years; and fixtures located in shop-in-shop/concession locations and their related costs — 3 to 4 years. Leasehold improvements are depreciated using the straight-line method over the lesser of the term of the related lease or the estimated useful life of the asset. Major additions and improvements that extend the useful life of the asset are capitalized, and repairs and maintenance are charged to operations in the period incurred. Depreciation expense totaled \$280.8 million, \$275.0 million and \$263.9 million in 2020, 2019 and 2018, respectively.

*Cloud Computing Arrangements* — The Company incurs costs to implement cloud computing arrangements that are hosted by a third party vendor. Implementation costs incurred during the application development stage of a project are capitalized and amortized over the term of the hosting arrangement on a straight-line basis. The Company capitalized \$10.0 million and \$16.6 million of costs incurred in 2020 and 2019, respectively, to implement cloud computing arrangements, primarily related to digital and consumer data platforms. Amortization expense totaled \$4.4 million and \$0.9 million in 2020 and 2019, respectively. Cloud computing costs of \$20.5 million and \$15.7 million were included in prepaid expenses and other assets in the Company's Consolidated Balance Sheets as of January 31, 2021 and February 2, 2020, respectively.

*Leases* — The Company leases retail locations, warehouses, distribution centers, showrooms, office space and a factory in Ethiopia, as well as certain equipment and other assets. The Company recognizes right-of-use assets and lease liabilities at the lease commencement date based on the present value of fixed lease payments over the expected lease term. Operating leases are included in operating lease right-of-use assets, current portion of operating lease liabilities and long-term portion of operating lease liabilities in the Company's Consolidated Balance Sheets. Finance leases are included in property, plant and equipment, net, accrued expenses and other liabilities in the Company's Consolidated Balance Sheets. Please see Note 16, "Leases," for further discussion.

*Revenue Recognition* — Revenue is recognized upon the transfer of control of products or services to the Company's customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those products or services. Please see Note 2, "Revenue," for further discussion.

*Cost of Goods Sold and Selling, General and Administrative Expenses* — Costs associated with the production and procurement of product are included in cost of goods sold, including inbound freight costs, purchasing and receiving costs, inspection costs and other product procurement related charges, as well as the amounts recognized on foreign currency forward exchange contracts as the underlying inventory hedged by such forward exchange contracts is sold. Generally, all other expenses, excluding non-service related pension and post retirement (income) costs, interest and income taxes, are included in selling, general and administrative ("SG&A") expenses, including warehousing and distribution expenses, as the predominant expenses associated therewith are general and administrative in nature, including rent, utilities, payroll and depreciation and amortization. Warehousing and distribution expenses, which are subject to exchange rate fluctuations, totaled \$288.9 million, \$351.4 million and \$307.7 million in 2020, 2019 and 2018, respectively.

*Shipping and Handling Fees* — Shipping and handling fees that are billed to customers are included in net sales. Shipping and handling costs incurred by the Company are accounted for as fulfillment activities and are recorded in SG&A expenses.

*Advertising* — Advertising costs are expensed as incurred and are included in SG&A expenses. Advertising expenses, which are subject to exchange rate fluctuations, totaled \$379.0 million, \$509.7 million and \$526.0 million in 2020, 2019 and 2018, respectively. Prepaid advertising expenses recorded in prepaid expenses and other assets totaled \$8.3 million and \$5.9 million at January 31, 2021 and February 2, 2020, respectively. Costs associated with cooperative advertising programs, under which the Company shares the cost of a customer's advertising expenditures, are treated as a reduction of revenue.

*Sales Taxes* — The Company accounts for sales taxes and other related taxes on a net basis, excluding such taxes from revenue.

*Income Taxes* — Deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not to be realized.

Significant judgment is required in assessing the timing and amount of deductible and taxable items, evaluating tax positions and determining the income tax provision. The Company recognizes income tax benefits only when it is more likely than not that the tax position will be fully sustained upon review by taxing authorities, including resolution of related appeals or litigation processes, if any. If the recognition threshold is met, the Company measures the tax benefit at the largest amount with a greater than 50 percent likelihood of being realized upon ultimate settlement. For tax positions that are 50 percent or less likely of being sustained upon audit, the Company does not recognize any portion of that benefit in the financial statements. When the outcome of these tax matters changes, the change in estimate impacts the provision for income taxes in the period that such a determination is made. The Company recognizes interest and penalties related to unrecognized tax benefits in the Company's income tax provision.

*Financial Instruments* — The Company has exposure to changes in foreign currency exchange rates related to anticipated cash flows associated with certain international inventory purchases. The Company uses foreign currency forward exchange contracts to hedge against a portion of this exposure. The Company also has exposure to interest rate volatility related to its secured term loan facilities and its 364-day unsecured revolving credit facility. The Company enters into interest rate swap agreements to hedge against a portion of this exposure. The Company records the foreign currency forward exchange contracts and interest rate swap agreements at fair value in its Consolidated Balance Sheets and does not net the related assets and liabilities. The fair value of the foreign currency forward exchange contracts is measured as the total amount of currency to be purchased, multiplied by the difference between (i) the forward rate as of the period end and (ii) the settlement rate specified in each contract. The fair value of the interest rate swap agreements is based on observable interest rate yield curves and represents the expected discounted cash flows underlying the financial instruments. Changes in fair value of the foreign currency forward exchange contracts primarily associated with certain international inventory purchases and the interest rate swap agreements that are designated as effective hedging instruments (collectively referred to as "cash flow hedges") are recorded in equity as a component of accumulated other comprehensive loss ("AOCL").

The Company also has exposure to changes in foreign currency exchange rates related to the value of its investments in foreign subsidiaries denominated in a currency other than the United States dollar. To hedge against a portion of this exposure, the Company designates certain foreign currency borrowings issued by PVH Corp., a U.S.-based entity, as net investment hedges of its investments in certain of its foreign subsidiaries that use a functional currency other than the United States dollar. Changes in fair value of the foreign currency borrowings designated as net investment hedges are recorded in equity as a component of AOCL. The Company evaluates the effectiveness of its net investment hedges at inception and as of the beginning of each quarter thereafter.

The Company records immediately in earnings changes in the fair value of hedges that are not designated as effective hedging instruments ("undesignated contracts"). Undesignated contracts include foreign currency forward exchange contracts related to third party and intercompany transactions, and intercompany loans that are not of a long-term investment nature. Any gains and losses that are immediately recognized in earnings on such contracts are largely offset by the remeasurement of the underlying balances.

The Company does not use derivative or non-derivative financial instruments for trading or speculative purposes. Cash flows from the Company's hedges are presented in the same category in the Company's Consolidated Statements of Cash Flows as the items being hedged. Please see Note 10, "Derivative Financial Instruments," for further discussion.

*Foreign Currency Translation and Transactions* — The consolidated financial statements of the Company are prepared in United States dollars. If the functional currency of a foreign subsidiary is not the United States dollar, assets and liabilities are translated to United States dollars at the closing exchange rate in effect at the applicable balance sheet date and revenue and expenses are translated to United States dollars at the average exchange rate for the applicable period. Gains and losses on the revaluation of intercompany loans made between foreign subsidiaries that are of a long-term investment nature are included in AOCL. Gains and losses arising from transactions denominated in a currency other than the functional currency of a particular entity, not including inventory purchases, are principally included in SG&A expenses and totaled a (gain) loss of \$(5.6) million, \$16.2 million and \$17.3 million in 2020, 2019 and 2018, respectively.

*Balance Sheet Classification of Early Settlements of Long-Term Obligations* — The Company classifies obligations settled after the balance sheet date but prior to the issuance of the consolidated financial statements based on the contractual payment terms of the underlying agreements.

*Pension and Benefit Plans* — Employee pension benefits earned during the year, as well as interest on the projected benefit obligations or accumulated benefit obligations, are accrued quarterly. The expected return on plan assets is recognized quarterly and determined at the beginning of the year by applying the expected long-term rate of return on assets to the actual fair value of plan assets adjusted for expected benefit payments, contributions and plan expenses. Actuarial gains and losses are recognized in the Company's operating results in the year in which they occur. These gains and losses include the difference between the actual return on plan assets and the expected return that was recognized quarterly, as well as the change in the projected benefit obligation caused by actual experience and updated actuarial assumptions differing from those assumptions used to record service and interest cost throughout the year. Actuarial gains and losses are measured at least annually at the end of the Company's fiscal year and, as such, are generally recorded during the fourth quarter of each year. The service cost component of net benefit cost is recorded in SG&A expenses and the other components of net benefit cost are recorded in non-service related pension and postretirement (income) cost in the Company's Consolidated Statements of Operations. Please see Note 12, "Retirement and Benefit Plans," for further discussion of the Company's pension and benefit plans.

*Stock-Based Compensation* — The Company recognizes all share-based payments to employees and non-employee directors, net of actual forfeitures, as compensation expense in the consolidated financial statements based on their grant date fair values. Please see Note 13, "Stock-Based Compensation," for further discussion.

*Recently Adopted Accounting Guidance* — The Financial Accounting Standards Board ("FASB") issued in June 2016 an update to accounting guidance that introduces a new impairment model used to measure credit losses for certain financial assets measured at amortized cost, including trade and other receivables. This update requires entities to record an allowance for credit losses using a forward-looking expected loss impairment model that considers historical experience, current conditions, and reasonable and supportable forecasts that affect collectibility, rather than the incurred loss model required under existing guidance. The Company adopted the update in the first quarter of 2020 using a modified retrospective approach, resulting in a cumulative-effect adjustment to decrease opening retained earnings by \$1.0 million with an offsetting decrease to other assets. Otherwise, the adoption of the standard did not have a material impact on the Company's consolidated financial statements.

The FASB issued in January 2017 an update to accounting guidance to simplify the test for goodwill impairment. The update eliminates the requirement to calculate the implied fair value of goodwill to measure the amount of the goodwill impairment charge, if any, under the second step of the goodwill impairment test. Under the update, the goodwill impairment charge is measured as the amount by which a reporting unit's carrying amount exceeds its fair value. The impairment charge recognized, if any, should not exceed the total amount of goodwill allocated to that reporting unit. The Company adopted the update in the first quarter of 2020 using a prospective approach and performed its annual and interim goodwill impairment assessments in accordance with the updated guidance. Please see Note 7, "Goodwill and Other Intangible Assets," for further discussion.

*Accounting Guidance Issued But Not Adopted as of January 31, 2021* — The FASB issued in December 2019 an update to accounting guidance to simplify the accounting for income taxes by eliminating certain exceptions to the existing guidance and clarifying and amending certain guidance to reduce diversity in practice. The update eliminates certain exceptions to the guidance related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The update also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. Most amendments in the update are required to be adopted using a prospective approach, while other amendments must be adopted using a modified retrospective approach or retrospective approach. The update will be effective for the Company in the first quarter of 2021. This update is not expected to have a material impact on the Company's consolidated financial statements upon adoption. The Company will apply the update to applicable transactions after the

adoption date. The impact on the Company's consolidated financial statements will depend on the facts and circumstances of any specific future transactions.

The FASB issued in March 2020 an update to provide temporary optional guidance intended to ease the potential burden of accounting for reference rate reform. The amendments in the update provide optional expedients and exceptions for applying accounting principles generally accepted in the United States to contract modifications, hedging relationships and other transactions affected by the expected market transition from the London interbank offered rate ("LIBOR") and other interbank offered rates to alternative reference rates if certain criteria are met. The amendments were effective upon issuance and can be applied on a prospective basis through December 31, 2022. The Company is currently evaluating the update to determine the impact of the adoption on the Company's consolidated financial statements.

## 2. REVENUE

The Company generates revenue primarily from sales of finished products under its owned trademarks through its wholesale and retail operations. The Company also generates royalty and advertising revenue from licensing the rights to its trademarks to third parties. Revenue is recognized upon the transfer of control of products or services to the Company's customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those products or services.

### Product Sales

The Company generates revenue from the wholesale distribution of its products to traditional retailers (including for sale through their digital commerce sites), pure play digital commerce retailers, franchisees, licensees and distributors. Revenue is recognized upon transfer of control of goods to the customer, which generally occurs when title to goods is passed and risk of loss transfers to the customer. Depending on the contract terms, transfer of control is upon shipment of goods to or upon receipt of goods by the customer. Payment is typically due within 30 to 90 days. The Company had provided temporary extensions to its standard payment terms for certain customers earlier in 2020 in connection with the COVID-19 pandemic but resumed its standard payment terms for these customers in the third quarter of 2020. The amount of revenue recognized is net of returns, sales allowances and other discounts that the Company offers to its wholesale customers. The Company estimates returns based on an analysis of historical experience and specific customer arrangements and estimates sales allowances and other discounts based on seasonal negotiations, historical experience and an evaluation of current market conditions.

The Company also generates revenue from the retail distribution of its products through its freestanding stores, shop-in-shop/concession locations and digital commerce sites. Revenue is recognized at the point of sale in the stores and shop-in-shop/concession locations and upon estimated time of delivery for sales through the Company's digital commerce sites, at which point control of the products passes to the customer. The amount of revenue recognized is net of returns, which are estimated based on an analysis of historical experience. Costs associated with coupons are recorded as a reduction of revenue at the time of coupon redemption.

The Company excludes from revenue taxes collected from customers and remitted to government authorities related to sales of the Company's products. Shipping and handling costs that are billed to customers are included in net sales.

### Customer Loyalty Programs

The Company uses loyalty programs that offer customers of its retail businesses specified amounts off of future purchases for a specified period of time after certain levels of spending are achieved. Customers that are enrolled in the programs earn loyalty points for each purchase made.

Loyalty points earned under the customer loyalty programs provide the customer a material right to acquire additional products and give rise to the Company having a separate performance obligation. For each transaction where a customer earns loyalty points, the Company allocates revenue between the products purchased and the loyalty points earned based on the relative standalone selling prices. Revenue allocated to loyalty points is recorded as deferred revenue until the loyalty points are redeemed or expire.

### Gift Cards

The Company sells gift cards to customers in its retail stores and on certain of its digital commerce sites. The Company does not charge administrative fees on gift cards nor do they expire. Gift card purchases by a customer are prepayments for

products to be provided by the Company in the future and are therefore considered to be performance obligations of the Company. Upon the purchase of a gift card by a customer, the Company records deferred revenue for the cash value of the gift card. Deferred revenue is relieved and revenue is recognized when the gift card is redeemed by the customer. The portion of gift cards that the Company does not expect to be redeemed (referred to as "breakage") is recognized proportionately over the estimated customer redemption period, subject to the constraint that it must be probable that a significant reversal of revenue will not occur, if the Company determines that it does not have a legal obligation to remit the value of such unredeemed gift cards to any jurisdiction.

#### License Agreements

The Company generates royalty and advertising revenue from licensing the rights to access its trademarks to third parties, including the Company's joint ventures. The license agreements are generally exclusive to a territory or product category, have terms in excess of one year and, in most cases, include renewal options. In exchange for providing these rights, the license agreements require the licensees to pay the Company a royalty and, in certain agreements, an advertising fee. In both cases, the Company generally receives the greater of (i) a sales-based percentage fee and (ii) a contractual minimum fee for each annual performance period under the license agreement.

In addition to the rights to access its trademarks, the Company provides ongoing support to its licensees over the term of the agreements. As such, the Company's license agreements are licenses of symbolic intellectual property and, therefore, revenue is recognized over time. For license agreements where the sales-based percentage fee exceeds the contractual minimum fee, the Company recognizes revenues as the licensed products are sold as reported to the Company by its licensees. For license agreements where the sales-based percentage fee does not exceed the contractual minimum fee, the Company recognizes the contractual minimum fee as revenue ratably over the contractual period.

Under the terms of the license agreements, payments are generally due quarterly from the licensees. The Company has extended the payment terms for minimum payment obligations due from certain licensees in 2020 in connection with the COVID-19 pandemic. The Company records deferred revenue when amounts are received or receivable from the licensee in advance of the recognition of revenue.

As of January 31, 2021, the contractual minimum fees on the portion of all license agreements not yet satisfied totaled \$1.1 billion, of which the Company expects to recognize \$256.8 million as revenue in 2021, \$207.8 million in 2022 and \$610.4 million thereafter.

#### Deferred Revenue

Changes in deferred revenue, which primarily relate to customer loyalty programs, gift cards and license agreements for the years ended January 31, 2021 and February 2, 2020, were as follows:

(In millions)	2020	2019
Deferred revenue balance at beginning of period	\$ 64.7	\$ 65.3
Net additions to deferred revenue during the period	50.5	60.3
Reductions in deferred revenue for revenue recognized during the period <sup>(1)</sup>	(59.4)	(60.9)
Deferred revenue balance at end of period	\$ 55.8	\$ 64.7

<sup>(1)</sup> Represents the amount of revenue recognized during the period that was included in the deferred revenue balance at the beginning of the period and does not contemplate revenue recognized from amounts deferred during the period.

The Company also had long-term deferred revenue liabilities included in other liabilities in its Consolidated Balance Sheets of \$13.4 million and \$10.3 million as of January 31, 2021 and February 2, 2020, respectively.

#### Optional Exemptions

The Company elected not to disclose the remaining performance obligations for contracts that have an original expected term of one year or less and expected sales-based percentage fees for the portion of all license agreements not yet satisfied.

Please see Note 20, "Segment Data," for information on the disaggregation of revenue by segment and distribution channel.

### 3. ACQUISITIONS AND DIVESTITURES

#### TH CSAP Acquisition

The Company acquired on July 1, 2019 the Tommy Hilfiger retail business in Central and Southeast Asia from the Company's previous licensee in that market (the "TH CSAP acquisition"). As a result of the TH CSAP acquisition, the Company now operates directly the Tommy Hilfiger retail business in the Central and Southeast Asia market.

The acquisition date fair value of the consideration paid was \$74.3 million. The estimated fair value of the assets acquired consisted of \$63.9 million of goodwill and \$10.4 million of other net assets. The goodwill of \$63.9 million was assigned as of the acquisition date to the Company's Tommy Hilfiger International segment, which is the Company's reporting unit that is expected to benefit from the synergies of the combination. Goodwill is not expected to be deductible for tax purposes. The Company finalized the purchase price allocation during the second quarter of 2020.

#### Australia Acquisition

The Company acquired on May 31, 2019 the approximately 78% ownership interest in Gazal Corporation Limited ("Gazal") that it did not already own (the "Australia acquisition"). Prior to the Australia acquisition, the Company and Gazal jointly owned and managed a joint venture, PVH Brands Australia Pty. Limited ("PVH Australia"), with each owning a 50% interest. PVH Australia licensed and operated businesses in Australia, New Zealand and other parts of Oceania under the TOMMY HILFIGER, Calvin Klein and Van Heusen brands, along with other owned and licensed brands. PVH Australia came under the Company's full control as a result of the acquisition. The Company now operates directly those businesses.

Prior to May 31, 2019, the Company accounted for its approximately 22% interest in Gazal and its 50% interest in PVH Australia under the equity method of accounting. Following the completion of the Australia acquisition, the results of Gazal and PVH Australia have been consolidated in the Company's consolidated financial statements.

#### *Gain on Previously Held Equity Investments*

The carrying values of the Company's approximately 22% interest in Gazal and 50% interest in PVH Australia prior to the acquisition were \$16.5 million and \$41.9 million, respectively. In connection with the acquisition, these investments were remeasured to fair values of \$40.1 million and \$131.4 million, respectively, resulting in the recognition of an aggregate noncash gain of \$113.1 million during the second quarter of 2019, which was included in other noncash loss, net in the Company's Consolidated Statement of Operations.

The fair value of the Company's investment in Gazal was determined using the trading price of Gazal's common stock, which was listed on the Australian Securities Exchange, on the date of the acquisition. The Company classified this as a Level 1 fair value measurement due to the use of an unadjusted quoted price in an active market. The fair value of Gazal included the fair value of Gazal's 50% interest in PVH Australia. As such, the Company derived the fair value of its investment in PVH Australia from the fair value of Gazal by adjusting for (i) Gazal's non-operating assets and net debt position and (ii) the estimated future operating cash flows of Gazal's standalone operations, which were discounted at a rate of 12.5% to account for the relative risks of the estimated future cash flows. The Company classified this as a Level 3 fair value measurement due to the use of significant unobservable inputs.

#### *Mandatorily Redeemable Non-Controlling Interest*

Pursuant to the terms of the acquisition agreement, key executives of Gazal and PVH Australia exchanged a portion of their interests in Gazal for approximately 6% of the outstanding shares of the Company's previously wholly owned subsidiary that acquired 100% of the ownership interests in the Australia business. The Company is obligated to purchase this 6% interest within two years of the acquisition closing in two tranches as follows: tranche 1 – 50% of the shares one year after the closing, but the holders had the option to defer half of this tranche to tranche 2; and tranche 2 – all remaining shares two years after the closing. With respect to tranche 1, the holders elected not to defer their shares and, as a result, the Company purchased all of the tranche 1 shares in June 2020. The purchase price for the tranche 1 and tranche 2 shares is based on a multiple of the subsidiary's adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") less net debt as of the end of the measurement year, and the multiple varies depending on the level of EBITDA compared to a target.



The Company recognized a liability of \$26.2 million for the fair value of the 6% interest on the date of the acquisition, which is being accounted for as a mandatorily redeemable non-controlling interest. The fair value of the liability was determined using a Monte Carlo simulation model, which utilizes inputs, including the volatility of financial results, in order to model the probability of different outcomes. The Company classified this as a Level 3 fair value measurement due to the use of significant unobservable inputs. In subsequent periods, the liability for the mandatorily redeemable non-controlling interest is adjusted each reporting period to its redemption value based on conditions that exist as of each subsequent balance sheet date, provided that the liability cannot be adjusted below the amount initially recorded at the acquisition date. The Company records any such adjustments to the liability in interest expense in the Company's Consolidated Statements of Operations.

For the tranche 1 shares, the measurement period ended in 2019 and the Company paid the management shareholders an aggregate purchase price of \$17.3 million (based on exchange rates in effect on the payment date) for these shares in June 2020 under the conditions specified in the terms of the acquisition agreement. The Company presented the \$17.3 million payment within the Consolidated Statement of Cash Flows as follows: (i) \$12.7 million as a financing cash flow, which represents the initial fair value of the liability recognized for the tranche 1 shares on the acquisition date, and (ii) \$4.6 million, attributable to interest, as an operating cash flow. For the tranche 2 shares, the Company recorded a loss of \$4.9 million in interest expense during 2020, in connection with the remeasurement of the mandatorily redeemable non-controlling interest to its redemption value, which reflects the amount expected to be paid under the conditions specified in the terms of the acquisition agreement. The Company recorded a loss of \$8.6 million in interest expense in connection with the remeasurement of the mandatorily redeemable non-controlling interest attributable to the tranche 1 and tranche 2 shares during 2019.

The liability for the mandatorily redeemable non-controlling interest was \$24.1 million and \$33.8 million as of January 31, 2021 and February 2, 2020, respectively, based on exchange rates in effect on those dates. The following table summarizes the presentation of the liability for the mandatorily redeemable non-controlling interest in the Company's Consolidated Balance Sheets:

(In millions)	Liabilities			
	1/31/21		2/2/20	
	Accrued Expenses	Other Liabilities	Accrued Expenses	Other Liabilities
Tranche 1 shares	\$ —	\$ —	\$ 16.9	\$ —
Tranche 2 shares	24.1	—	—	16.9
Mandatorily redeemable non-controlling interest liability	\$ 24.1	\$ —	\$ 16.9	\$ 16.9

#### Fair Value of the Acquisition

The acquisition date fair value of the business acquired was \$324.6 million, consisting of:

(In millions)	
Cash consideration	\$ 124.7
Fair value of the Company's investment in PVH Australia	131.4
Fair value of the Company's investment in Gazal	40.1
Fair value of mandatorily redeemable non-controlling interest	26.2
Elimination of pre-acquisition receivable owed to the Company	2.2
Total acquisition date fair value of the business acquired	\$ 324.6

#### Allocation of the Acquisition Date Fair Value

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

(In millions)	
Cash and cash equivalents	\$ 6.6
Trade receivables	15.1
Inventories	89.9
Prepaid expenses	1.3
Other current assets	3.5
Assets held for sale	58.8
Property, plant and equipment	18.4
Goodwill	65.9
Intangible assets	222.2
Operating lease right-of-use assets	56.4
Total assets acquired	538.1
Accounts payable	14.4
Accrued expenses	22.5
Short-term borrowings	50.5
Current portion of operating lease liabilities	10.9
Long-term portion of operating lease liabilities	43.9
Deferred tax liability	69.6
Other liabilities	1.7
Total liabilities assumed	213.5
Total acquisition date fair value of the business acquired	\$ 324.6

Prior to the closing of the Australia acquisition, Gazal had entered into an agreement to sell an office building and warehouse to a third party and, as such, the building was classified as held for sale on the acquisition date. The building was subsequently sold to a third party and leased back to the Company in June 2019. Please see Note 16, "Leases," for further discussion of this sale-leaseback transaction.

The goodwill of \$65.9 million was assigned as of the acquisition date to the Company's Tommy Hilfiger International and Calvin Klein International segments in the amounts of \$56.8 million and \$9.1 million, respectively, which include the Company's reporting units that are expected to benefit from the synergies of the combination. Goodwill is not deductible for tax purposes. The other intangible assets of \$222.2 million consisted of reacquired perpetual license rights of \$204.9 million, which are indefinite-lived, order backlog of \$0.3 million, which was amortized on a straight-line basis over 0.5 years, and customer relationships of \$17.0 million, which are being amortized on a straight-line basis over 10.0 years. The Company finalized the purchase price allocation during the first quarter of 2020.

#### Acquisition of the Geoffrey Beene Tradename

The Company acquired on April 20, 2018 the *Geoffrey Beene* tradename from Geoffrey Beene, LLC ("Geoffrey Beene"). Prior to the acquisition, the Company licensed the rights to design, market and distribute *Geoffrey Beene* dress shirts and neckwear from Geoffrey Beene.

The tradename was acquired for \$17.0 million, consisting of \$15.9 million paid in cash, \$0.7 million of royalties prepaid to Geoffrey Beene by the Company under the license agreement, and \$0.4 million of liabilities assumed by the Company. The transaction was accounted for as an asset acquisition.

#### Sale of the Speedo North America Business

The Company entered into a definitive agreement on January 9, 2020 to sell its Speedo North America business to Pentland, the parent company of the *Speedo* brand, for \$170.0 million in cash, subject to a working capital adjustment. The

Company classified the assets and liabilities of the Speedo North America business as held for sale in the Company's Consolidated Balance Sheet as of February 2, 2020 and recorded a pre-tax noncash loss of \$142.0 million in the fourth quarter of 2019 (including a \$116.4 million noncash impairment charge related to the Speedo perpetual license right) to reduce the carrying value of the Speedo North America business to its estimated fair value, less costs to sell. The estimated fair value, less costs to sell, reflected the amount of consideration the Company expected to receive upon closing of the transaction, inclusive of the working capital adjustment. The loss was recorded in other noncash loss, net in the Company's Consolidated Statement of Operations and included in the Heritage Brands Wholesale segment.

The \$116.4 million noncash impairment charge related to the perpetual license right was recorded to write down its carrying value of \$203.8 million to a fair value of \$87.4 million, which was implied by the expected amount of consideration to be received upon closing of the transaction. The Company classified this as a Level 3 fair value measurement due to the use of significant unobservable inputs.

The Speedo transaction was also a triggering event that prompted the need for the Company to perform an interim goodwill impairment test for its Heritage Brands Wholesale reporting unit in the fourth quarter of 2019. No goodwill impairment resulted from this interim test.

The Company completed the sale of its Speedo North America business on April 6, 2020 for net proceeds of \$169.1 million and deconsolidated the net assets of the business. In connection with the closing of the transaction, the Company recorded a pre-tax noncash loss of \$5.9 million in the first quarter of 2020 resulting from the remeasurement of the loss recorded in the fourth quarter of 2019, primarily due to changes to the net assets of the Speedo North America business subsequent to February 2, 2020, based on the terms of the agreement. The loss was recorded in other noncash loss, net in the Company's Consolidated Statement of Operations and included in the Heritage Brands Wholesale segment.

Upon the closing of the transaction, U.S.-based employees who were engaged primarily in the Speedo North America business terminated their employment with the Company. However, the Company retained the liability for any deferred vested benefits earned under its retirement plans. No further benefits will be accrued under the plans and as a result, the Company recognized a gain of \$2.8 million in the first quarter of 2020 with a corresponding decrease to its pension benefit obligation. The gain was included in other noncash loss, net in the Company's Consolidated Statement of Operations. Please see Note 12, "Retirement and Benefit Plans," for further discussion.

The assets and liabilities of the Speedo North America business classified as held for sale in the Company's Consolidated Balance Sheet as of February 2, 2020 were included in the Heritage Brands Wholesale segment and consisted of the following:

(In millions)	
<b>Assets held for sale:</b>	
Trade receivables	\$ 48.8
Inventories, net	54.3
Prepaid expenses	0.6
Other current assets	0.6
Property, plant and equipment, net	6.1
Operating lease right-of-use assets	9.0
Goodwill	48.1
Other intangibles, net <sup>(1)</sup>	95.3
Allowance for reduction of assets held for sale	(25.6)
<b>Total assets held for sale</b>	<b>\$ 237.2</b>
<b>Liabilities related to assets held for sale:</b>	
Accounts payable	\$ 38.7
Accrued expenses	5.4
Current portion of operating lease liabilities	0.6
Long-term portion of operating lease liabilities	10.6
Other liabilities	1.8
<b>Total liabilities related to assets held for sale</b>	<b>\$ 57.1</b>

<sup>(1)</sup> Other intangibles, net includes a perpetual license right of \$87.4 million and customer relationships of \$7.9 million.

#### 4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, was as follows:

(In millions)	2020	2019
Land	\$ 1.0	\$ 1.0
Buildings and building improvements	54.5	53.2
Machinery, software and equipment	926.4	871.7
Furniture and fixtures	580.2	586.0
Shop-in-shops/concession locations	245.6	209.8
Leasehold improvements	834.5	849.0
Construction in progress	52.1	35.5
Property, plant and equipment, gross	2,694.3	2,606.2
Less: Accumulated depreciation	(1,751.6)	(1,579.4)
<b>Property, plant and equipment, net</b>	<b>\$ 942.7</b>	<b>\$ 1,026.8</b>

The increase in machinery, software and equipment in 2020 primarily relates to software and other equipment that was placed into service in 2020 in connection with the Company's multi-year upgrade of and enhancements to its systems and digital commerce platforms. Construction in progress at January 31, 2021 and February 2, 2020 represents costs incurred for machinery, software and equipment, furniture and fixtures, and leasehold improvements not yet placed in use. Construction in progress at January 31, 2021 and February 2, 2020 principally related to upgrades and enhancements to operating, supply chain and logistics systems. Interest costs capitalized in construction in progress were immaterial during 2020, 2019 and 2018.

## 5. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

Included in other assets in the Company's Consolidated Balance Sheets was \$164.0 million as of January 31, 2021 and \$176.3 million as of February 2, 2020 related to the following investments in unconsolidated affiliates:

### PVH India

The Company held a 50% economic interest in each of the Tommy Hilfiger Arvind Fashion Private Limited ("TH India") and Calvin Klein Arvind Fashion Private Limited ("CK India") joint ventures prior to August 15, 2020. These investments were accounted for under the equity method of accounting. TH India and CK India licensed from certain subsidiaries of the Company the rights to the *TOMMY HILFIGER* and *Calvin Klein* trademarks, respectively, in India for certain product categories. The Company and Arvind, the Company's joint venture partner in TH India and CK India, entered into an agreement to merge TH India into CK India, effective August 15, 2020. As a result of the merger, the Company now owns a 50% economic interest in the merged entity, now known as PVH Arvind Fashion Private Limited ("PVH India"), which is being accounted for under the equity method of accounting. There has been no material change to the shareholders' respective rights or economic interests as a result of the transaction and no consideration was exchanged in the merger. As such, no gain or loss was recorded in connection with the transaction. PVH India holds the licenses from certain Company subsidiaries the rights to the *TOMMY HILFIGER* and *Calvin Klein* trademarks in India for certain product categories.

### PVH Legwear

The Company and a wholly owned subsidiary of the Company's former Heritage Brands socks and hosiery licensee formed a joint venture, PVH Legwear LLC ("PVH Legwear") in 2019, in which the Company owns a 49% economic interest. PVH Legwear was formed in order to consolidate the Company's socks and hosiery businesses for all Company brands in the United States and Canada. PVH Legwear licenses from certain subsidiaries of the Company the rights to distribute and sell in these countries *TOMMY HILFIGER*, *Calvin Klein*, *IZOD*, *Van Heusen* and *Warner's* socks and hosiery beginning in December 2019. Additionally, PVH Legwear sells socks and hosiery under other owned and licensed trademarks. This investment is being accounted for under the equity method of accounting.

The Company made payments of \$1.6 million and \$27.7 million to PVH Legwear during 2020 and 2019, respectively, to contribute its share of the joint venture funding.

### Gazal and PVH Australia

The Company held an approximately 22% ownership interest in Gazal and a 50% ownership interest in PVH Australia prior to May 31, 2019. These investments were accounted for under the equity method of accounting until the closing of the Australia acquisition on May 31, 2019, on which date the Company derecognized its equity investments in Gazal and PVH Australia and began to consolidate the operations of Gazal and PVH Australia into its financial statements. Please see Note 3, "Acquisitions and Divestitures," for further discussion.

The Company received aggregate dividends of \$6.4 million and \$7.6 million from Gazal and PVH Australia during 2019 and 2018, respectively.

### TH Brazil

The Company owns an economic interest of approximately 41% in Tommy Hilfiger do Brasil S.A. ("TH Brazil"). TH Brazil licenses from a subsidiary of the Company the rights to the *TOMMY HILFIGER* trademarks in Brazil for certain product categories. This investment is being accounted for under the equity method of accounting.

### PVH Mexico

The Company and Grupo Axo, S.A.P.I. de C.V. formed a joint venture ("PVH Mexico") in 2016 in which the Company owns a 49% economic interest. PVH Mexico licenses from certain subsidiaries of the Company the rights to distribute and sell certain *TOMMY HILFIGER*, *Calvin Klein*, *Warner's* and *Olga* brand products in Mexico. Additionally, PVH Mexico licenses other trademarks for certain product categories. This investment is being accounted for under the equity method of accounting.

The Company received dividends of \$7.2 million from PVH Mexico during 2019.

### Karl Lagerfeld

The Company owns an economic interest of approximately 8% in Karl Lagerfeld Holding B.V. ("Karl Lagerfeld"). The Company is deemed to have significant influence with respect to this investment and had been accounting for this investment under the equity method of accounting prior to the first quarter of 2020. The Company determined during the first quarter of 2020 that recent and projected business results for Karl Lagerfeld, which included an adverse impact of the COVID-19 pandemic, was an indicator of an other-than-temporary impairment with respect to the Company's investment in Karl Lagerfeld. The Company calculated the fair value of its investment using future operating cash flow projections that were discounted at a rate of 10.9%, which accounted for the relative risks of the estimated future cash flows. The Company classified this as a Level 3 fair value measurement due to the use of significant unobservable inputs. The Company determined the fair value of its investment was lower than its carrying amount as of May 3, 2020, and as a result recorded a noncash other-than-temporary impairment of \$12.3 million during the first quarter of 2020 to fully impair the investment. The impairment was included in equity in net (loss) income of unconsolidated affiliates in the Company's Consolidated Statement of Operations. The impairment charge was recorded in corporate expenses not allocated to any reportable segments, consistent with how the Company has historically recorded its proportionate share of the net income or loss of its investment in Karl Lagerfeld. Following the impairment of its investment in Karl Lagerfeld, the Company has discontinued applying the equity method of accounting to this investment and will not record its share of net income or losses from Karl Lagerfeld in the Company's consolidated financial statements until such time that the Company's share of net income from Karl Lagerfeld equals the share of net losses that were not recognized during the period the equity method was discontinued.

## 6. REDEEMABLE NON-CONTROLLING INTEREST

The Company and Arvind formed PVH Ethiopia, in which the Company owns a 75% interest, during 2016. The Company consolidates PVH Ethiopia in its consolidated financial statements. PVH Ethiopia was formed to operate a manufacturing facility that produces finished products for the Company for distribution primarily in the United States. The manufacturing facility began operations in 2017.

The shareholders agreement governing PVH Ethiopia (the "Shareholders Agreement") contains a put option under which Arvind can require the Company to purchase all of its shares in the joint venture during various future periods as specified in the Shareholders Agreement. The first such period immediately precedes the ninth anniversary of PVH Ethiopia's date of incorporation. The Shareholders Agreement also contains call options under which the Company can require Arvind to sell to the Company (i) all or a portion of its shares during various future periods as specified in the Shareholders Agreement; (ii) all of its shares in the event of a change of control of Arvind; or (iii) all of its shares in the event that Arvind ceases to hold at least 10% of the outstanding shares. The Company's first call option referred to in clause (i) immediately follows the fifth anniversary of the date of incorporation of PVH Ethiopia. The put and call prices are the fair market value of the shares on the redemption date based upon a multiple of PVH Ethiopia's EBITDA for the prior 12 months, less PVH Ethiopia's net debt.

The fair value of the redeemable non-controlling interest ("RNCI") as of the date of formation of PVH Ethiopia was \$0.1 million. The carrying amount of the RNCI is adjusted to equal the redemption amount at the end of each reporting period, provided that this amount at the end of each reporting period cannot be lower than the initial fair value adjusted for the minority shareholder's share of net income or loss. Any adjustment to the redemption amount of the RNCI is determined after attribution of net income or loss of the RNCI and will be recognized immediately in retained earnings of the Company, since it is probable that the RNCI will become redeemable in the future based on the passage of time. The carrying amount of the RNCI as of January 31, 2021 was \$(3.4) million, which was greater than the redemption amount. The carrying amount decreased from \$(2.0) million as of February 2, 2020 as a result of a net loss attributable to the RNCI for 2020 of \$(1.4) million.

## 7. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill, by segment (please see Note 20, "Segment Data," for further discussion of the Company's reportable segments), were as follows:

(In millions)	Calvin Klein North America	Calvin Klein International	Tommy Hilfiger North America	Tommy Hilfiger International	Heritage Brands Wholesale	Heritage Brands Retail	Total
<b>Balance as of February 3, 2019</b>							
Goodwill, gross	\$ 780.3	\$ 909.5	\$ 204.4	\$ 1,529.8	\$ 246.5	\$ 11.9	\$ 3,682.4
Accumulated impairment losses	—	—	—	—	—	(11.9)	(11.9)
Goodwill, net	780.3	909.5	204.4	1,529.8	246.5	—	3,670.5
Australia acquisition	—	9.1	—	56.8	—	—	65.9
TH CSAP acquisition	—	—	—	63.9	—	—	63.9
Reclassification of goodwill to assets held for sale	—	—	—	—	(48.1)	—	(48.1)
Currency translation and other	0.1	(22.5)	—	(52.2)	—	—	(74.6)
<b>Balance as of February 2, 2020</b>							
Goodwill, gross	780.4	896.1	204.4	1,598.3	198.4	11.9	3,689.5
Accumulated impairment losses	—	—	—	—	—	(11.9)	(11.9)
Goodwill, net	780.4	896.1	204.4	1,598.3	198.4	—	3,677.6
Impairment	(287.3)	(394.0)	—	—	(197.7)	—	(879.0)
Currency translation and other	1.4	6.7	(1.4)	149.7	(0.7)	—	155.7
<b>Balance as of January 31, 2021</b>							
Goodwill, gross	781.8	902.8	203.0	1,748.0	197.7	11.9	3,845.2
Accumulated impairment losses	(287.3)	(394.0)	—	—	(197.7)	(11.9)	(890.9)
Goodwill, net	\$ 494.5	\$ 508.8	\$ 203.0	\$ 1,748.0	\$ —	\$ —	\$ 2,954.3

The Company determined in the first quarter of 2020 that the significant adverse impact of the COVID-19 pandemic on the Company's business, including an unprecedented material decline in revenue and earnings and an extended decline in the Company's stock price and associated market capitalization, was a triggering event that required the Company to perform a quantitative interim goodwill impairment test. As a result of the interim test performed, the Company recorded \$879.0 million of noncash impairment charges in the first quarter of 2020. Please see the section "Goodwill and Other Intangible Assets Impairment Testing" below for further discussion.

The goodwill acquired in the Australia and TH CSAP acquisitions was assigned as of the respective acquisition dates to the Company's reporting units that are expected to benefit from the synergies of the combinations.

The Company reclassified \$48.1 million of goodwill to assets held for sale in the Company's Consolidated Balance Sheet as of February 2, 2020 in connection with the Speedo transaction. Please see Note 3, "Acquisitions and Divestitures," for further discussion.

The Company's other intangible assets consisted of the following:

(In millions)	2020			2019		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
<b>Intangible assets subject to amortization:</b>						
Customer relationships <sup>(1)</sup>	\$ 301.7	\$ (222.4)	\$ 79.3	\$ 289.9	\$ (189.2)	\$ 100.7
Reacquired license rights	511.2	(181.0)	330.2	502.5	(161.9)	340.6
<b>Total intangible assets subject to amortization</b>	<b>812.9</b>	<b>(403.4)</b>	<b>409.5</b>	<b>792.4</b>	<b>(351.1)</b>	<b>441.3</b>
<b>Indefinite-lived intangible assets:</b>						
Tradenames <sup>(2)</sup>	2,869.7	—	2,869.7	2,830.2	—	2,830.2
Reacquired perpetual license rights	239.0	—	239.0	209.2	—	209.2
<b>Total indefinite-lived intangible assets</b>	<b>3,108.7</b>	<b>—</b>	<b>3,108.7</b>	<b>3,039.4</b>	<b>—</b>	<b>3,039.4</b>
<b>Total other intangible assets</b>	<b>\$ 3,921.6</b>	<b>\$ (403.4)</b>	<b>\$ 3,518.2</b>	<b>\$ 3,831.8</b>	<b>\$ (351.1)</b>	<b>\$ 3,480.7</b>

The gross carrying amount and accumulated amortization of certain intangible assets include the impact of changes in foreign currency exchange rates.

<sup>(1)</sup> The change from February 2, 2020 to January 31, 2021 included \$7.3 million of noncash impairment charges in the first quarter of 2020 to write down certain finite-lived intangible assets to a fair value of zero. Please see the section "Goodwill and Other Intangible Assets Impairment Testing" below for further discussion.

<sup>(2)</sup> The change from February 2, 2020 to January 31, 2021 included \$47.2 million of noncash impairment charges in the first quarter of 2020 to write down the *ARROW* and *Geoffrey Beene* tradenames. Please see the section "Goodwill and Other Intangible Assets Impairment Testing" below for further discussion.

Amortization expense related to the Company's intangible assets subject to amortization was \$34.3 million and \$39.7 million for 2020 and 2019, respectively.

Assuming constant foreign currency exchange rates and no change in the gross carrying amount of the intangible assets, amortization expense for the next five years related to the Company's intangible assets subject to amortization as of January 31, 2021 is expected to be as follows:

(In millions)	Fiscal Year	Amount
	2021	\$ 34.7
	2022	34.7
	2023	25.1
	2024	24.8
	2025	18.3

### Goodwill and Other Intangible Assets Impairment Testing

The Company assesses the recoverability of goodwill and other indefinite-lived intangible assets annually, at the beginning of the third quarter of each fiscal year, and between annual tests if an event occurs or circumstances change that would indicate that it is more likely than not that the carrying amount may be impaired. Please see Note 1, "Summary of Significant Accounting Policies," for discussion of the Company's goodwill and intangible assets impairment testing process.

#### *2020 Goodwill Interim Impairment Test*

The Company determined in the first quarter of 2020 that the significant adverse impact of the COVID-19 pandemic on the Company's business, including an unprecedented material decline in revenue and earnings and an extended decline in the Company's stock price and associated market capitalization, was a triggering event that required the Company to perform a quantitative interim goodwill impairment test. As a result of the interim test performed, the Company recorded \$879.0 million of noncash impairment charges in the first quarter of 2020, which was included in goodwill and other intangible asset impairments in the Company's Consolidated Statement of Operations. The impairment charges, which related to the Heritage Brands Wholesale, Calvin Klein Retail North America, Calvin Klein Wholesale North America, Calvin Klein Licensing and Advertising International, and Calvin Klein International reporting units, were recorded to the Company's segments as follows: \$197.7 million in the Heritage Brands Wholesale segment, \$287.3 million in the Calvin Klein North America segment, and \$394.0 million in the Calvin Klein International segment.

Of these reporting units, Calvin Klein Wholesale North America, Calvin Klein Licensing and Advertising International, and Calvin Klein International were determined to be partially impaired. The remaining carrying amount of goodwill allocated to these reporting units as of the date of the interim test was \$162.3 million, \$143.4 million and \$346.9 million, respectively. Holding all other assumptions used in the interim test constant, a 100 basis point change in the annual revenue growth rate assumptions for these businesses would result in a change to the estimated fair value of the reporting units of approximately \$80 million, \$20 million and \$140 million, respectively. Likewise, a 100 basis point change in the weighted average cost of capital would result in a change to the estimated fair value of the reporting units of approximately \$60 million, \$15 million and \$125 million, respectively. While these reporting units were not determined to be fully impaired in the first quarter of 2020, they may be at risk of further impairment in the future if the related businesses do not perform as projected, including if they fail to recover as planned following the COVID-19 pandemic, or if market factors utilized in the impairment analysis deteriorate, including an unfavorable change in long-term growth rates or the weighted average cost of capital.

With respect to the Company's other reporting units that were not determined to be impaired, the Tommy Hilfiger International reporting unit had an estimated fair value that exceeded its carrying amount, as of the date of the interim test, of \$2,948.5 million by 5%. The carrying amount of goodwill allocated to this reporting unit was \$1,557.5 million. Holding all other assumptions used in the interim test constant, a 100 basis point change in the annual revenue growth rate of the Tommy Hilfiger International business would result in a change to the estimated fair value of the reporting unit of approximately \$355 million. Likewise, a 100 basis point change in the weighted average cost of capital would result in a change to the estimated fair value of the reporting unit of approximately \$320 million. While the Tommy Hilfiger International reporting unit was not determined to be impaired in the first quarter of 2020, it may be at risk of future impairment if the related business does not perform as projected, including if it fails to recover as planned following the COVID-19 pandemic, or if market factors utilized in the impairment analysis deteriorate, including an unfavorable change in the long-term growth rate or the weighted average cost of capital.

The fair value of the reporting units for goodwill impairment testing was determined using an income approach and validated using a market approach. The income approach was based on discounted projected future (debt-free) cash flows for each reporting unit. The discount rates applied to these cash flows were based on the weighted average cost of capital for each reporting unit, which takes market participant assumptions into consideration. Estimated future operating cash flows used in the interim test were discounted at rates of 10.0%, 10.5% or 11.0%, depending on the reporting unit, to account for the relative risks of the estimated future cash flows. For the market approach, used to validate the results of the income approach method, the Company used both the guideline company and similar transaction methods. The guideline company method analyzes market multiples of revenue and EBITDA for a group of comparable public companies. The market multiples used in the valuation are based on the relative strengths and weaknesses of the reporting unit compared to the selected guideline companies. Under the similar transactions method, valuation multiples are calculated utilizing actual transaction prices and revenue and EBITDA data from target companies deemed similar to the reporting unit. The Company classified the fair values of its reporting units as Level 3 fair value measurements due to the use of significant unobservable inputs.

#### *2020 Goodwill Annual Impairment Test*

For the 2020 annual goodwill impairment test performed as of the beginning of the third quarter of 2020, the Company elected to perform a qualitative assessment first to determine whether it was more likely than not that the fair value of each reporting unit with allocated goodwill was less than the carrying amount.

The Company assessed relevant events and circumstances, including industry, market and macroeconomic conditions, as well as Company and reporting unit-specific factors. In performing this assessment, the Company considered the results of its

quantitative interim goodwill impairment test performed in the first quarter of 2020 and the impact of (i) favorable changes in the weighted average cost of capital subsequent to the interim test, (ii) the change in the Company's market capitalization and its implied impact on the fair value of the Company's reporting units subsequent to the interim test, and (iii) the Company's recent financial performance and updated financial forecasts, which were consistent with or exceeded the projections used in the Company's interim goodwill impairment test.

After assessing these events and circumstances, the Company determined that it was not more likely than not that the fair value of each reporting unit with allocated goodwill was less than its carrying amount and concluded that the quantitative goodwill impairment test was not required. No impairment of goodwill resulted from the Company's annual impairment test.

There have been no significant events or change in circumstances since the date of the annual impairment test that would indicate the remaining carrying amount of the Company's goodwill may be impaired as of January 31, 2021. There continues to be uncertainty about the impacts of the COVID-19 pandemic on the Company's business. If economic conditions caused by the pandemic do not recover as currently estimated by management or market factors utilized in the impairment analysis deteriorate, the Company could incur additional goodwill impairment charges in the future.

#### *2019 Goodwill Annual Impairment Test*

For the 2019 annual goodwill impairment test performed as of the beginning of the third quarter of 2019, the Company elected to bypass the qualitative assessment for all reporting units and proceeded directly to the quantitative impairment test using a discounted cash flow method to estimate the fair value of its reporting units. The Company's annual goodwill impairment test during 2019 yielded estimated fair values in excess of the carrying amounts for all of the Company's reporting units and therefore the second step of the quantitative goodwill impairment test was not required. The reporting unit with the least excess fair value had an estimated fair value that exceeded its carrying amount by 15%. No impairment of goodwill resulted from the Company's annual impairment test in 2019.

#### *2019 Goodwill Interim Impairment Test*

In the fourth quarter of 2019, the Speedo transaction was a triggering event that indicated that the amount of goodwill allocated to the Heritage Brands Wholesale reporting unit, the reporting unit that includes the Speedo North America business, could be impaired, prompting the need for the Company to perform an interim goodwill impairment test for this reporting unit. No goodwill impairment resulted from this interim test.

#### *Indefinite-Lived Intangible Assets Impairment Testing*

##### *2020 Indefinite-Lived Intangible Assets Interim Impairment Test*

The Company determined in the first quarter of 2020 that the impact of the COVID-19 pandemic on its business was a triggering event that prompted the need to perform interim impairment testing of its indefinite-lived intangible assets. For the TOMMY HILFIGER, Calvin Klein, Van Heusen, Warner's and Olga tradenames and the reacquired perpetual license rights for TOMMY HILFIGER in India, the Company elected to first assess qualitative factors to determine whether it was more likely than not that the fair value of any asset was less than its carrying amount. For these assets, no impairment was identified as a result of the Company's prior annual indefinite-lived intangible asset impairment test in 2019 and the fair values of these indefinite-lived intangible assets substantially exceeded their carrying amounts. The asset with the least excess fair value had an estimated fair value that exceeded its carrying amount by approximately 85% as of the date of the Company's 2019 annual test. Considering this and other factors, the Company determined qualitatively that it was not more likely than not that the fair values of these indefinite-lived intangible assets were less than their carrying amounts and concluded that the quantitative impairment test in the first quarter of 2020 was not required.

For the ARROW and Geoffrey Beene tradenames and the reacquired perpetual license rights recorded in connection with the Australia acquisition, the Company elected to bypass the qualitative assessment and proceeded directly to the quantitative impairment test. As a result of this quantitative interim impairment testing, the Company recorded \$47.2 million of noncash impairment charges in the first quarter of 2020 to write down the two tradenames. This included \$35.6 million to write down the ARROW tradename, which had a carrying amount as of the date of the interim test of \$78.9 million, to a fair value of \$43.3 million, and \$11.6 million to write down the Geoffrey Beene tradename, which had a carrying amount of \$17.0 million, to a fair value of \$5.4 million. The \$47.2 million of impairment charges recorded in the first quarter of 2020 was included in goodwill and other intangible asset impairments in the Company's Consolidated Statement of Operations and allocated to the Company's Heritage Brands Wholesale segment. Holding all other assumptions used in the interim test constant, a 100 basis point change

in the annual revenue growth rate of the Arrow business would result in a change to the estimated fair value of the tradename of approximately \$5 million. Likewise, a 100 basis point change in the weighted average cost of capital would result in a change to the estimated fair value of the *ARROW* tradename of approximately \$5 million. Holding all other assumptions used in the interim test constant, a 100 basis point change to the annual revenue growth rate or weighted average cost of capital in the Geoffrey Beene business would result in an immaterial change to the estimated fair value of the *Geoffrey Beene* tradename.

With regard to the reacquired perpetual license rights recorded in connection with the Australia acquisition, the Company determined in the first quarter of 2020 that its fair value substantially exceeded its carrying amount and, therefore, the asset was not impaired.

The fair value of the *ARROW* and *Geoffrey Beene* tradenames was determined using an income-based relief-from-royalty method. Under this method, the value of an asset is estimated based on the hypothetical cost savings that accrue as a result of not having to license the tradename from another party. These cash flows are discounted to present value using a discount rate that factors in the relative risk of the intangible asset. The Company discounted the cash flows used to value the *ARROW* and *Geoffrey Beene* tradenames at a rate of 10.0%. The fair value of the Company's reacquired perpetual license rights recorded in connection with the Australia acquisition was determined using an income approach, which estimates the net cash flows directly attributable to the subject intangible asset. These cash flows are discounted to present value using a discount rate that factors in the relative risk of the intangible asset. The Company discounted the cash flows used to value the reacquired perpetual license rights recorded in connection with the Australia acquisition at a rate of 10.0%. The Company classified the fair values of these indefinite-lived intangible assets as Level 3 fair value measurements due to the use of significant unobservable inputs.

#### *2020 Indefinite-Lived Intangible Assets Annual Impairment Test*

For the 2020 annual indefinite-lived intangible assets impairment test performed as of the beginning of the third quarter of 2020, the Company elected to assess qualitative factors first to determine whether it was more likely than not that the fair value of any asset was less than its carrying amount.

The Company assessed relevant events and circumstances, including industry, market and macroeconomic conditions, as well as Company and asset-specific factors. In performing this assessment, the Company considered the results of its interim impairment testing performed in the first quarter of 2020 and the impact of (i) favorable changes in the weighted average cost of capital subsequent to the interim test and (ii) the Company's recent financial performance and updated financial forecasts, which were consistent with or exceeded the projections used in the Company's interim impairment testing.

After assessing these events and circumstances, the Company determined that it was not more likely than not that the fair value of its indefinite-lived intangible assets were less than their carrying amounts and concluded that a quantitative impairment test was not required. No impairment of indefinite-lived intangible assets resulted from the Company's annual impairment test.

There have been no significant events or change in circumstances since the date of the annual impairment test that would indicate the remaining carrying amount of the Company's indefinite-lived intangible assets may be impaired as of January 31, 2021. There continues to be uncertainty about the impacts of the COVID-19 pandemic on the Company's business. If economic conditions caused by the pandemic do not recover as currently estimated by management or market factors utilized in the impairment analysis deteriorate, the Company could incur additional indefinite-lived intangible asset impairment charges in the future.

#### *2019 Indefinite-Lived Intangible Assets Annual Impairment Test*

For the 2019 annual impairment test of all indefinite-lived intangible assets performed as of the beginning of the third quarter of 2019, except for the Australia reacquired perpetual license rights, the Company elected to bypass the qualitative assessment and proceeded directly to the quantitative impairment test using a discounted cash flow method to estimate fair value. For the Australia reacquired perpetual license rights, since only a few months had passed since the acquisition on May 31, 2019 and the business had performed better than initially expected, the Company determined qualitatively that it was not more likely than not that the fair value of these reacquired perpetual license rights were less than the carrying amount and concluded that the quantitative impairment test was not required. The fair values of all of the Company's indefinite-lived intangible assets substantially exceeded their carrying amounts, with the exception of the Company's *Speedo* perpetual license right, which had a fair value that exceeded its carrying amount by 3% at the testing date.

#### *2019 Indefinite-Lived Intangible Assets Interim Impairment Test*

In the fourth quarter of 2019, the *Speedo* transaction was a triggering event that prompted the need for the Company to perform an interim impairment test of the *Speedo* perpetual license right. As a result of this interim test, the perpetual license right was determined to be impaired and an impairment charge of \$116.4 million was recorded to other noncash loss, net in the Company's Consolidated Statement of Operations. Please see Note 3, "Acquisitions and Divestitures," for further discussion of the *Speedo* transaction.

#### *Finite-Lived Intangible Assets Impairment*

The Company recorded \$7.3 million of noncash impairment charges in the first quarter of 2020 to write down certain finite-lived customer relationship intangible assets to a fair value of zero. These impairments were included in goodwill and other intangible asset impairments in the Company's Consolidated Statement of Operations and allocated to the Company's segments as follows: \$4.7 million in the Heritage Brands Wholesale segment and \$2.6 million in the Calvin Klein North America segment. The Company determined qualitatively that these assets, which have a relatively short remaining useful life, were not recoverable and, therefore, impaired due to the adverse impacts of the COVID-19 pandemic on the current and projected performance of the underlying businesses.

There have been no significant events or change in circumstances since the first quarter of 2020 that would indicate the remaining carrying amount of the Company's finite-lived intangible assets may be impaired as of January 31, 2021. There continues to be uncertainty about the impacts of the COVID-19 pandemic on the Company's business. If economic conditions caused by the pandemic do not recover as currently estimated by management, the Company could incur additional finite-lived intangible asset impairment charges in the future.

## **8. DEBT**

### Short-Term Borrowings

The Company has the ability to draw revolving borrowings under the senior unsecured credit facilities discussed below in the section entitled "2019 Senior Unsecured Credit Facilities." The Company had no borrowings outstanding under these facilities as of January 31, 2021. The Company borrowed \$745.7 million under these facilities in March 2020 as a precautionary measure in order to increase its cash position and preserve liquidity, given the uncertainty of the COVID-19 pandemic, and repaid \$577.7 million as of the end of the first quarter of 2020. The Company repaid the remaining outstanding balance under these facilities during the second quarter of 2020. The Company had no borrowings outstanding under these facilities as of February 2, 2020.

The Company also has the ability to draw revolving borrowings under its 364-day unsecured revolving credit facility discussed below in the section entitled "2020 Unsecured Revolving Credit Facility." The Company had no borrowings outstanding under this facility during 2020.

Additionally, the Company has the ability to borrow under short-term lines of credit, overdraft facilities and short-term revolving credit facilities denominated in various foreign currencies. These facilities provided for borrowings of up to \$250.5 million based on exchange rates in effect on January 31, 2021 and are utilized primarily to fund working capital needs. The Company had no borrowings outstanding under these facilities as of January 31, 2021 and \$49.6 million outstanding under these facilities as of February 2, 2020. The weighted average interest rate on funds borrowed as of February 2, 2020 was 2.56%. The maximum amount of borrowings outstanding under these facilities during 2020 was \$97.1 million.

### *Commercial Paper*

The Company has the ability to issue, from time to time, unsecured commercial paper notes with maturities that vary but do not exceed 397 days from the date of issuance primarily to fund working capital needs. The Company had no borrowings outstanding under the commercial paper note program as of January 31, 2021 and February 2, 2020. The maximum amount of borrowings temporarily outstanding under the program during 2020 was \$165.0 million.

The commercial paper program allows for borrowings of up to \$675.0 million to the extent that the Company has borrowing capacity under the United States dollar-denominated revolving credit facility included in the 2019 facilities (as defined below). Accordingly, the combined aggregate amount of (i) borrowings outstanding under the commercial paper note program and (ii) the revolving borrowings outstanding under the United States dollar-denominated revolving credit facility at

any one time cannot exceed \$675.0 million. The Company borrowed an aggregate \$659.9 million under the commercial paper program and the United States dollar-denominated portion of the revolving credit facility in the first quarter of 2020 as a precautionary measure in order to increase its cash position and preserve liquidity, given the uncertainty of the COVID-19 pandemic, and repaid \$449.6 million as of the end of the first quarter of 2020. The Company repaid the remaining outstanding balance during the second quarter of 2020.

#### 2020 Unsecured Revolving Credit Facility

On April 8, 2020, the Company entered into a 364-day \$275.0 million United States dollar-denominated unsecured revolving credit facility (the "2020 facility"). The Company may increase the commitment under the 2020 facility by an aggregate amount not to exceed \$100.0 million, subject to certain customary conditions. The 2020 facility will mature on April 7, 2021. The Company paid in 2020 \$2.0 million of debt issuance costs, which are being amortized over the term of the debt agreement.

Currently, the Company's obligations under the 2020 facility are unsecured and are not guaranteed by any of the Company's subsidiaries. However, within 120 days after the occurrence of a specified credit ratings decrease (as set forth in the 2020 facility), (i) the Company must cause each of its wholly owned United States subsidiaries (subject to certain customary exceptions) to become a guarantor under the 2020 facility and (ii) the Company and each subsidiary guarantor will be required to grant liens in favor of the collateral agent on substantially all of their respective assets (subject to customary exceptions).

The outstanding borrowings under the 2020 facility are prepayable at any time without penalty (other than customary breakage costs). The borrowings under the 2020 facility bear interest at a rate equal to an applicable margin plus, as determined at the Company's option, either (a) a base rate determined by reference to the greater of (i) the prime rate, (ii) the United States federal funds effective rate plus 1/2 of 1.00% and (iii) a one-month reserve adjusted Eurocurrency rate plus 1.00% or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the 2020 facility.

The current applicable margin with respect to the borrowings as of January 31, 2021 was 2.250% for adjusted Eurocurrency rate loans and 1.250% for base rate loans. The applicable margin for borrowings is subject to adjustment based upon the Company's public debt rating after the date of delivery of notice of a change in the Company's public debt rating by Standard & Poor's or Moody's.

The 2020 facility requires the Company to comply with affirmative, negative and financial covenants, including a minimum interest coverage ratio and maximum net leverage ratio, which are subject to change in the event that, and in the same manner as, the minimum interest coverage ratio and maximum net leverage ratio covenants under the 2019 facilities are amended. The 2019 facilities were amended in June 2020 (referred to as the "June 2020 Amendment"). Refer to the section entitled "2019 Senior Unsecured Credit Facilities" below for further discussion.

The 2020 facility contains other customary events of default in addition to violations of covenants discussed above, including but not limited to nonpayment; material inaccuracy of representations and warranties; certain bankruptcies and liquidations; cross-default to material indebtedness; certain material judgments; certain events related to the Employee Retirement Income Security Act of 1974, as amended; and a change in control (as defined in the 2020 facility).

#### Long-Term Debt

The carrying amounts of the Company's long-term debt were as follows:

(In millions)	2020	2019
Senior unsecured Term Loan A facilities due 2024 <sup>(1)(2)</sup>	\$ 1,608.6	\$ 1,569.5
7 3/4% debentures due 2023	99.8	99.7
3 5/8% senior unsecured euro notes due 2024 <sup>(2)</sup>	631.0 <sup>(3)(4)</sup>	382.9 <sup>(3)</sup>
4 5/8% senior unsecured notes due 2025	494.5	—
3 1/8% senior unsecured euro notes due 2027 <sup>(2)</sup>	720.9	655.6
Total	3,554.8	2,707.7
Less: Current portion of long-term debt	41.1	13.8
Long-term debt	\$ 3,513.7	\$ 2,693.9

- (1) The outstanding principal balance for the United States dollar-denominated Term Loan A facility and the euro-denominated Term Loan A facility was \$1,029.6 million and €481.3 million, respectively, as of January 31, 2021.
- (2) The carrying amount of the euro-denominated Term Loan A facility and the senior unsecured euro notes includes the impact of changes in the exchange rate of the United States dollar against the euro.
- (3) Includes €350.0 million principal amount of 3 5/8% senior unsecured euro notes due 2024 that were issued on June 20, 2016.
- (4) Includes an additional €175.0 million principal amount of 3 5/8% senior unsecured euro notes due 2024 that were issued on April 24, 2020.

Please see Note 11, "Fair Value Measurements," for the fair value of the Company's long-term debt as of January 31, 2021 and February 2, 2020.

The Company's mandatory long-term debt repayments for the next five years were as follows as of January 31, 2021:

(In millions)	Amount <sup>(1)</sup>
Fiscal Year	
2021	\$ 41.1
2022	106.3
2023	227.5
2024	1,975.9
2025	500.0

- (1) A portion of the Company's mandatory long-term debt repayments are denominated in euros and subject to changes in the exchange rate of the United States dollar against the euro.

Total debt repayments for the next five years exceed the total carrying amount of the Company's Term Loan A facilities, 7 3/4% debentures due 2023, 3 5/8% senior euro notes due 2024 and 4 5/8% senior notes due 2025 as of January 31, 2021 because the carrying amount reflects the unamortized portions of debt issuance costs and the original issue discounts.

As of January 31, 2021, after taking into account the effect of the Company's interest rate swap agreements discussed in the section entitled "2019 Senior Unsecured Credit Facilities," which were in effect as of such date, approximately 70% of the Company's long-term debt had fixed interest rates, with the remainder at variable interest rates.

2016 Senior Secured Credit Facilities

On May 19, 2016, the Company entered into an amendment to its senior secured credit facilities (as amended, the “2016 facilities”). The Company replaced the 2016 facilities with new senior unsecured credit facilities on April 29, 2019 as discussed in the section entitled “2019 Senior Unsecured Credit Facilities” below. The 2016 facilities, as of the date they were replaced, consisted of a \$2,347.4 million United States dollar-denominated Term Loan A facility and senior secured revolving credit facilities consisting of (i) a \$475.0 million United States dollar-denominated revolving credit facility, (ii) a \$25.0 million United States dollar-denominated revolving credit facility available in United States dollars and Canadian dollars and (iii) a €185.9 million euro-denominated revolving credit facility available in euro, British pound sterling, Japanese yen and Swiss francs.

2019 Senior Unsecured Credit Facilities

The Company refinanced the 2016 facilities on April 29, 2019 (the “Closing Date”) by entering into senior unsecured credit facilities (the “2019 facilities”), the proceeds of which, along with cash on hand, were used to repay all of the outstanding borrowings under the 2016 facilities, as well as the related debt issuance costs.

The 2019 facilities consist of a \$1,093.2 million United States dollar-denominated Term Loan A facility (the “USD TLA facility”), a €500.0 million euro-denominated Term Loan A facility (the “Euro TLA facility” and together with the USD TLA facility, the “TLA facilities”) and senior unsecured revolving credit facilities consisting of (i) a \$675.0 million United States dollar-denominated revolving credit facility, (ii) a CAD \$70.0 million Canadian dollar-denominated revolving credit facility available in United States dollars or Canadian dollars, (iii) a €200.0 million euro-denominated revolving credit facility available in euro, British pound sterling, Japanese yen, Swiss francs, Australian dollars and other agreed foreign currencies and (iv) a \$50.0 million United States dollar-denominated revolving credit facility available in United States dollars or Hong Kong dollars. The 2019 facilities are due on April 29, 2024. In connection with the refinancing of the senior credit facilities, the Company paid debt issuance costs of \$10.4 million (of which \$3.5 million was expensed as debt modification costs and \$6.9 million is being amortized over the term of the debt agreement) and recorded debt extinguishment costs of \$1.7 million to write off previously capitalized debt issuance costs.

Each of the senior unsecured revolving credit facilities, except for the \$50.0 million United States dollar-denominated revolving credit facility available in United States dollars or Hong Kong dollars, also include amounts available for letters of credit and have a portion available for the making of swingline loans. The issuance of such letters of credit and the making of any swingline loan reduces the amount available under the applicable revolving credit facility. So long as certain conditions are satisfied, the Company may add one or more senior unsecured term loan facilities or increase the commitments under the senior unsecured revolving credit facilities by an aggregate amount not to exceed \$1,500.0 million. The lenders under the 2019 facilities are not required to provide commitments with respect to such additional facilities or increased commitments.

The Company had loans outstanding of \$1,608.6 million, net of debt issuance costs and based on applicable exchange rates, under the TLA facilities, no borrowings outstanding under the senior unsecured revolving credit facilities and \$17.9 million of outstanding letters of credit under the senior unsecured revolving credit facilities as of January 31, 2021.

The terms of the TLA facilities require the Company to make quarterly repayments of amounts outstanding under the 2019 facilities, which commenced with the calendar quarter ended September 30, 2019. Such required repayment amounts equal 2.50% per annum of the principal amount outstanding on the Closing Date for the first eight calendar quarters following the Closing Date, 5.00% per annum of the principal amount outstanding on the Closing Date for the four calendar quarters thereafter and 7.50% per annum of the principal amount outstanding on the Closing Date for the remaining calendar quarters, in each case paid in equal installments and in each case subject to certain customary adjustments, with the balance due on the maturity date of the TLA facilities. The outstanding borrowings under the 2019 facilities are prepayable at any time without penalty (other than customary breakage costs). Any voluntary repayments made by the Company would reduce the future required repayment amounts.

The Company made payments of \$14.4 million on its term loans under the 2019 facilities during 2020. The Company made payments of \$70.6 million on its term loans under the 2019 facilities and repaid the 2016 facilities in connection with the refinancing of the senior credit facilities during 2019. The Company made payments of \$150.0 million during 2018 on its term loans under the 2016 facilities.

The United States dollar-denominated borrowings under the 2019 facilities bear interest at a rate equal to an applicable margin plus, as determined at the Company's option, either (a) a base rate determined by reference to the greater of (i) the prime

rate, (ii) the United States federal funds effective rate plus 1/2 of 1.00% and (iii) a one-month reserve adjusted Eurocurrency rate plus 1.00% or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

The Canadian dollar-denominated borrowings under the 2019 facilities bear interest at a rate equal to an applicable margin plus, as determined at the Company's option, either (a) a Canadian prime rate determined by reference to the greater of (i) the rate of interest per annum that Royal Bank of Canada establishes as the reference rate of interest in order to determine interest rates for loans in Canadian dollars to its Canadian borrowers and (ii) the average of the rates per annum for Canadian dollar bankers' acceptances having a term of one month or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

Borrowings available in Hong Kong dollars under the 2019 facilities bear interest at a rate equal to an applicable margin plus an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

The borrowings under the 2019 facilities in currencies other than United States dollars, Canadian dollars or Hong Kong dollars bear interest at a rate equal to an applicable margin plus an adjusted Eurocurrency rate, calculated in a manner set forth in the 2019 facilities.

The current applicable margin with respect to the TLA facilities and each revolving credit facility as of January 31, 2021 was 1.625% for adjusted Eurocurrency rate loans and 0.625% for base rate or Canadian prime rate loans, which reflects an increase of 0.25% as set forth in the June 2020 Amendment (as defined below). The applicable margin for borrowings under the TLA facilities and the revolving credit facilities is subject to adjustment (i) after the date of delivery of the compliance certificate and financial statements, with respect to each of the Company's fiscal quarters, based upon the Company's net leverage ratio, except during the relief period (as defined below), or (ii) after the date of delivery of notice of a change in the Company's public debt rating by Standard & Poor's or Moody's.

The Company entered into interest rate swap agreements designed with the intended effect of converting notional amounts of its variable rate debt obligation to fixed rate debt. Under the terms of the agreements, for the outstanding notional amount, the Company's exposure to fluctuations in the one-month LIBOR is eliminated and the Company pays a fixed rate plus the current applicable margin. The following interest rate swap agreements were entered into or in effect during 2020, 2019 and 2018:

(In millions)

Designation	Date	Commencement Date	Initial Notional Amount	Notional Amount Outstanding as of January 31, 2021	Fixed Rate	Expiration Date
March 2020	February 2021		\$ 50.0	\$ —	0.562%	February 2023
February 2020	February 2021		50.0	—	1.1625%	February 2023
February 2020	February 2020		50.0	50.0	1.2575%	February 2023
August 2019	February 2020		50.0	50.0	1.1975%	February 2022
June 2019	February 2020		50.0	50.0	1.409%	February 2022
June 2019	June 2019		50.0	50.0	1.719%	July 2021
January 2019	February 2020		50.0	50.0	2.4187%	February 2021
November 2018	February 2019		139.2	116.6	2.8645%	February 2021
October 2018	February 2019		115.7	49.8	2.9975%	February 2021
June 2018	August 2018		50.0	50.0	2.6825%	February 2021
June 2017	February 2018		306.5	—	1.566%	February 2020

The notional amounts of the outstanding interest rate swaps that commenced in February 2019 are adjusted according to pre-set schedules during the terms of the swap agreements such that, based on the Company's projections for future debt repayments, the Company's outstanding debt under the USD TLA facility is expected to always equal or exceed the combined notional amount of the then-outstanding interest rate swaps.

The 2019 facilities contain customary events of default, including but not limited to nonpayment; material inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; cross-default to material



indebtedness; certain material judgments; certain events related to the Employee Retirement Income Security Act of 1974, as amended; and a change in control (as defined in the 2019 facilities).

The 2019 facilities require the Company to comply with customary affirmative, negative and financial covenants, including a minimum interest coverage ratio and a maximum net leverage ratio. A breach of any of these operating or financial covenants would result in a default under the 2019 facilities. If an event of default occurs and is continuing, the lenders could elect to declare all amounts then outstanding, together with accrued interest, to be immediately due and payable, which would result in acceleration of the Company's other debt. Given the disruption to the Company's business caused by the COVID-19 pandemic and to ensure financial flexibility, the Company amended these facilities in June 2020 to provide temporary relief of certain financial covenants until the date on which a compliance certificate is delivered for the second quarter of 2021 (the "relief period") unless the Company elects earlier to terminate the relief period and satisfies the conditions for doing so (the "June 2020 Amendment"). The June 2020 Amendment provides for the following during the relief period, among other things, the (i) suspension of compliance with the maximum net leverage ratio through and including the first quarter of 2021, (ii) suspension of the minimum interest coverage ratio through and including the first quarter of 2021, (iii) addition of a minimum liquidity covenant of \$400.0 million, (iv) addition of a restricted payment covenant and (v) imposition of stricter limitations on the incurrence of indebtedness and liens. The limitation on restricted payments requires that the Company suspend payments of dividends on its common stock and purchases of shares under its stock repurchase program during the relief period. The June 2020 Amendment also provides that during the relief period the applicable margin will be increased 0.25%. In addition, under the June 2020 Amendment, in the event there is a specified credit ratings downgrade by Standard & Poor's and Moody's during the relief period (as set forth in the June 2020 Amendment), within 120 days thereafter (i) the Company must cause each of its wholly owned United States subsidiaries (subject to certain customary exceptions) to become a guarantor under the 2019 facilities and (ii) the Company and each subsidiary guarantor will be required to grant liens in favor of the collateral agent on substantially all of their respective assets (subject to customary exceptions). As of January 31, 2021, the Company was in compliance with all applicable financial and non-financial covenants (as amended) under these facilities.

The Company expects to maintain compliance with the financial covenants (as amended) under the 2019 facilities for at least the next 12 months based on its current forecasts. If the impacts of the COVID-19 pandemic on the Company's business worsen and its earnings and operating cash flows do not recover as currently estimated by management, there can be no assurance that the Company will be able to maintain compliance with these financial covenants (as amended) in the future. There can be no assurance that the Company would be able to obtain future waivers in a timely manner, on terms acceptable to the Company, or at all. If the Company was not able to maintain compliance or obtain a future covenant waiver under the 2019 facilities, there can be no assurance that the Company would be able to raise sufficient debt or equity capital, or divest assets, to refinance or repay such facilities.

#### 7 3/4% Debentures Due 2023

The Company has outstanding \$100.0 million of debentures due November 15, 2023 that accrue interest at the rate of 7 3/4%. Pursuant to the indenture governing the debentures, the Company must maintain a certain level of stockholders' equity in order to pay cash dividends and make other restricted payments, as defined in the indenture governing the debentures. The debentures are not redeemable at the Company's option prior to maturity.

The 7 3/4% debentures due 2023 include a "negative lien" covenant that generally requires the debentures to be secured on an equal and ratable basis with secured indebtedness of the Company, as well as limits the Company's ability to engage in sale/leaseback transactions.

#### 3 5/8% Euro Senior Notes Due 2024

The Company has outstanding €525.0 million principal amount of 3 5/8% senior notes due July 15, 2024, of which €175.0 million principal amount was issued on April 24, 2020. Interest on the notes is payable in euros. The Company paid €2.8 million (\$3.0 million based on exchange rates in effect on the payment date) of fees in connection with the issuance of the additional €175.0 million notes, which are being amortized over the term of the notes. The Company may redeem some or all of these notes at any time prior to April 15, 2024 by paying a "make whole" premium plus any accrued and unpaid interest. In addition, the Company may redeem some or all of these notes on or after April 15, 2024 at their principal amount plus any accrued and unpaid interest.

The Company's ability to create liens on the Company's assets or engage in sale/leaseback transactions is restricted as defined in the indenture governing the notes.

#### 4 5/8% Senior Notes Due 2025

The Company issued on July 10, 2020, \$500.0 million principal amount of 4 5/8% senior notes due July 10, 2025. The interest rate payable on the notes is subject to adjustment if either Standard & Poor's or Moody's, or any substitute rating agency, as defined in the indenture governing the notes, downgrades the credit rating assigned to the notes. The Company paid \$6.2 million of fees in connection with the issuance of the notes, which are being amortized over the term of the notes. The Company may redeem some or all of these notes at any time prior to June 10, 2025 by paying a "make whole" premium plus any accrued and unpaid interest. In addition, the Company may redeem some or all of these notes on or after June 10, 2025 at their principal amount plus any accrued and unpaid interest.

The Company's ability to create liens on the Company's assets or engage in sale/leaseback transactions is restricted as defined in the indenture governing the notes.

#### 3 1/8% Euro Senior Notes Due 2027

The Company has outstanding €600.0 million principal amount of 3 1/8% senior notes due December 15, 2027. Interest on the notes is payable in euros. The Company may redeem some or all of these notes at any time prior to September 15, 2027 by paying a "make whole" premium plus any accrued and unpaid interest. In addition, the Company may redeem some or all of these notes on or after September 15, 2027 at their principal amount plus any accrued and unpaid interest.

The Company's ability to create liens on the Company's assets or engage in sale/leaseback transactions is restricted as defined in the indenture governing the notes.

As of January 31, 2021, the Company was in compliance with all applicable financial and non-financial covenants under its financing arrangements.

The Company also has standby letters of credit outside of its 2019 facilities primarily to collateralize the Company's insurance and lease obligations. The Company had \$50.9 million of these standby letters of credit outstanding as of January 31, 2021.

Interest paid was \$111.2 million, \$108.3 million and \$114.6 million during 2020, 2019 and 2018, respectively.

## 9. INCOME TAXES

The domestic and foreign components of (loss) income before income taxes were as follows:

(In millions)	2020	2019	2018
Domestic	\$ (1,248.7)	\$ (441.2)	\$ (5.3)
Foreign	55.7	885.2	780.9
Total	\$ (1,193.0)	\$ 444.0	\$ 775.6

The (loss) before income taxes in 2020 is due to the significant adverse impacts of the COVID-19 pandemic on the Company's business, including \$1,027.7 million of noncash impairment charges. The domestic loss before income taxes in 2020, 2019 and 2018 also include the domestic portion of certain charges incurred in 2020, 2019 and 2018. Please see Note 20, "Segment Data," for further discussion of these costs.

Taxes paid were \$130.7 million, \$133.0 million and \$138.4 million in 2020, 2019 and 2018, respectively.

The (benefit) provision for income taxes attributable to (loss) income consisted of the following:

(In millions)	2020	2019	2018
<b>Federal:</b>			
Current	\$ (22.2)	\$ (30.4)	\$ (30.5)
Deferred	(103.5)	(52.6) <sup>(2)</sup>	(53.2) <sup>(3)</sup>
<b>State and local:</b>			
Current	3.1	4.3	4.6
Deferred	(19.0)	(16.5)	9.6
<b>Foreign:</b>			
Current	108.3	127.9	170.2
Deferred	(22.2) <sup>(1)</sup>	(3.8) <sup>(2)</sup>	(69.7) <sup>(4)</sup>
<b>Total</b>	<u>\$ (55.5)</u>	<u>\$ 28.9</u>	<u>\$ 31.0</u>

- (1) Includes a \$33.1 million expense related to the remeasurement of certain net deferred tax liabilities in connection with the enactment of legislation in the Netherlands known as the "2021 Dutch Tax Plan," which became effective on January 1, 2021 and reverses the previously enacted reduction in the corporate income tax rate under the "2019 Dutch Tax Plan" (as defined below).
- (2) Includes a \$27.8 million benefit related to the write-off of deferred tax liabilities in connection with the pre-tax noncash impairment of the *Speedo* perpetual license right, primarily in the United States. Please see Note 3, "Acquisitions and Divestitures," for further discussion.
- (3) Includes a \$24.7 million benefit related to the U.S. Tax Legislation.
- (4) Includes a \$41.1 million benefit related to the remeasurement of certain net deferred tax liabilities in connection with the enactment of legislation in the Netherlands known as the "2019 Dutch Tax Plan," which became effective on January 1, 2019 and included a gradual reduction of the corporate income tax rate by 2021.

The (benefit) provision for income taxes for the years 2020, 2019 and 2018 was different from the amount computed by applying the statutory United States federal income tax rate to the underlying (loss) income as follows:

	2020	2019	2018
Statutory federal income tax rate	21.0 %	21.0 %	21.0 %
State and local income taxes, net of federal income tax benefit	1.7 %	(2.4)%	0.5 %
Effects of international jurisdictions, including foreign tax credits	(2.2)%	(15.7)%	(9.5)%
Change in estimates for uncertain tax positions	2.1 %	(11.8)% <sup>(2)</sup>	(3.7)%
Change in valuation allowance	0.9 %	1.8 %	(5.3)% <sup>(3)</sup>
Remeasurement due to U.S. Tax Legislation	— %	— %	0.2 %
Tax on foreign earnings (U.S. Tax Legislation - GILTI and FDII)	(5.9)%	10.0 %	1.9 %
Tax on Speedo transaction basis difference	— %	2.3 %	— %
Goodwill impairment	(13.3)% <sup>(1)</sup>	— %	— %
Excess tax benefits related to stock-based compensation	(0.4)%	(0.2)%	(0.6)%
Other, net	0.8 %	1.5 %	(0.5)%
<b>Effective income tax rate</b>	<u>4.7 %</u>	<u>6.5 %</u>	<u>4.0 %</u>

- (1) Includes the impact of the \$879.0 million of pre-tax goodwill impairment charges recorded during 2020, which were mostly non-deductible for tax purposes. Please see Note 7, "Goodwill and Other Intangible Assets," for further discussion of the impairments related to goodwill.
- (2) Includes the settlement of a multi-year audit from an international jurisdiction.
- (3) Includes the release of a \$26.3 million valuation allowance on the Company's foreign tax credits to adjust the provisional amount recorded in 2017 as a result of the U.S. Tax Legislation.

The Company files income tax returns in more than 40 international jurisdictions each year. A substantial amount of the Company's earnings are in international jurisdictions, particularly the Netherlands and Hong Kong SAR, where income tax rates, coupled with special rates levied on income from certain of the Company's jurisdictional activities, are lower than the United States statutory income tax rate. The effects of international jurisdictions, including foreign tax credits, reflected in the above table for 2020, 2019 and 2018 included those taxes at statutory income tax rates and at special rates levied on income from certain jurisdictional activities. The Company expects to benefit from these special rates until 2022.

The United States government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") on March 27, 2020, which includes various income tax provisions aimed at providing economic relief. The Company had a slight favorable cash flow impact as a result of the deferral of income tax payments under the CARES Act. The Company also considered the significant adverse impact of the pandemic on its business in assessing the realizability of its deferred tax assets. Based on this assessment, the Company determined that no additional valuation allowances were needed against its deferred tax assets. However, the Company will continue to monitor the impacts on its ability to realize deferred tax assets.

The U.S. Tax Legislation enacted on December 22, 2017 significantly revised the United States tax code. The Company finalized its accounting related to the impacts of the U.S. Tax Legislation on the one-time transition tax liability, deferred taxes, valuation allowances, state tax considerations, and any remaining outside basis differences in the Company's foreign subsidiaries during 2018 and recorded an additional net tax benefit of \$24.7 million to adjust the provisional net tax benefit recorded in 2017 during the measurement period allowed by the Securities and Exchange Commission. The net tax benefit included the release of a \$26.3 million valuation allowance on the Company's foreign tax credits, partially offset by a \$1.6 million expense related to the remeasurement of the Company's net deferred tax liabilities.

The GILTI provisions of the U.S. Tax Legislation impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations for tax years beginning after December 31, 2017. The guidance indicated that companies must make a policy election to either record deferred taxes for basis differences expected to reverse as a result of the GILTI provisions in future years or treat any taxes on GILTI inclusions as period costs when incurred. The Company completed its analysis of the tax effects of the GILTI provisions in 2018 and elected to account for these tax effects as period costs when incurred.

The components of deferred income tax assets and liabilities were as follows:

(In millions)	2020	2019
<b>Gross deferred tax assets</b>		
Tax loss and credit carryforwards	\$ 314.3	\$ 232.5
Operating lease liabilities	457.1	407.6
Employee compensation and benefits	107.1	110.9
Inventories	36.4	39.7
Accounts receivable	16.3	20.3
Accrued expenses	22.5	26.5
Derivative financial instruments	17.6	—
Other, net	13.0	—
Subtotal	984.3	837.5
Valuation allowances	(62.2)	(69.8)
Total gross deferred tax assets, net of valuation allowances	\$ 922.1	\$ 767.7
<b>Gross deferred tax liabilities</b>		
Intangibles	\$ (867.8)	\$ (860.6)
Operating lease right-of-use assets	(399.2)	(357.2)
Property, plant and equipment	(16.3)	(46.2)
Derivative financial instruments	—	(12.8)
Other, net	—	(8.7)
Total gross deferred tax liabilities	\$ (1,283.3)	\$ (1,285.5)
Net deferred tax liability	\$ (361.2)	\$ (517.8)

At the end of 2020, the Company had on a tax-effected basis approximately \$322.2 million of net operating loss and tax credit carryforwards available to offset future taxable income in various jurisdictions. This included net operating loss carryforwards of approximately \$53.7 million and \$61.3 million for federal and various state and local jurisdictions, respectively, and \$27.0 million for various foreign jurisdictions. The Company also had federal and state tax credit and other carryforwards of \$180.2 million. The carryforwards expire principally between 2021 and 2040.

Prior to the enactment of the U.S. Tax Legislation, the Company's undistributed foreign earnings were considered permanently reinvested and, as such, United States federal and state income taxes were not previously recorded on these earnings. As a result of the U.S. Tax Legislation, substantially all of the Company's earnings in foreign subsidiaries generated prior to the enactment of the U.S. Tax Legislation were deemed to have been repatriated. The Company's intent is to reinvest indefinitely substantially all of its foreign earnings outside of the United States. However, if the Company decides at a later date to repatriate these earnings to the United States, the Company may be required to accrue and pay additional taxes, including any applicable foreign withholding tax and United States state income taxes. It is not practicable to estimate the amount of tax that might be payable if these earnings were repatriated due to the complexities associated with the hypothetical calculation.

Uncertain tax positions activity for each of the last three years was as follows:

(In millions)	2020	2019	2018
Balance at beginning of year	\$ 219.9	\$ 248.3	\$ 297.1
Increases related to prior year tax positions	5.4	7.7	13.9
Decreases related to prior year tax positions	(2.9)	(15.8)	(24.9)
Increases related to current year tax positions	10.9	18.2	25.5
Lapses in statute of limitations	(30.7)	(36.0)	(54.7)
Effects of foreign currency translation	8.1	(2.5)	(8.6)
Balance at end of year	\$ 210.7	\$ 219.9	\$ 248.3

The entire amount of uncertain tax positions as of January 31, 2021, if recognized, would reduce the future effective tax rate under current accounting guidance.

Interest and penalties related to uncertain tax positions are recorded in the Company's income tax provision. Interest and penalties recognized in the Company's Consolidated Statements of Operations for 2020, 2019 and 2018 totaled an expense of \$2.3 million, a benefit of \$15.0 million and an expense of \$12.1 million, respectively. Interest and penalties accrued in the Company's Consolidated Balance Sheets as of January 31, 2021 and February 2, 2020 totaled \$28.3 million and \$25.2 million, respectively. The Company recorded its liabilities for uncertain tax positions principally in accrued expenses and other liabilities in its Consolidated Balance Sheets.

The Company files income tax returns in the United States and in various foreign, state and local jurisdictions. Most examinations have been completed by tax authorities or the statute of limitations has expired for United States federal, foreign, state and local income tax returns filed by the Company for years through 2006. It is reasonably possible that a reduction of uncertain tax positions in a range of \$80.0 million to \$100.0 million may occur within 12 months of January 31, 2021.

## 10. DERIVATIVE FINANCIAL INSTRUMENTS

### Cash Flow Hedges

The Company has exposure to changes in foreign currency exchange rates related to anticipated cash flows associated with certain international inventory purchases. The Company uses foreign currency forward exchange contracts to hedge against a portion of this exposure.

The Company also has exposure to interest rate volatility related to its term loans under the 2019 facilities, and the 2020 facility. The Company has entered into interest rate swap agreements to hedge against a portion of the exposure related to its term loans under the 2019 facilities. The Company had no borrowings outstanding under the 2020 facility during 2020. Please see Note 8, "Debt," for further discussion of the 2019 facilities, the 2020 facility and these agreements.

The Company records the foreign currency forward exchange contracts and interest rate swap agreements at fair value in its Consolidated Balance Sheets and does not net the related assets and liabilities. The foreign currency forward exchange contracts associated with certain international inventory purchases and the interest rate swap agreements are designated as effective hedging instruments (collectively, "cash flow hedges"). The changes in the fair value of the cash flow hedges are recorded in equity as a component of AOCL. No amounts were excluded from effectiveness testing. During 2020, the Company redesignated certain cash flow hedges due to the impacts of the COVID-19 pandemic, which resulted in the release of an immaterial gain from AOCL into the Company's Consolidated Statement of Operations. The Company continues to believe that transactions relating to its other designated cash flow hedges are probable to occur as of January 31, 2021.

### Net Investment Hedges

The Company has exposure to changes in foreign currency exchange rates related to the value of its investments in foreign subsidiaries denominated in a currency other than the United States dollar. To hedge against a portion of this exposure, the Company designated the carrying amounts of its (i) €600.0 million principal amount of 3 1/8% senior notes due 2027 and (ii) €525.0 million principal amount of 3 5/8% senior notes due 2024, of which €175.0 million principal amount was issued during the first quarter of 2020 (collectively, "foreign currency borrowings"), that were issued by PVH Corp., a U.S.-based entity, as net investment hedges of its investments in certain of its foreign subsidiaries that use the euro as their functional currency. Please see Note 8, "Debt," for further discussion of the Company's foreign currency borrowings.

The Company records the foreign currency borrowings at carrying value in its Consolidated Balance Sheets. The carrying value of the foreign currency borrowings is remeasured at the end of each reporting period to reflect changes in the foreign currency exchange spot rate. Since the foreign currency borrowings are designated as net investment hedges, such remeasurement is recorded in equity as a component of AOCL. The fair value and the carrying value of the foreign currency borrowings designated as net investment hedges were \$1,514.2 million and \$1,351.9 million, respectively, as of January 31, 2021 and \$1,178.6 million and \$1,038.5 million, respectively, as of February 2, 2020. The Company evaluates the effectiveness of its net investment hedges at inception and at the beginning of each quarter thereafter. No amounts were excluded from effectiveness testing.

### Undesignated Contracts

The Company records immediately in earnings changes in the fair value of hedges that are not designated as effective hedging instruments ("undesignated contracts"), including foreign currency forward exchange contracts related to third party

and intercompany transactions, and intercompany loans that are not of a long-term investment nature. Any gains and losses that are immediately recognized in earnings on such contracts are largely offset by the remeasurement of the underlying balances.

The Company does not use derivative or non-derivative financial instruments for trading or speculative purposes. The cash flows from the Company's hedges are presented in the same category in the Company's Consolidated Statements of Cash Flows as the items being hedged.

The following table summarizes the fair value and presentation of the Company's derivative financial instruments in its Consolidated Balance Sheets:

(In millions)	Assets				Liabilities			
	2020		2019		2020		2019	
	Other Current Assets	Other Assets	Other Current Assets	Other Assets	Accrued Expenses	Other Liabilities	Accrued Expenses	Other Liabilities
Contracts designated as cash flow hedges:								
Foreign currency forward exchange contracts (inventory purchases)	\$ 1.2	\$ 0.1	\$ 21.4	\$ 0.4	\$ 29.0	\$ 0.4	\$ 1.2	\$ 0.1
Interest rate swap agreements	—	—	0.1	—	3.2	1.5	5.5	0.4
<b>Total contracts designated as cash flow hedges</b>	<b>1.2</b>	<b>0.1</b>	<b>21.5</b>	<b>0.4</b>	<b>32.2</b>	<b>1.9</b>	<b>6.7</b>	<b>0.5</b>
Undesignated contracts:								
Foreign currency forward exchange contracts	2.5	—	1.5	—	1.6	—	0.9	—
<b>Total</b>	<b>\$ 3.7</b>	<b>\$ 0.1</b>	<b>\$ 23.0</b>	<b>\$ 0.4</b>	<b>\$ 33.8</b>	<b>\$ 1.9</b>	<b>\$ 7.6</b>	<b>\$ 0.5</b>

The notional amount outstanding of foreign currency forward exchange contracts was \$1,212.8 million at January 31, 2021. Such contracts expire principally between February 2021 and May 2022.

The following tables summarize the effect of the Company's hedges designated as cash flow and net investment hedging instruments:

(In millions)	(Loss) Gain Recognized in Other Comprehensive Income (Loss)		
	2020	2019	2018
	Foreign currency forward exchange contracts (inventory purchases)	\$ (57.3)	\$ 22.4
Interest rate swap agreements	(9.9)	(5.8)	(2.6)
Foreign currency borrowings (net investment hedges)	(125.0)	39.3	95.6
<b>Total</b>	<b>\$ (192.2)</b>	<b>\$ 55.9</b>	<b>\$ 190.1</b>

Amount of Gain (Loss) Reclassified from AOCL into Income (Expense), Consolidated Statements of Operations Location, and Total Amount of Consolidated Statements of Operations Line Item

(In millions)	Amount Reclassified			Location	Total Statements of Operations Amount		
	2020	2019	2018		2020	2019	2018
	Foreign currency forward exchange contracts (inventory purchases)	\$ 12.5	\$ 23.1		\$ (11.6)	Cost of goods sold	\$ 3,355.8
Interest rate swap agreements	(11.0)	(1.4)	1.1	Interest expense	125.5	120.0	120.8
<b>Total</b>	<b>\$ 1.5</b>	<b>\$ 21.7</b>	<b>\$ (10.5)</b>				

A net loss in AOCL on foreign currency forward exchange contracts at January 31, 2021 of \$36.4 million is estimated to be reclassified in the next 12 months in the Company's Consolidated Statement of Operations to cost of goods sold as the underlying inventory hedged by such forward exchange contracts is sold. In addition, a net loss in AOCL for interest rate swap agreements at January 31, 2021 of \$3.2 million is estimated to be reclassified to interest expense within the next 12 months. Amounts recognized in AOCL for foreign currency borrowings would be recognized in earnings only upon the sale or substantially complete liquidation of the hedged net investment.

The following table summarizes the effect of the Company's undesignated contracts recognized in SG&A expenses in its Consolidated Statements of Operations:

(In millions)	(Loss) Gain Recognized in (Expense) Income		
	2020	2019	2018
Foreign currency forward exchange contracts	\$ (11.8)	\$ 3.4	\$ (1.5)

The Company had no derivative financial instruments with credit risk-related contingent features underlying the related contracts as of January 31, 2021.

## 11. FAIR VALUE MEASUREMENTS

In accordance with accounting principles generally accepted in the United States, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three level hierarchy prioritizes the inputs used to measure fair value as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 – Observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data.

Level 3 – Unobservable inputs reflecting the Company's own assumptions about the inputs that market participants would use in pricing the asset or liability based on the best information available.

In accordance with the fair value hierarchy described above, the following table shows the fair value of the Company's financial assets and liabilities that are required to be remeasured at fair value on a recurring basis:

(In millions)	2020				2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets:</b>								
Foreign currency forward exchange contracts	N/A	\$ 3.8	N/A	\$ 3.8	N/A	\$ 23.3	N/A	\$ 23.3
Interest rate swap agreements	N/A	—	N/A	—	N/A	0.1	N/A	0.1
<b>Total Assets</b>	<b>N/A</b>	<b>\$ 3.8</b>	<b>N/A</b>	<b>\$ 3.8</b>	<b>N/A</b>	<b>\$ 23.4</b>	<b>N/A</b>	<b>\$ 23.4</b>
<b>Liabilities:</b>								
Foreign currency forward exchange contracts	N/A	\$ 31.0	N/A	\$ 31.0	N/A	\$ 2.2	N/A	\$ 2.2
Interest rate swap agreements	N/A	4.7	N/A	4.7	N/A	5.9	N/A	5.9
<b>Total Liabilities</b>	<b>N/A</b>	<b>\$ 35.7</b>	<b>N/A</b>	<b>\$ 35.7</b>	<b>N/A</b>	<b>\$ 8.1</b>	<b>N/A</b>	<b>\$ 8.1</b>

The fair value of the foreign currency forward exchange contracts is measured as the total amount of currency to be purchased, multiplied by the difference between (i) the forward rate as of the period end and (ii) the settlement rate specified in each contract. The fair value of the interest rate swap agreements is based on observable interest rate yield curves and represents the expected discounted cash flows underlying the financial instruments.

There were no transfers between any levels of the fair value hierarchy for any of the Company's fair value measurements.

The Company's non-financial assets, which primarily consist of goodwill, other intangible assets, property, plant and equipment, and operating lease right-of-use assets, are not required to be measured at fair value on a recurring basis, and instead are reported at their carrying amount. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable (and at least annually for goodwill and indefinite-lived intangible assets), non-financial assets are assessed for impairment. If the fair value is determined to be lower than the carrying amount, an impairment charge is recorded to write down the asset to its fair value.

The following tables show the fair values of the Company's non-financial assets that were required to be remeasured at fair value on a non-recurring basis during 2020, 2019 and 2018, and the total impairments recorded as a result of the remeasurement process:

(In millions)	Fair Value Measurement Using			Fair Value As Of Impairment Date	Total Impairments
	Level 1	Level 2	Level 3		
<b>2020</b>					
Operating lease right-of-use assets	N/A	N/A	\$ 110.5	\$ 110.5	\$ 28.2
Property, plant and equipment, net	N/A	N/A	2.7	2.7	53.7
Goodwill	N/A	N/A	652.6	652.6	879.0
Tradenames	N/A	N/A	48.7	48.7	47.2
Other intangible assets, net	N/A	N/A	—	—	7.3
Investments in unconsolidated affiliates	N/A	N/A	—	—	12.3
<b>2019</b>					
Operating lease right-of-use assets	N/A	N/A	14.5	14.5	83.0
Property, plant and equipment, net	N/A	N/A	—	—	26.9
Other intangible assets, net	N/A	N/A	87.4	87.4	116.4
<b>2018</b>					
Property, plant and equipment, net	N/A	N/A	0.6	0.6	17.9

Property, plant and equipment with a carrying amount of \$17.1 million was written down to a fair value of \$1.1 million during the first quarter of 2020, primarily due to the adverse impacts of the COVID-19 pandemic on the Company's retail stores with lease terms expiring by the end of fiscal 2021 with no intention of renewal, including temporary store closures and reduced traffic, occupancy and consumer spending trends. Fair value of the Company's property, plant and equipment was determined based on the estimated discounted future cash flows associated with the assets using sales trends and market participant assumptions.

Property plant and equipment with a carrying amount of \$32.1 million and operating lease right-of-use assets with a carrying amount of \$138.7 million were written down to their fair values of \$1.6 million and \$110.5 million, respectively, during the fourth quarter 2020. These impairments were primarily due to the adverse impacts of the pandemic on the financial performance of certain of the Company's retail stores and the shift in consumer buying trends from brick and mortar retail stores to digital channels. Fair value of the Company's property, plant and equipment was determined based on the estimated discounted future cash flows associated with the assets using sales trends and market participant assumptions. Fair value of the Company's operating lease right-of-use assets was determined based on the discounted cash flows of the estimated market rents.

Property, plant and equipment with a carrying amount of \$7.2 million was written down to a fair value of zero during 2020 in connection with the planned exit from the Heritage Brands Retail business, which will result in the closing of 162 heritage brand stores by mid-2021. Approximately 40 of these stores had been closed by the end of 2020. Please see Note 17, "Exit Activity Costs," for further discussion of the Heritage Brands Retail exit costs. Fair value of the Company's Heritage Brands Retail business property, plant and equipment was determined based on the estimated discounted future cash flows associated with the assets using sales trends and market participant assumptions.

Goodwill with a carrying amount of \$1,531.6 million was written down to a fair value of \$652.6 million during 2020. Please see Note 7, "Goodwill and Other Intangible Assets," for further discussion.

Tradenames with a carrying amount of \$95.9 million were written down to a fair value of \$48.7 million during 2020. Please see Note 7, "Goodwill and Other Intangible Assets," for further discussion.

Other intangible assets with a carrying amount of \$7.3 million were written down to a fair value of zero during 2020. Please see Note 7, "Goodwill and Other Intangible Assets," for further discussion.

The Company's equity method investment in Karl Lagerfeld with a carrying amount of \$12.3 million was written down to a fair value of zero during 2020. Please see Note 5, "Investments in Unconsolidated Affiliates," for further discussion.

The \$1,027.7 million of impairment charges during 2020 were recorded in the Company's Consolidated Statement of Operations, of which \$933.5 million was included in goodwill and other intangible asset impairments, \$81.9 million was included in SG&A expenses, and \$12.3 million was included in equity in net (loss) income of unconsolidated affiliates. The \$1,027.7 million of impairment charges were recorded to the Company's segments as follows: \$414.7 million in the Calvin Klein International segment, \$304.1 million in the Calvin Klein North America segment, \$249.6 million in the Heritage Brands Wholesale segment, \$30.0 million in the Tommy Hilfiger International segment, \$11.0 million in the Heritage Brands Retail segment, \$6.0 million in the Tommy Hilfiger North America segment and \$12.3 million was recorded in corporate expenses not allocated to any reportable segments.

Operating lease right-of-use assets with a carrying amount of \$97.5 million were written down to a fair value of \$14.5 million during 2019 primarily as a result of the closure during the first quarter of 2019 of the Company's *TOMMY HILFIGER* flagship and anchor stores in the United States (the "TH U.S. store closures") and the closure during the first quarter of 2019 of the Company's *Calvin Klein* flagship store on Madison Avenue in New York, New York in connection with the restructuring associated with the strategic changes for the Calvin Klein business announced in January 2019 (the "Calvin Klein restructuring"). Fair value of the operating lease right-of-use assets was determined based on the discounted cash flows of estimated market rents using market participant assumptions.

Property, plant and equipment with a carrying amount of \$26.9 million was written down to a fair value of zero during 2019 primarily in connection with the TH U.S. store closures, the closure of the Company's *CALVIN KLEIN 205 W39 NYC* brand (formerly *Calvin Klein Collection*), and the financial performance in certain of the Company's retail stores and shop-in-shops, including certain *Calvin Klein* stores affected by the realignment of the Calvin Klein creative direction globally. Fair value of the Company's property, plant and equipment was determined based on the estimated discounted future cash flows associated with the assets using sales trends and market participant assumptions.

The Company's perpetual license right for the *Speedo* trademark with a carrying amount of \$203.8 million was written down to a fair value of \$87.4 million in the fourth quarter of 2019 in connection with the Speedo transaction. Please see Note 3, "Acquisitions and Divestitures," for further discussion.

The \$226.3 million of impairment charges during 2019 were recorded in the Company's Consolidated Statement of Operations, of which \$109.9 million was included in SG&A expenses and \$116.4 million was included in other noncash loss, net. The \$226.3 million of impairment charges were recorded to the Company's segments as follows: \$118.6 million in the Heritage Brands Wholesale segment, \$50.0 million in the Tommy Hilfiger North America segment, \$37.4 million in the Calvin Klein North America segment, \$13.1 million in the Calvin Klein International segment, \$4.0 million in the Tommy Hilfiger International segment, \$0.1 million in the Heritage Brands Retail segment and \$3.1 million was recorded in corporate expenses not allocated to any reportable segments.

Property, plant and equipment with a carrying amount of \$18.5 million was written down to a fair value of \$0.6 million during 2018 in connection with the financial performance in certain of the Company's retail stores and shop-in-shops, and the closure of the *CALVIN KLEIN 205 W39 NYC* brand. Fair value of the Company's retail stores and shop-in-shops was determined based on the estimated discounted future cash flows associated with the assets using sales trends and market participant assumptions. The \$17.9 million impairment charge was included in SG&A expenses, of which \$8.5 million was recorded in the Calvin Klein International segment, \$5.1 million was recorded in the Calvin Klein North America segment, \$2.5 million was recorded in the Heritage Brands Wholesale segment, \$1.6 million was recorded in the Tommy Hilfiger International segment and \$0.2 million was recorded in the Tommy Hilfiger North America segment.

The carrying amounts and the fair values of the Company's cash and cash equivalents, short-term borrowings and long-term debt were as follows:

(In millions)	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 1,651.4	\$ 1,651.4	\$ 503.4	\$ 503.4
Short-term borrowings	—	—	49.6	49.6
Long-term debt (including portion classified as current)	3,554.8	3,806.8	2,707.7	2,869.7

The fair values of cash and cash equivalents and short-term borrowings approximate their carrying amounts due to the short-term nature of these instruments. The Company estimates the fair value of its long-term debt using quoted market prices as of the last business day of the applicable year. The Company classifies the measurement of its long-term debt as a Level 1 measurement. The carrying amounts of long-term debt reflect the unamortized portions of debt issuance costs and the original issue discounts.

## 12. RETIREMENT AND BENEFIT PLANS

The Company, as of January 31, 2021, has two noncontributory qualified defined benefit pension plans covering substantially all employees resident in the United States who meet certain age and service requirements. The Company had five noncontributory qualified defined benefit pension plans until the merger of three of its plans into another of the plans effective December 31, 2020. The merger did not have any impact on plan benefits. The plans provide monthly benefits upon retirement generally based on career average compensation and years of credited service. The plans also provide participants with the option to receive their benefits in the form of lump sum payments. Vesting in plan benefits generally occurs after five years of service. The Company refers to these two plans as its "Pension Plans."

The Company also has three noncontributory unfunded non-qualified supplemental defined benefit pension plans, including:

- A plan for certain former members of Tommy Hilfiger's domestic senior management. The plan is frozen and, as a result, participants do not accrue additional benefits.
- A capital accumulation program for certain senior executives (Mr. Chirico is the only actively employed participant in this program). Under the individual participants' agreements, the participants in the program will receive a predetermined amount during the ten years following the attainment of age 65, provided that prior to the termination of employment with the Company, the participant has been in the plan for at least ten years and has attained age 55.

- A plan for certain employees resident in the United States who meet certain age and service requirements that provides benefits for compensation in excess of Internal Revenue Service earnings limits and requires payments to vested employees upon, or shortly after, employment termination or retirement.

The Company refers to these three plans as its "SERP Plans."

The Company also provides certain postretirement health care and life insurance benefits to certain retirees resident in the United States. As a result of the Company's acquisition of The Warnaco Group, Inc. ("Warnaco"), the Company also provides certain postretirement health care and life insurance benefits to certain Warnaco retirees resident in the United States. Retirees contribute to the cost of the applicable plan, both of which are unfunded and frozen. The Company refers to these two plans as its "Postretirement Plans."

Reconciliations of the changes in the projected benefit obligation (Pension Plans and SERP Plans) and the accumulated benefit obligation (Postretirement Plans) were as follows:

(In millions)	Pension Plans		SERP Plans		Postretirement Plans	
	2020	2019	2020	2019	2020	2019
Balance at beginning of year	\$ 830.1	\$ 651.0	\$ 124.5	\$ 99.2	\$ 8.2	\$ 8.4
Service cost, net of plan expenses	42.9	31.2	5.7	5.8	—	—
Interest cost	25.5	27.9	3.5	4.3	0.2	0.3
Benefit payments	(64.0)	(29.2)	(9.6)	(7.9)	—	—
Benefit payments, net of retiree contributions	—	—	—	—	(1.3)	(1.0)
Special termination benefits	1.1	—	1.9	—	—	—
Speedo deconsolidation gain	(2.2)	—	(0.6)	—	—	—
Actuarial loss (gain)	7.1	149.2	(3.7)	23.1	(0.8)	0.5
Balance at end of year	<u>\$ 840.5</u>	<u>\$ 830.1</u>	<u>\$ 121.7</u>	<u>\$ 124.5</u>	<u>\$ 6.3</u>	<u>\$ 8.2</u>

Service cost on the Pension Plans increased in 2020 as compared to 2019 primarily due to a decrease in the discount rate.

The net actuarial loss included in the projected benefit obligation (Pension Plans and SERP Plans) in 2020 was due principally to a decrease in the discount rate, partially offset by (i) a reduction in plan participants due to the Company's North America office workforce reduction and (ii) updated mortality assumptions. The actuarial losses in 2019 were due principally to decreases in the discount rates.

The Company announced on July 14, 2020 plans to streamline its North American operations to better align its business with the evolving retail landscape. The Company's actions included a reduction in its North America office workforce by approximately 450 positions, or 12%, across all three brand businesses and corporate functions. For certain eligible employees affected by the workforce reduction, the Company provided an enhanced retirement benefit and as a result recognized \$3.0 million of special termination benefit costs during 2020, with a corresponding increase to its pension benefit obligation. Benefit payments from the Pension Plans increased in 2020 as a result of these actions. Please see Note 17, "Exit Activity Costs," for further discussion of these actions.

The Company completed the sale of its Speedo North America business to Pentland on April 6, 2020. Upon the closing of the transaction, U.S.-based employees who were engaged primarily in the Speedo North America business terminated their employment with the Company. However, the Company retained the liability for any deferred vested benefits earned under its retirement plans. No further benefits will be accrued under the plans and as a result, the Company recognized a gain of \$2.8 million during 2020 with a corresponding decrease to its pension benefit obligation. The gain was included in other noncash loss, net in the Company's Consolidated Statement of Operations. Please see Note 3, "Acquisitions and Divestitures," for further discussion of the sale of the Speedo North America business.

Reconciliations of the fair value of the assets held by the Pension Plans and the funded status were as follows:

(In millions)	2020	2019
Fair value of plan assets at beginning of year	\$ 721.2	\$ 636.8
Actual return, net of plan expenses	108.6	112.9
Benefit payments	(64.0)	(29.2)
Company contributions	—	0.7
Fair value of plan assets at end of year	\$ 765.8	\$ 721.2
Funded status at end of year	\$ (74.7)	\$ (108.9)

Amounts recognized in the Company's Consolidated Balance Sheets were as follows:

(In millions)	Pension Plans		SERP Plans		Postretirement Plans	
	2020	2019	2020	2019	2020	2019
Non-current assets	\$ —	\$ 1.7	\$ —	\$ —	\$ —	\$ —
Current liabilities	—	—	(10.2)	(9.3)	(0.8)	(1.1)
Non-current liabilities	(74.7)	(110.6)	(111.5)	(115.2)	(5.5)	(7.1)
Net amount recognized	\$ (74.7)	\$ (108.9)	\$ (121.7)	\$ (124.5)	\$ (6.3)	\$ (8.2)

The components of net benefit cost recognized were as follows:

(In millions)	Pension Plans			SERP Plans			Postretirement Plans		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Service cost	\$ 45.0	\$ 33.5	\$ 33.7	\$ 5.7	\$ 5.8	\$ 5.8	\$ —	\$ —	\$ —
Interest cost	25.5	27.9	26.0	3.5	4.3	3.9	0.2	0.3	0.4
Actuarial (gain) loss	(60.0)	74.2	17.4	(3.7)	23.1	(1.3)	(0.8)	0.5	(1.1)
Expected return on plan assets	(43.6)	(40.3)	(40.3)	—	—	—	—	—	—
Amortization of prior service cost	—	—	0.1	—	—	—	—	—	—
Special termination benefits	1.1	—	—	1.9	—	—	—	—	—
Speedo deconsolidation gain	(2.2)	—	—	(0.6)	—	—	—	—	—
Total	\$ (34.2)	\$ 95.3	\$ 36.9	\$ 6.8	\$ 33.2	\$ 8.4	\$ (0.6)	\$ 0.8	\$ (0.7)

The actuarial gain included in net benefit cost in 2020 was due principally to the (i) difference between the actual and expected return on plan assets for the Pension Plans, (ii) the reduction in plan participants due to the North America workforce reduction, and (iii) updated mortality assumptions, which more than offset the impact of a decline in the discount rates. The actuarial losses in 2019 were due principally to decreases in the discount rates. For the Pension Plans, these losses were partially offset by an actuarial gain as a result of the difference between the actual and expected returns on plan assets.

The service cost component of net benefit cost is recorded in SG&A expenses and the other components of net benefit cost are recorded in non-service related pension and postretirement (income) cost in the Company's Consolidated Statements of Operations.

Amortization of prior service cost recognized in other comprehensive (loss) income for Pension Plans, SERP Plans, and Postretirement Plans was immaterial during 2020, 2019 and 2018.

Pre-tax amounts in AOCL that had not yet been recognized as components of net benefit cost in the Pension Plans, SERP Plans and Postretirement Plans were immaterial as of January 31, 2021 and February 2, 2020.

The accumulated benefit obligation (Pension Plans and SERP Plans) were as follows:

(In millions)	Pension Plans		SERP Plans	
	2020	2019	2020	2019
Accumulated benefit obligation	\$ 754.9	\$ 751.3	\$ 102.6	\$ 99.9

In 2020, both of the Company's Pension Plans had projected benefit obligations in excess of plan assets and one of the Company's Pension Plans had accumulated benefit obligations in excess of plan assets. In 2019, three of the then five Company Pension Plans had projected benefit obligations and accumulated benefit obligations in excess of plan assets. The balances were as follows:

(In millions, except plan count)	2020	2019
Number of plans with projected benefit obligations in excess of plan assets	2	3
Aggregate projected benefit obligation	\$ 840.5	\$ 811.9
Aggregate fair value of related plan assets	\$ 765.8	\$ 701.3
Number of plans with accumulated benefit obligations in excess of plan assets	1	3
Aggregate accumulated benefit obligation	\$ 4.3	\$ 733.3
Aggregate fair value of related plan assets	\$ 4.1	\$ 701.3

In 2020 and 2019, all of the Company's SERP Plans had projected benefit obligations and accumulated benefit obligations in excess of plan assets as the plans are unfunded.

Significant weighted average rate assumptions used in determining the projected and accumulated benefit obligations at the end of each year and benefit cost in the following year were as follows:

	2020	2019	2018
Discount rate (applies to Pension Plans and SERP Plans)	3.04 %	3.15 %	4.35 %
Discount rate (applies to Postretirement Plans)	2.29 %	2.70 %	4.16 %
Rate of increase in compensation levels (applies to Pension Plans)	4.25 %	4.23 %	4.24 %
Expected long-term rate of return on assets (applies to Pension Plans)	6.00 %	6.25 %	6.50 %

To develop the expected long-term rate of return on assets assumption, the Company considered the historical level of the risk premium associated with the asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation.

The assets of the Pension Plans are invested with the objective of being able to meet current and future benefit payment needs, while managing future contributions. The investment policy aims to earn a reasonable rate of return while minimizing the risk of large losses. Assets are diversified by asset class in order to reduce volatility of overall results from year to year and to take advantage of various investment opportunities. The assets of the Pension Plans are diversified among United States equities, international equities, fixed income investments and cash. The strategic target allocation for the Pension Plans as of January 31, 2021 was approximately 40% United States equities, 20% international equities and 40% fixed income investments and cash. Equity securities primarily include investments in large-, mid- and small-cap companies located in the United States and abroad. Fixed income securities include corporate bonds of companies from diversified industries, municipal bonds, collective funds and United States Treasury bonds. Actual investment allocations may vary from the Company's target investment allocations due to prevailing market conditions.

In accordance with the fair value hierarchy described in Note 11, "Fair Value Measurements," the following tables show the fair value of the total assets of the Pension Plans for each major category as of January 31, 2021 and February 2, 2020:

(In millions)

Asset Category	Total	Fair Value Measurements as of January 31, 2021 <sup>(1)</sup>		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>Equity securities:</b>				
United States equities <sup>(2)</sup>	\$ 219.4	\$ 219.4	\$ —	\$ —
International equities <sup>(2)</sup>	24.8	24.8	—	—
United States equity fund <sup>(3)</sup>	62.2	—	62.2	—
International equity funds <sup>(4)</sup>	151.1	71.5	79.6	—
<b>Fixed income securities:</b>				
Government securities <sup>(5)</sup>	59.1	—	59.1	—
Corporate securities <sup>(5)</sup>	208.8	—	208.8	—
Short-term investment funds <sup>(6)</sup>	38.0	—	38.0	—
Subtotal	\$ 763.4	\$ 315.7	\$ 447.7	\$ —
Other assets and liabilities <sup>(8)</sup>	2.4			
<b>Total</b>	<b>\$ 765.8</b>			

(In millions)

Asset Category	Total	Fair Value Measurements as of February 2, 2020 <sup>(1)</sup>		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>Equity securities:</b>				
United States equities <sup>(2)</sup>	\$ 182.2	\$ 182.2	\$ —	\$ —
International equities <sup>(2)</sup>	10.7	10.7	—	—
United States equity fund <sup>(3)</sup>	66.3	—	66.3	—
International equity funds <sup>(4)</sup>	135.1	65.4	69.7	—
<b>Fixed income securities:</b>				
Government securities <sup>(5)</sup>	74.0	—	74.0	—
Corporate securities <sup>(5)</sup>	225.9	—	225.9	—
Short-term investment funds <sup>(6)</sup>	18.6	—	18.6	—
Total return mutual fund <sup>(7)</sup>	6.9	6.9	—	—
Subtotal	\$ 719.7	\$ 265.2	\$ 454.5	\$ —
Other assets and liabilities <sup>(8)</sup>	1.5			
<b>Total</b>	<b>\$ 721.2</b>			

<sup>(1)</sup> The Company uses third party pricing services to determine the fair values of the financial instruments held by the pension plans. The Company obtains an understanding of the pricing services' valuation methodologies and related inputs and validates a sample of prices by reviewing prices from other sources. The Company has not adjusted any prices received from the third party pricing services.

<sup>(2)</sup> Valued at the closing price or unadjusted quoted price in the active market in which the individual securities are traded.

<sup>(3)</sup> Valued at the net asset value of the fund, as determined by a pricing vendor or the fund family. The Company has the ability to redeem this investment at net asset value within the near term and therefore classifies this investment

within Level 2. This commingled fund invests in United States large cap equities that track the Russell 1000 Index.

<sup>(4)</sup> Valued at the net asset value of the fund, either as determined by the closing price in the active market in which the individual fund is traded and classified within Level 1, or as determined by a pricing vendor or the fund family and classified within Level 2. This category includes funds that invest in equities of companies outside of the United States.

<sup>(5)</sup> Valued with bid evaluation pricing where the inputs are based on actual trades in active markets, when available, as well as observable market inputs that include actual and comparable trade data, market benchmarks, broker quotes, trading spreads and/or other applicable data.

<sup>(6)</sup> Valued at the net asset value of the funds, as determined by a pricing vendor or the fund family. The Company has the ability to redeem these investments at net asset value within the near term and therefore classifies these investments within Level 2. These funds invest in high-grade, short-term, money market instruments.

<sup>(7)</sup> Valued at the net asset value of the fund, as determined by the closing price in the active market in which the individual fund is traded. This mutual fund invests in both equity securities and fixed income securities.

<sup>(8)</sup> This category includes other pension assets and liabilities such as pending trades and accrued income.

The Company believes that there are no significant concentrations of risk within the plan assets as of January 31, 2021.

Currently, the Company does not expect to make material contributions to the Pension Plans in 2021. The Company's actual contributions may differ from planned contributions due to many factors, including changes in tax and other laws, as well as significant differences between expected and actual pension asset performance or interest rates. The expected benefit payments associated with the Pension Plans and SERP Plans, and expected benefit payments, net of retiree contributions, associated with the Postretirement Plans are as follows:

(In millions)

Fiscal Year	Pension Plans	SERP Plans	Postretirement Plans
2021	\$ 37.8	\$ 10.2	\$ 0.8
2022	40.1	13.0	0.7
2023	41.6	11.8	0.7
2024	43.5	10.0	0.6
2025	44.7	11.1	0.6
2026-2030	247.1	55.3	2.0

The Company has savings and retirement plans and a supplemental savings plan for the benefit of its eligible employees in the United States who elect to participate. The Company matches a portion of employee contributions to the plans. The Company also has defined contribution plans for certain employees associated with certain businesses acquired in the acquisition of Tommy Hilfiger, Warnaco and the Australia acquisition, whereby the Company pays a percentage of the contribution for the employee. The Company's contributions to these plans were \$34.2 million, \$29.9 million and \$25.4 million in 2020, 2019 and 2018, respectively.

### 13. STOCK-BASED COMPENSATION

The Company grants stock-based awards under its Stock Incentive Plan (the "Plan"). Shares issued as a result of stock-based compensation transactions generally have been funded with the issuance of new shares of the Company's common stock.

The Company may grant the following types of incentive awards under the Plan: (i) non-qualified stock options ("stock options"); (ii) incentive stock options; (iii) stock appreciation rights; (iv) restricted stock; (v) restricted stock units ("RSUs"); (vi) performance shares; (vii) performance share units ("PSUs"); and (viii) other stock-based awards. Each award granted under the Plan is subject to an award agreement that incorporates, as applicable, the exercise price, the term of the award, the periods of restriction, the number of shares to which the award pertains, performance periods and performance measures, and such other terms and conditions as the plan committee determines. Awards granted under the Plan are classified as equity awards, which are recorded in stockholders' equity in the Company's Consolidated Balance Sheets.



Through January 31, 2021, the Company has granted under the Plan (i) service-based stock options, RSUs and restricted stock; and (ii) contingently issuable PSUs and RSUs. There was no restricted stock outstanding as of January 31, 2021.

According to the terms of the Plan, for purposes of determining the number of shares available for grant, each share underlying a stock option award reduces the number available by one share and each share underlying an RSU or PSU award reduces the number available by two shares. Total shares available for grant at January 31, 2021 amounted to 4.8 million shares.

Net (loss) income for 2020, 2019 and 2018 included \$50.5 million, \$56.1 million and \$56.2 million, respectively, of pre-tax expense related to stock-based compensation, with related recognized income tax benefits of \$5.9 million, \$6.9 million and \$8.9 million, respectively.

The Company receives a tax deduction for certain transactions associated with its stock-based awards. The actual income tax benefits realized from these transactions in 2020, 2019 and 2018 were \$3.0 million, \$8.8 million and \$13.2 million, respectively. The tax benefits realized included discrete net excess tax (deficiencies) benefits of \$(5.4) million, \$0.9 million and \$4.9 million recognized in the Company's provision for income taxes during 2020, 2019 and 2018, respectively.

#### Stock Options

Stock options granted to employees are generally exercisable in four equal annual installments commencing one year after the date of grant. The underlying stock option award agreements generally provide for accelerated vesting upon the award recipient's retirement (as defined in the Plan). Such stock options are granted with a 10-year term and the per share exercise price cannot be less than the closing price of the common stock on the date of grant.

The Company estimates the fair value of stock options at the date of grant using the Black-Scholes-Merton model. The estimated fair value of the stock options granted is expensed over the stock options' vesting periods.

The following summarizes the assumptions used to estimate the fair value of stock options granted during 2020, 2019 and 2018 and the resulting weighted average grant date fair value per stock option:

	2020	2019	2018
Weighted average risk-free interest rate	0.48 %	2.15 %	2.78 %
Weighted average expected stock option term (in years)	6.25	6.25	6.25
Weighted average Company volatility	45.08 %	29.88 %	26.92 %
Expected annual dividends per share	\$ 0.15	\$ 0.15	\$ 0.15
Weighted average grant date fair value per stock option	\$ 23.05	\$ 37.14	\$ 51.66

The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected stock option term. The expected stock option term represents the weighted average period of time that stock options granted are expected to be outstanding, based on vesting schedules and the contractual term of the stock options. Company volatility is based on the historical volatility of the Company's common stock over a period of time corresponding to the expected stock option term. Expected dividends are based on the anticipated common stock cash dividend rate for the Company at the time of grant; the dividend assumption for the stock options granted during 2020 was not affected by the Company's suspension of its cash dividend beginning with the second quarter of 2020 in response to the impacts of the COVID-19 pandemic on its business and as a condition of the June 2020 Amendment, as such suspension was viewed as temporary.

The Company has continued to utilize the simplified method to estimate the expected term for its "plain vanilla" stock options granted due to a lack of relevant historical data resulting, in part, from changes in the pool of employees receiving stock option grants. The Company will continue to evaluate the appropriateness of utilizing such method.

Stock option activity for the year was as follows:

(In thousands, except years and per stock option data)	Stock Options	Weighted Average Exercise Price Per Stock Option	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at February 2, 2020	902	\$ 109.25	5.9	\$ 871
Granted	250	54.39		
Exercised	45	85.93		
Cancelled	79	92.30		
Outstanding at January 31, 2021	1,028	\$ 98.23	6.0	\$ 7,139
Exercisable at January 31, 2021	638	\$ 109.64	4.4	\$ 59

The aggregate grant date fair value of stock options granted during 2020, 2019 and 2018 was \$5.8 million, \$6.3 million and \$4.4 million, respectively.

The aggregate grant date fair value of stock options that vested during 2020, 2019 and 2018 was \$5.0 million, \$6.5 million and \$6.5 million, respectively.

The aggregate intrinsic value of stock options exercised during 2020, 2019 and 2018 was \$0.7 million, \$1.3 million and \$10.9 million, respectively.

At January 31, 2021, there was \$4.9 million of unrecognized pre-tax compensation expense related to non-vested stock options, which is expected to be recognized over a weighted average period of 1.9 years.

#### RSUs

RSUs granted to employees generally vest in four equal annual installments commencing one year after the date of grant, although the Company does make from time to time, and currently has outstanding, RSUs with different vesting schedules. Service-based RSUs granted to non-employee directors vest in full one year after the date of grant. The underlying RSU award agreements for employees generally provide for accelerated vesting upon the award recipient's retirement (as defined in the Plan). The fair value of RSUs is equal to the closing price of the Company's common stock on the date of grant and is expensed over the RSUs' vesting periods.

RSU activity for the year was as follows:

(In thousands, except per RSU data)	RSUs	Weighted Average Grant Date Fair Value Per RSU
Non-vested at February 2, 2020	996	\$ 117.28
Granted	1,034	57.28
Vested	364	113.08
Cancelled	196	97.32
Non-vested at January 31, 2021	1,470	\$ 78.80

The aggregate grant date fair value of RSUs granted during 2020, 2019 and 2018 was \$59.2 million, \$67.3 million and \$53.5 million, respectively. The aggregate grant date fair value of RSUs vested during 2020, 2019 and 2018 was \$41.2 million, \$40.7 million and \$35.1 million, respectively.

At January 31, 2021, there was \$75.0 million of unrecognized pre-tax compensation expense related to non-vested RSUs, which is expected to be recognized over a weighted average period of 1.8 years.

#### PSUs

Outstanding contingently issuable PSUs granted to certain of the Company's senior executives are subject to a three-year performance period. For such awards, the final number of shares to be earned, if any, is contingent upon the Company's

achievement of goals for the applicable performance period, of which 50% is based upon the Company's absolute stock price growth during the applicable performance period and 50% is based upon the Company's total shareholder return during the applicable performance period relative to other companies included in the S&P 500 as of the date of grant. For awards granted in 2017, the three-year performance period ended during 2020 and holders of the awards did not earn any shares since the market conditions were not satisfied. The Company records expense ratably over the applicable vesting period regardless of whether the market condition is satisfied because the awards are subject to market conditions. The fair value of the awards granted was established for each grant on the grant date using the Monte Carlo simulation model.

The following summarizes the assumptions used to estimate the fair value of PSUs granted during 2020, 2019 and 2018 and the resulting weighted average grant date fair value per PSU:

	2020	2019	2018
Weighted average risk-free interest rate	0.19 %	2.13 %	2.62 %
Weighted average Company volatility	51.86 %	30.25 %	29.78 %
Expected annual dividends per share	\$ 0.15	\$ 0.15	\$ 0.15
Weighted average grant date fair value per PSU	\$ 64.89	\$ 119.46	\$ 159.53

The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for the term corresponding to the three-year performance period. Company volatility is based on the historical volatility of the Company's common stock over a period of time corresponding to the three-year performance period. Expected dividends are based on the anticipated common stock cash dividend rate for the Company at the time of grant; the dividend assumption for the PSUs granted during 2020 was not affected by the Company's suspension of its cash dividend beginning with the second quarter of 2020 in response to the impacts of the COVID-19 pandemic on its business and as a condition of the June 2020 Amendment, as such suspension was viewed as temporary.

For certain of the awards granted, the after-tax portion of the award is subject to a holding period of one year after the vesting date. For such awards, the weighted average grant date fair value was discounted 15.94% in 2020, 6.20% in 2019 and 7.09% in 2018 for the restriction of liquidity, which was calculated using the Chaffe model.

PSU activity for the year was as follows:

(In thousands, except per PSU data)	PSUs	Weighted Average Grant Date Fair Value Per PSU
Non-vested at February 2, 2020	181	\$ 119.63
Granted at target	132	64.89
Reduction due to market condition not satisfied	70	96.47
Vested	—	—
Cancelled	6	103.99
Non-vested at January 31, 2021	237	\$ 96.48

The aggregate grant date fair value of PSUs granted during 2020, 2019 and 2018 was \$8.6 million, \$8.6 million and \$7.0 million, respectively. The aggregate grant date fair value of PSUs that vested during 2019 and 2018 was \$6.7 million and \$4.6 million, respectively. No PSUs vested in 2020. PSUs in the above table are subject to market conditions. As such, the non-vested PSUs are reflected at the target level, which is consistent with how expense will be recorded, regardless of the numbers of shares that will actually be earned.

At January 31, 2021, there was \$3.4 million of unrecognized pre-tax compensation expense related to non-vested PSUs, which is expected to be recognized over a weighted average period of 2.0 years.

## 14. STOCKHOLDERS' EQUITY

### Acquisition of Treasury Shares

The Company's Board of Directors has authorized over time since 2015 an aggregate \$2.0 billion stock repurchase program through June 3, 2023. The program may be modified by the Board of Directors, including to increase or decrease the repurchase limitation or extend, suspend or terminate the program at any time, without prior notice.

The Company suspended share repurchases under the stock repurchase program beginning in March 2020, following the purchase of 1.4 million shares in open market transactions for \$110.7 million completed earlier in the first quarter, in order to increase its cash position and preserve financial flexibility in response to the impacts of the COVID-19 pandemic on its business. Under the terms of the June 2020 Amendment, the Company is not permitted to make share repurchases during the relief period (as defined). Please see Note 8, "Debt," for further discussion. The existing stock repurchase program remains authorized by the Board of Directors and the Company may resume share repurchases after the restrictions under the June 2020 Amendment lapse. As of January 31, 2021, the repurchased shares were held as treasury stock and \$572.6 million of the authorization remained available for future share repurchases.

Repurchases under the program, when it is being used, may be made from time to time over the period through open market purchases, accelerated share repurchase programs, privately negotiated transactions or other methods, as the Company deems appropriate. Purchases are made based on a variety of factors, such as price, corporate requirements and overall market conditions, applicable legal requirements and limitations, trading restrictions under the Company's insider trading policy and other relevant factors.

During 2019 and 2018, the Company purchased 3.4 million shares and 2.2 million shares, respectively, of its common stock under the program in open market transactions for \$325.0 million and \$300.1 million, respectively.

Treasury stock activity also includes shares that were withheld in conjunction with the settlement of RSUs and PSUs to satisfy tax withholding requirements.

### Common Stock Dividends

The Company declared a \$0.0375 per share dividend payable to its common stockholders of record as of March 4, 2020, in respect of which the Company made dividend payments totaling \$2.7 million on March 31, 2020. The Company suspended its dividends following the payment of the \$0.0375 per common share dividend on March 31, 2020 in order to increase its cash position and preserve financial flexibility in response to the impacts of the COVID-19 pandemic on its business. Under the terms of the June 2020 Amendment, the Company is not permitted to declare or pay dividends during the relief period. Please see Note 8, "Debt," for further discussion. The Company declared four \$0.0375 per share dividends payable to its common stockholders in each of 2019 and 2018, totaling \$11.3 million and \$11.6 million, respectively.

## 15. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents the changes in AOCL, net of related taxes, by component:

(In millions)	Foreign currency translation adjustments	Net unrealized and realized (loss) gain on effective cash flow hedges	Total
Balance at February 4, 2018	\$ (249.4)	\$ (72.1)	\$ (321.5)
Other comprehensive (loss) income before reclassifications	(288.2) <sup>(1)(2)</sup>	92.0	(196.2)
Less: Amounts reclassified from AOCL	—	(9.8)	(9.8)
Other comprehensive (loss) income	(288.2)	101.8	(186.4)
Balance at February 3, 2019	\$ (537.6)	\$ 29.7	\$ (507.9)
Other comprehensive (loss) income before reclassifications	(128.1) <sup>(1)(2)</sup>	15.9	(112.2)
Less: Amounts reclassified from AOCL	—	20.0	20.0
Other comprehensive loss	(128.1)	(4.1)	(132.2)
Balance at February 2, 2020	\$ (665.7)	\$ 25.6	\$ (640.1)
Other comprehensive income (loss) before reclassifications	184.1 <sup>(1)(3)</sup>	(60.4)	123.7
Less: Amounts reclassified from AOCL	—	2.7	2.7
Other comprehensive income (loss)	184.1	(63.1)	121.0
Balance at January 31, 2021	\$ (481.6)	\$ (37.5)	\$ (519.1)

<sup>(1)</sup> Foreign currency translation adjustments included a net (loss) gain on net investment hedges of \$(94.4) million, \$29.7 million and \$73.1 million in 2020, 2019 and 2018, respectively.

<sup>(2)</sup> Unfavorable foreign currency translation adjustments were principally driven by a strengthening of the United States dollar against the euro.

<sup>(3)</sup> Favorable foreign currency translation adjustments were principally driven by a weakening of the United States dollar against the euro.

The following table presents reclassifications from AOCL to earnings:

(In millions)	Amount Reclassified from AOCL			Affected Line Item in the Company's Consolidated Statements of Operations
	2020	2019	2018	
Realized gain (loss) on effective cash flow hedges:				
Foreign currency forward exchange contracts (inventory purchases)	\$ 12.5	\$ 23.1	\$ (11.6)	Cost of goods sold
Interest rate swap agreements	(11.0)	(1.4)	1.1	Interest expense
Less: Tax effect	(1.2)	1.7	(0.7)	Income tax (benefit) expense
Total, net of tax	\$ 2.7	\$ 20.0	\$ (9.8)	

## 16. LEASES

The Company leases approximately 1,730 Company-operated free-standing retail store locations across more than 35 countries, generally with initial lease terms of three to ten years. The Company also leases warehouses, distribution centers, showrooms, office space and a factory in Ethiopia, generally with initial lease terms of ten to 20 years, as well as certain equipment and other assets, generally with initial lease terms of one to five years.

Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of fixed lease payments over the expected lease term. The Company uses its incremental borrowing rates to determine the present value of fixed lease payments based on the information available at the lease commencement date, as the rate implicit in the lease is not readily determinable for the Company's leases. The Company's incremental borrowing rates are based on the term of the lease, the economic environment of the lease, and the effect of collateralization. Certain leases include one or more renewal options, generally for the same period as the initial term of the lease. The exercise of lease renewal options is generally at the Company's sole discretion and, as such, the Company typically determines that exercise of these renewal options is not reasonably certain. As a result, the Company does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the right-of-use asset and lease liability. Certain leases also contain termination options with an associated penalty. Generally, the Company is reasonably certain not to exercise these options and as such, they are not included in the determination of the expected lease term. The Company recognizes operating lease expense on a straight-line basis over the lease term.

Leases with an initial lease term of 12 months or less are not recorded on the balance sheet. The Company recognizes lease expense for these leases on a straight-line basis over the lease term.

Leases generally provide for payments of nonlease components, such as common area maintenance, real estate taxes and other costs associated with the leased property. For lease agreements entered into or modified after February 3, 2019, the Company accounts for lease components and nonlease components together as a single lease component and, as such, includes fixed payments of nonlease components in the measurement of the right-of-use assets and lease liabilities. Variable lease payments, such as percentage rentals based on location sales, periodic adjustments for inflation, reimbursement of real estate taxes, any variable common area maintenance and any other variable costs associated with the leased property are expensed as incurred as variable lease costs and are not recorded on the Company's Consolidated Balance Sheet.

The Company's lease agreements do not contain any material residual value guarantees or material restrictions or covenants.

In conjunction with the Australia acquisition in May 2019, the Company acquired an office building and warehouse owned by Gazal. Prior to the acquisition, Gazal had entered into an agreement with a third party to sell the building and as such, the building was classified as held for sale and recorded at its fair value less estimated costs to sell on the acquisition date. Please see Note 3, "Acquisitions and Divestitures," for further discussion. In June 2019, the Company completed the sale of the office building and warehouse for \$59.4 million, incurring costs of \$1.0 million, and leased back the building without an option to repurchase. No gain or loss was recognized on the transaction. The lease is classified as an operating lease with an initial lease term of five years and includes three options to renew for a period of five years each. Exercise of these renewal options is not reasonably certain and as a result, the Company recognized an operating lease right-of-use asset and operating lease liability based on the initial term of the lease.

The components of the net lease cost were as follows:

(In millions)	Line Item in the Company's Consolidated Statements of Operations	2020	2019
Finance lease cost:			
Amortization of right-of-use-assets	SG&A expenses (depreciation and amortization)	\$ 5.2	\$ 5.3
Interest on lease liabilities	Interest expense	0.4	0.5
Total finance lease cost		5.6	5.8
Operating lease cost	SG&A expenses	477.8	459.5
Short-term lease cost	SG&A expenses	28.9	25.9
Variable lease cost	SG&A expenses	71.7	143.8
Less: sublease income	SG&A expenses	(1.3)	(0.4)
Total net lease cost		\$ 582.7	\$ 634.6

The Company has sought concessions from landlords for certain of its stores affected by temporary closures as a result of the COVID-19 pandemic in the form of rent deferrals or rent abatements. Consistent with updated guidance issued by the FASB in April 2020, the Company elected to treat COVID-19 related rent concessions as though enforceable rights and obligations for those concessions existed in the original contract. As such, rent abatements negotiated with landlords are recorded as a reduction to variable lease expense included in SG&A expenses in the Company's Consolidated Statements of Operations. The Company recorded \$50.3 million of rent abatements during 2020. Rent deferrals have no impact to lease expense and amounts

deferred and payable in future periods are included in the current portion of operating lease liabilities in the Company's Consolidated Balance Sheet.

Supplemental balance sheet information related to leases was as follows:

(In millions)	Line Item in the Company's Consolidated Balance Sheets	2020	2019
<b>Right-of-use assets:</b>			
Operating lease	Operating lease right-of-use assets	\$ 1,564.8	\$ 1,675.8
Finance lease	Property, plant and equipment, net	11.4	12.6
		\$ 1,576.2	\$ 1,688.4
<b>Current lease liabilities:</b>			
Operating lease	Current portion of operating lease liabilities	\$ 421.4	\$ 363.5
Finance lease	Accrued expenses	5.3	4.6
		\$ 426.7	\$ 368.1
<b>Other lease liabilities:</b>			
Operating lease	Long-term portion of operating lease liabilities	\$ 1,430.7	\$ 1,532.0
Finance lease	Other liabilities	7.9	9.9
		\$ 1,438.6	\$ 1,541.9

Operating lease right-of-use assets with a carrying amount of \$138.7 million were written down to a fair value of \$110.5 million during 2020 primarily as a result of the adverse impacts of the COVID-19 pandemic on the financial performance of certain of the Company's retail stores and the shift in consumer buying trends from brick and mortar retail stores to digital channels. The \$28.2 million of impairment charges were included in SG&A expenses in the Company's Consolidated Statement of Operations. Please see Note 11, "Fair Value Measurements," for further discussion of the noncash impairment charges related to the Company's operating lease right-of-use assets.

Supplemental cash flow information related to leases was as follows:

(In millions)	2020	2019
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>		
Operating cash flows from operating leases	\$ 396.1	\$ 472.8
Operating cash flows from finance leases	0.4	0.5
Financing cash flows from finance leases	5.5	5.5
<b>Non-cash transactions:</b>		
Right-of-use assets obtained in exchange for new operating lease liabilities	247.3	441.3
Right-of-use assets obtained in exchange for new finance lease liabilities	4.0	3.6

The following summarizes the weighted average remaining lease terms and weighted average discount rates related to the Company's right-of-use assets and lease liabilities recorded on the balance sheet:

	2020	2019
<b>Weighted average remaining lease term (years):</b>		
Operating leases	6.53	6.84
Finance leases	3.98	4.37
<b>Weighted average discount rate:</b>		
Operating leases	4.10 %	4.25 %
Finance leases	2.77 %	3.11 %

At January 31, 2021, the maturities of the Company's lease liabilities were as follows:

(In millions)	Finance Leases	Operating Leases	Total
2021	\$ 5.6	\$ 487.0	\$ 492.6
2022	3.5	386.2	389.7
2023	2.0	293.1	295.1
2024	0.9	228.7	229.6
2025	0.4	180.0	180.4
Thereafter	1.9	554.7	556.6
<b>Total lease payments</b>	<b>\$ 14.3</b>	<b>\$ 2,129.7</b>	<b>\$ 2,144.0</b>
Less: Interest	(1.1)	(277.6)	(278.7)
<b>Total lease liabilities</b>	<b>\$ 13.2</b>	<b>\$ 1,852.1</b>	<b>\$ 1,865.3</b>

#### Disclosures Related to Periods Prior to Adoption of the New Lease Accounting Guidance

The Company adopted the update to accounting guidance related to leases in 2019 using the modified retrospective approach applied as of the period of adoption with a cumulative-effect adjustment to opening retained earnings and as such, prior periods have not been restated. As a result, disclosures related to periods prior to adoption are presented under the previous accounting guidance.

Rent expense was as follows:

(In millions)	2018
Minimum	\$ 465.3
Percentage and other	128.6
Less: Sublease rental income	(1.4)
<b>Total</b>	<b>\$ 592.5</b>

## 17. EXIT ACTIVITY COSTS

### Heritage Brands Retail Exit Costs

The Company announced on July 14, 2020 plans to streamline its North American operations to better align its business with the evolving retail landscape, including the exit from its Heritage Brands Retail business, which as of the date of the announcement consisted of 162 stores in North America, by mid-2021. In connection with the planned exit from the Heritage Brands Retail business, the Company recorded pre-tax costs during 2020 and expects to incur total costs as follows:

(In millions)	Total Costs Expected to be Incurred	Costs Incurred During 2020
Severance, termination benefits and other employee costs	\$ 24.0	\$ 14.6
Long-lived asset impairments	7.2	7.2
Accelerated amortization of lease assets	15.8	7.2
Contract termination and other costs	3.0	—
<b>Total</b>	<b>\$ 50.0</b>	<b>\$ 29.0</b>

The costs incurred during 2020 relate to SG&A expenses of the Heritage Brands Retail segment. The remaining costs are expected to be incurred through the second quarter of 2021 in connection with the planned exit from the Heritage Brands Retail business. Please see Note 20, "Segment Data," for further discussion of the Company's reportable segments.

Please see Note 11, "Fair Value Measurements," for further discussion of the long-lived asset impairments recorded during 2020.

The liabilities at January 31, 2021 related to these costs were principally recorded in accrued expenses in the Company's Consolidated Balance Sheet and were as follows:

(In millions)	Liability at 2/2/20	Costs Incurred During 2020	Costs Paid During 2020	Liability at 1/31/21
Severance, termination benefits and other employee costs	\$ —	\$ 14.6	\$ 2.0	\$ 12.6

### North America Office Workforce Reduction

The Company also announced on July 14, 2020 a reduction in its office workforce by approximately 450 positions, or 12%, across all three brand businesses and corporate functions (the "North America workforce reduction"). In connection with the North America workforce reduction, the Company recorded pre-tax costs during 2020 as shown in the following table. All expected costs related to the North America workforce reduction were incurred by the end of 2020.

(In millions)	Costs Incurred During 2020
Severance, termination benefits and other employee costs	\$ 39.7

Of the costs incurred during 2020, \$3.0 million relates to special termination benefits included in non-service related pension and postretirement income and \$36.7 million relates to SG&A expenses. Please see Note 12, "Retirement and Benefit Plans," for further discussion of the special termination benefits. Of the above charges incurred during 2020, \$12.5 million relate to the Heritage Brands Wholesale segment, \$10.9 million relate to the Tommy Hilfiger North America segment, \$10.5 million relate to the Calvin Klein North America segment and \$5.8 million relate to corporate expenses not allocated to any reportable segment. Please see Note 20, "Segment Data," for further discussion of the Company's reportable segments.

The liabilities at January 31, 2021 related to these costs were principally recorded in accrued expenses in the Company's Consolidated Balance Sheet and were as follows:

(In millions)	Liability at 2/2/20	Costs Incurred During 2020	Costs Paid During 2020	Liability at 1/31/21
Severance, termination benefits and other employee costs <sup>(1)</sup>	\$ —	\$ 36.7	\$ 25.3	\$ 11.4

<sup>(1)</sup> The liability at January 31, 2021 excludes the \$3.0 million of costs related to the special termination benefits, which are recorded in the pension benefit obligation in the Company's Consolidated Balance Sheet as of January 31, 2021.

## 18. NET (LOSS) INCOME PER COMMON SHARE

The Company computed its basic and diluted net (loss) income per common share as follows:

(In millions, except per share data)	2020	2019	2018
Net (loss) income attributable to PVH Corp.	\$ (1,136.1)	\$ 417.3	\$ 746.4
Weighted average common shares outstanding for basic net (loss) income per common share	71.2	74.2	76.5
Weighted average impact of dilutive securities	—	0.4	0.8
Total shares for diluted net (loss) income per common share	71.2	74.6	77.3
Basic net (loss) income per common share attributable to PVH Corp.	\$ (15.96)	\$ 5.63	\$ 9.75
Diluted net (loss) income per common share attributable to PVH Corp.	\$ (15.96)	\$ 5.60	\$ 9.65

Potentially dilutive securities excluded from the calculation of diluted net (loss) income per common share as the effect would be anti-dilutive were as follows:

(In millions)	2020	2019	2018
Weighted average potentially dilutive securities	2.4	1.1	0.4

Diluted net loss per common share attributable to PVH Corp. for the year ended January 31, 2021 excluded all potentially dilutive securities because there was a net loss attributable to PVH Corp. for the period and, as such, the inclusion of these securities would have been anti-dilutive.

Shares underlying contingently issuable awards that have not met the necessary conditions as of the end of a reporting period are not included in the calculation of diluted net (loss) income per common share for that period. The Company had contingently issuable PSU awards outstanding that did not meet the performance conditions as of January 31, 2021, February 2, 2020 and February 3, 2019 and, therefore, were excluded from the calculation of diluted net (loss) income per common share for each applicable year. The maximum number of potentially dilutive shares that could be issued upon vesting for such awards was 0.2 million, 0.3 million and 0.3 million as of January 31, 2021, February 2, 2020 and February 3, 2019, respectively. These amounts were also excluded from the computation of weighted average potentially dilutive securities in the table above.

## 19. SUPPLEMENTAL CASH FLOW INFORMATION

Omitted from the Company's Consolidated Statement of Cash Flows for 2020 were capital expenditures related to property, plant and equipment of \$32.1 million, which will not be paid until 2021. The Company paid \$39.5 million in cash during 2020 related to property, plant and equipment that was acquired in 2019. This amount was omitted from the Company's Consolidated Statement of Cash Flows for 2019. The Company paid \$43.7 million in cash during 2019 related to property, plant and equipment that was acquired in 2018. This amount was omitted from the Company's Consolidated Statement of Cash Flows for 2018.

The Company completed the Australia acquisition in the second quarter of 2019. Omitted from the Company's Consolidated Statement of Cash Flows for 2019 was the following noncash acquisition consideration: (i) the issuance to key executives of Gazal and PVH Australia of approximately 6% of the outstanding shares in the subsidiary of the Company that acquired 100% of the ownership interests in the Australia business, for which the Company recognized a \$26.2 million liability on the date of the acquisition and (ii) the elimination of a \$2.2 million pre-acquisition receivable owed to the Company by PVH Australia. In connection with the acquisition, the Company also remeasured its previously held equity investments in Gazal and PVH Australia to fair value, resulting in noncash increases of \$23.6 million and \$89.5 million, respectively, to these equity investment balances. The Company settled in June 2020 a portion of the liability for the 6% interest issued to key executives of Gazal and PVH Australia under the conditions specified in the terms of the acquisition agreement. Please see Note 3, "Acquisitions and Divestitures," for further discussion of the payment. The Company recorded an expense of \$4.9 million during 2020 resulting from the remeasurement of the remaining liability to its redemption value as of January 31, 2021. The liability was \$24.1 million as of January 31, 2021 based on exchange rates in effect on that date.

The Company recorded a loss of \$1.7 million during 2019 to write-off previously capitalized debt issuance costs in connection with the refinancing of its senior credit facilities.

Omitted from acquisition of treasury shares in the Company's Consolidated Statement of Cash Flows for 2019 was \$0.5 million of shares repurchased under the stock repurchase program for which the trades occurred but remained unsettled as of the end of the period.

Omitted from purchases of property, plant and equipment in the Company's Consolidated Statement of Cash Flows for 2018 was \$6.0 million of assets acquired through finance leases. Please see Note 16, "Leases," for supplemental noncash transactions information related to finance leases during 2019 and 2020.

The Company completed the acquisition of the *Geoffrey Beene* tradename during 2018. Omitted from acquisitions, net of cash acquired in the Company's Consolidated Statement of Cash Flows for 2018 was \$0.7 million of acquisition consideration related to royalties prepaid to Geoffrey Beene by the Company under the prior license agreement and \$0.4 million of liabilities assumed by the Company.

## 20. SEGMENT DATA

The Company manages its operations through its operating divisions, which are presented as six reportable segments: (i) Tommy Hilfiger North America; (ii) Tommy Hilfiger International; (iii) Calvin Klein North America; (iv) Calvin Klein International; (v) Heritage Brands Wholesale; and (vi) Heritage Brands Retail. The Company's Heritage Brands Retail segment will cease operations in mid-2021 following the closure of the last of its directly operated Heritage Brands Retail stores.

*Tommy Hilfiger North America Segment* - This segment consists of the Company's Tommy Hilfiger North America division. This segment derives revenue principally from (i) marketing *TOMMY HILFIGER* branded apparel and related products at wholesale in the United States and Canada, primarily to department stores, warehouse clubs, and off-price and independent retailers, as well as digital commerce sites operated by department store customers and pure play digital commerce retailers; (ii) operating retail stores, which are primarily located in premium outlet centers in the United States and Canada, and a digital commerce site in the United States, which sells *TOMMY HILFIGER* branded apparel, accessories and related products; and (iii) licensing and similar arrangements relating to the use by third parties of the *TOMMY HILFIGER* brand names for a broad range of product categories in North America. This segment also includes the Company's proportionate share of the net income or loss of its investment in its unconsolidated affiliate in Mexico relating to the affiliate's Tommy Hilfiger business and, since December 2019, the Company's proportionate share of the net income or loss of its investment in its unconsolidated PVH Legwear affiliate relating to the affiliate's Tommy Hilfiger business.

*Tommy Hilfiger International Segment* - This segment consists of the Company's Tommy Hilfiger International division. This segment derives revenue principally from (i) marketing *TOMMY HILFIGER* branded apparel and related products at wholesale principally in Europe, Asia and, since May 31, 2019, Australia, primarily to department and specialty stores, and digital commerce sites operated by department store customers and pure play digital commerce retailers, as well as through distributors and franchisees; (ii) operating retail stores, concession locations and digital commerce sites in Europe, Asia (including the TH CSAP acquisition) and, since May 31, 2019, Australia, which sell *TOMMY HILFIGER* branded apparel, accessories and related products; and (iii) licensing and similar arrangements relating to the use by third parties of the *TOMMY HILFIGER* brand names for a broad range of product categories outside of North America. This segment also includes the Company's proportionate share of the net income or loss of its investment in its unconsolidated Tommy Hilfiger foreign affiliate in Brazil and the Company's proportionate share of the net income or loss of its investment in its unconsolidated affiliate in India relating to the affiliates' Tommy Hilfiger business. This segment included the Company's proportionate share

of the net income or loss of its investment in PVH Australia relating to its Tommy Hilfiger business until May 31, 2019, on which date the Company completed the Australia acquisition and began to consolidate the operations of PVH Australia into its financial statements. Please see Note 3, "Acquisitions and Divestitures," for further discussion.

*Calvin Klein North America Segment* - This segment consists of the Company's Calvin Klein North America division. This segment derives revenue principally from (i) marketing *Calvin Klein* branded apparel and related products at wholesale in the United States and Canada, primarily to warehouse clubs, department and specialty stores, and off-price and independent retailers, as well as digital commerce sites operated by department store customers and pure play digital commerce retailers; (ii) operating retail stores, which are primarily located in premium outlet centers in the United States and Canada, and a digital commerce site in the United States, which sells *Calvin Klein* branded apparel, accessories and related products; and (iii) licensing and similar arrangements relating to the use by third parties of the *Calvin Klein* brand names for a broad range of product categories in North America. This segment also includes the Company's proportionate share of the net income or loss of its investment in its unconsolidated affiliate in Mexico relating to the affiliate's Calvin Klein business and, since December 2019, the Company's proportionate share of the net income or loss of its investment in its unconsolidated PVH Legwear affiliate relating to the affiliate's Calvin Klein business.

*Calvin Klein International Segment* - This segment consists of the Company's Calvin Klein International division. This segment derives revenue principally from (i) marketing *Calvin Klein* branded apparel and related products at wholesale principally in Europe, Asia, Brazil and, since May 31, 2019, Australia, primarily to department and specialty stores, and digital commerce sites operated by department store customers and pure play digital commerce retailers, as well as through distributors and franchisees; (ii) operating retail stores, concession locations and digital commerce sites in Europe, Asia, Brazil and since May 31, 2019, Australia, which sell *Calvin Klein* branded apparel, accessories and related products; and (iii) licensing and similar arrangements relating to the use by third parties of the *Calvin Klein* brand names for a broad range of product categories outside of North America. This segment also includes the Company's proportionate share of the net income or loss of its investment in its unconsolidated affiliate in India relating to the affiliate's Calvin Klein business. This segment included the Company's proportionate share of the net income or loss of its investment in PVH Australia relating to its Calvin Klein business until May 31, 2019, on which date the Company completed the Australia acquisition and began to consolidate the operations of PVH Australia into its financial statements. Please see Note 3, "Acquisitions and Divestitures," for further discussion.

*Heritage Brands Wholesale Segment* - This segment consists of the Company's Heritage Brands Wholesale division. This segment derives revenue primarily from the marketing to department, chain and specialty stores, warehouse clubs, mass market, and off-price retailers (in stores and online), as well as pure play digital commerce retailers in North America of (i) men's dress shirts and neckwear under various owned and licensed brand names, and to a lesser extent, private label brands; (ii) men's sportswear, bottoms and outerwear principally under the brand names *Van Heusen*, *IZOD* and *ARROW*; (iii) women's intimate apparel under the *Warner's*, *Olga* and *True&Co.* brands; and (iv) swimwear and swim-related products and accessories under the *Speedo* trademark until April 6, 2020 when the Company completed the sale of its Speedo North America business to Pentland. Please see Note 3, "Acquisitions and Divestitures," for further discussion. This segment also derives revenue from Company operated digital commerce sites in the United States for *Van Heusen*, *IZOD* and, until April 6, 2020, *Speedo*. In addition, since May 31, 2019, this segment derives revenue from the Heritage Brands business in Australia. As well, this segment includes the Company's proportionate share of the net income or loss of its investment in its unconsolidated affiliate in Mexico relating to the affiliate's Heritage Brands business and, since December 2019, the Company's proportionate share of the net income or loss of its investment in its unconsolidated PVH Legwear affiliate relating to the affiliate's Heritage Brands business. This segment included the Company's proportionate share of the net income or loss of its investment in PVH Australia relating to its Heritage Brands business until May 31, 2019, on which date the Company completed the Australia acquisition and began to consolidate the operations of PVH Australia into its financial statements. Please see Note 3, "Acquisitions and Divestitures," for further discussion.

*Heritage Brands Retail Segment* - This segment consists of the Company's Heritage Brands Retail division. This segment derives revenue principally from operating retail stores, primarily located in outlet centers throughout the United States and Canada, which primarily sell apparel, accessories and related products. The Company announced in July 2020 a plan to exit its Heritage Brands Retail business, which will result in the closing of 162 heritage brand stores by mid-2021. Approximately 40 of these stores had been closed by the end of 2020. The Company's Heritage Brands Retail segment will cease operations following these closures. Please see Note 17, "Exit Activity Costs," for further discussion.

The Company's revenue by segment was as follows:

(In millions)	2020	(1)(2)	2019	(1)	2018	(1)
<b>Revenue – Tommy Hilfiger North America</b>						
Net sales	\$ 901.2		\$ 1,540.2		\$ 1,574.3	
Royalty revenue	53.7		84.1		76.2	
Advertising and other revenue	13.9		23.6		18.7	
<b>Total</b>	<b>968.8</b>		<b>1,647.9</b>		<b>1,669.2</b>	
<b>Revenue – Tommy Hilfiger International</b>						
Net sales	2,615.6		2,994.2		2,599.7	
Royalty revenue	40.1		49.8		52.7	
Advertising and other revenue	11.9		19.8		22.9	
<b>Total</b>	<b>2,667.6</b>		<b>3,063.8</b>		<b>2,675.3</b>	
<b>Revenue – Calvin Klein North America</b>						
Net sales	826.8		1,467.0		1,599.9	
Royalty revenue	99.8		148.9		143.6	
Advertising and other revenue	29.0		53.8		49.8	
<b>Total</b>	<b>955.6</b>		<b>1,669.7</b>		<b>1,793.3</b>	
<b>Revenue – Calvin Klein International</b>						
Net sales	1,614.6		1,896.7		1,827.9	
Royalty revenue	52.2		74.1		78.9	
Advertising and other revenue	15.9		27.3		31.1	
<b>Total</b>	<b>1,682.7</b>		<b>1,998.1</b>		<b>1,937.9</b>	
<b>Revenue – Heritage Brands Wholesale</b>						
Net sales	703.1		1,248.5		1,293.2	
Royalty revenue	12.3		19.2		20.5	
Advertising and other revenue	2.5		4.2		3.7	
<b>Total</b>	<b>717.9</b>		<b>1,271.9</b>		<b>1,317.4</b>	
<b>Revenue – Heritage Brands Retail</b>						
Net sales	137.4		253.4		259.2	
Royalty revenue	2.3		3.8		4.0	
Advertising and other revenue	0.3		0.4		0.5	
<b>Total</b>	<b>140.0</b>		<b>257.6</b>		<b>263.7</b>	
<b>Total Revenue</b>						
Net sales	6,798.7		9,400.0		9,154.2	
Royalty revenue	260.4		379.9		375.9	
Advertising and other revenue	73.5		129.1		126.7	
<b>Total<sup>(3)</sup></b>	<b>\$ 7,132.6</b>		<b>\$ 9,909.0</b>		<b>\$ 9,656.8</b>	

(1) Revenue was impacted by fluctuations of the United States dollar against foreign currencies in which the Company transacts significant levels of business.

(2) Revenue was significantly negatively impacted by the COVID-19 pandemic, including as a result of reduced traffic and consumer spending trends, and temporary store closures for varying periods of time throughout the year. The Company's wholesale customers and licensing partners also experienced significant business disruptions as a result of the pandemic, resulting in a decrease in the Company's revenue from these channels.

(3) No single customer accounted for more than 10% of the Company's revenue in 2020, 2019 or 2018.

The Company's revenue by distribution channel was as follows:

(In millions)	2020	2019	2018
Wholesale net sales	\$ 3,534.8	\$ 5,066.9	\$ 4,969.6
Retail net sales	3,263.9	4,333.1	4,184.6
<b>Net sales</b>	<b>6,798.7</b>	<b>9,400.0</b>	<b>9,154.2</b>
Royalty revenue	260.4	379.9	375.9
Advertising and other revenue	73.5	129.1	126.7
<b>Total</b>	<b>\$ 7,132.6</b>	<b>\$ 9,909.0</b>	<b>\$ 9,656.8</b>

The Company has not disclosed net sales by product category as it is impracticable to do so.

The Company's (loss) income before interest and taxes by segment was as follows:

(In millions)	2020	(1)(2)	2019	(1)	2018	(1)
(Loss) income before interest and taxes – Tommy Hilfiger North America	\$ (130.5)	(4)(5)	\$ 93.5	(10)(11)	\$ 233.8	
Income before interest and taxes – Tommy Hilfiger International	259.5	(5)	468.2	(12)	377.1	
(Loss) income before interest and taxes – Calvin Klein North America	(384.5)	(4)(5)(6)	99.8	(10)(13)	166.7	(15)
(Loss) income before interest and taxes – Calvin Klein International	(280.0)	(5)(6)	153.3	(10)(12)(13)	211.5	(15)
(Loss) income before interest and taxes – Heritage Brands Wholesale	(312.5)	(4)(6)(7)	(84.9)	(12)(7)	83.3	
(Loss) income before interest and taxes – Heritage Brands Retail	(93.4)	(5)(8)	3.0		7.4	
Loss before interest and taxes – Corporate <sup>(3)</sup>	(130.3)	(4)(9)	(174.2)	(12)(14)	(188.1)	
<b>(Loss) income before interest and taxes</b>	<b>\$ (1,071.7)</b>		<b>\$ 558.7</b>		<b>\$ 891.7</b>	

(1) (Loss) income before interest and taxes was impacted by fluctuations of the United States dollar against foreign currencies in which the Company transacts significant levels of business.

(2) (Loss) income before interest and taxes was significantly negatively impacted by the COVID-19 pandemic, including as a result of the unprecedented material decline in revenue noted above. As well, (loss) income before interest and taxes in 2020 was significantly adversely impacted by \$1.0 billion of noncash impairment charges related to goodwill, tradenames, other intangible assets, store assets and an equity method investment resulting from the significant adverse impacts of the COVID-19 pandemic on the Company's business. Please see notes (5), (6) and (9) below for further discussion.

(3) Includes corporate expenses not allocated to any reportable segments, the Company's proportionate share of the net income or loss of its investments in Gazal (prior to the Australia acquisition closing) and Karl Lagerfeld (prior to its impairment in the first quarter of 2020), and the results of PVH Ethiopia. Please see Note 5, "Investments in Unconsolidated Affiliates," for further discussion of the Company's investment in Karl Lagerfeld. Corporate expenses represent overhead operating expenses and include expenses for senior corporate management, corporate finance, information technology related to corporate infrastructure, certain digital investments, certain corporate responsibility initiatives, and actuarial gains and losses on the Company's Pension Plans, SERP Plans and Postretirement Plans. Actuarial gains (losses) on the Company's Pension Plans, SERP Plans and Postretirement Plans totaled \$64.5 million, \$(97.8) million and \$(15.0) million in 2020, 2019 and 2018, respectively.

(4) Loss before interest and taxes for 2020 included costs of \$39.7 million incurred in connection with the North America workforce reduction, primarily consisting of severance. Such costs were included in the Company's segments as follows: \$10.9 million in Tommy Hilfiger North America, \$10.5 million in Calvin Klein North America, \$12.5 million in Heritage Brands Wholesale, and \$5.8 million in corporate expenses not allocated to any reportable segments. Please see Note 17, "Exit Activity Costs," for further discussion.

- (5) (Loss) income before interest and taxes for 2020 included noncash impairment charges of \$74.7 million related to the Company's store assets. The \$74.7 million of impairment charges were included in the Company's segments as follows: \$6.0 million in Tommy Hilfiger North America, \$30.0 million in Tommy Hilfiger International, \$14.2 million in Calvin Klein North America, \$20.7 million in Calvin Klein International and \$3.8 million in Heritage Brands Retail. Please see Note 11, "Fair Value Measurements," for further discussion.
- (6) Loss before interest and taxes for 2020 included noncash impairment charges of \$933.5 million, primarily related to goodwill, tradenames and other intangible assets. The \$933.5 million of impairment charges were included in the Company's segments as follows: \$289.9 million in Calvin Klein North America, \$394.0 million in Calvin Klein International and \$249.6 million in Heritage Brands Wholesale. Please see Note 7, "Goodwill and Other Intangible Assets," for further discussion.
- (7) Loss before interest and taxes for 2020 and 2019 included a noncash loss of \$3.1 million and \$142.0 million, respectively, in connection with the Speedo transaction. Please see Note 3, "Acquisitions and Divestitures," for further discussion.
- (8) Loss before interest and taxes for 2020 included costs of \$29.0 million in connection with the planned exit of the Heritage Brands Retail business, consisting of severance, noncash asset impairments and accelerated amortization of lease assets and other costs. Please see Note 17, "Exit Activity Costs," for further discussion.
- (9) Loss before interest and taxes for 2020 included a noncash impairment charge of \$12.3 million related to the Company's equity method investment in Karl Lagerfeld. Please see Note 5, "Investments in Unconsolidated Affiliates," for further discussion.
- (10) Income before interest and taxes for 2019 included costs of \$59.8 million in connection with agreements the Company entered into in 2019 to terminate early the licenses for the global Calvin Klein and Tommy Hilfiger North America socks and hosiery businesses in order to consolidate the socks and hosiery businesses for all Company brands in the United States and Canada in a newly formed joint venture, and to bring in-house the international Calvin Klein socks and hosiery wholesale businesses. Such costs were included in the Company's segments as follows: \$7.5 million in Tommy Hilfiger North America, \$25.5 million in Calvin Klein North America and \$26.8 million in Calvin Klein International.
- (11) Income before interest and taxes for 2019 included costs of \$54.9 million incurred in connection with the TH U.S. store closures, primarily consisting of noncash lease asset impairments. Please see Note 11, "Fair Value Measurements," for further discussion.
- (12) Income (loss) before interest and taxes for 2019 included costs of \$19.3 million in connection with the Australia and TH CSAP acquisitions, primarily consisting of noncash valuation adjustments, and one-time costs of \$2.1 million recorded on the Company's equity investments in Gazal and PVH Australia prior to the Australia acquisition closing. Such costs were included in the Company's segments as follows: \$11.1 million in Tommy Hilfiger International, \$6.0 million in Calvin Klein International, \$1.8 million in Heritage Brands Wholesale and \$2.5 million in corporate expenses not allocated to any reportable segments. Please see Note 3, "Acquisitions and Divestitures," for further discussion.
- (13) Income before interest and taxes for 2019 included costs of \$102.9 million incurred in connection with the Calvin Klein restructuring, primarily consisting of lease asset impairments, contract termination and other costs, and severance. Such costs were included in the Company's segments as follows: \$66.0 million in Calvin Klein North America and \$36.9 million in Calvin Klein International. Please see Note 11, "Fair Value Measurements," for further discussion of the lease asset impairments.
- (14) Loss before interest and taxes for 2019 included a noncash gain of \$113.1 million to write up the Company's previously held equity investments in Gazal and PVH Australia to fair value in connection with the Australia acquisition. Please see Note 3, "Acquisitions and Divestitures," for further discussion.
- (15) Income before interest and taxes for 2018 included costs of \$40.7 million incurred in connection with the Calvin Klein restructuring, primarily consisting of severance, store asset impairments, and contract termination and other costs. Such costs were included in the Company's segments as follows: \$18.9 million in Calvin Klein North America and \$21.8 million in Calvin Klein International.

Intersegment transactions primarily consist of transfers of inventory principally from the Heritage Brands Wholesale segment to the Heritage Brands Retail segment, the Tommy Hilfiger North America segment and the Calvin Klein North America segment. These transfers are recorded at cost plus a standard markup percentage. Such markup percentage on ending

inventory is eliminated principally in the Heritage Brands Retail segment, the Tommy Hilfiger North America segment and the Calvin Klein North America Segment.

The Company's identifiable assets, depreciation and amortization, and identifiable capital expenditures by segment were as follows:

(In millions)	2020	2019	2018
<b>Identifiable Assets<sup>(1)(2)(4)(5)(6)</sup></b>			
Tommy Hilfiger North America	\$ 1,447.9	\$ 1,599.0	\$ 1,330.5
Tommy Hilfiger International	5,295.3	4,888.6	3,949.3
Calvin Klein North America	1,522.6	1,932.3	1,817.9
Calvin Klein International	3,016.8	3,428.9	3,114.9
Heritage Brands Wholesale <sup>(3)</sup>	547.9	1,075.3	1,178.1
Heritage Brands Retail	74.2	128.4	86.6
Corporate	1,388.8	578.5	386.4
<b>Total</b>	<b>\$ 13,293.5</b>	<b>\$ 13,631.0</b>	<b>\$ 11,863.7</b>
<b>Depreciation and Amortization</b>			
Tommy Hilfiger North America	\$ 38.1	\$ 40.6	\$ 37.9
Tommy Hilfiger International	131.8	119.7	133.9
Calvin Klein North America	30.8	38.6	41.5
Calvin Klein International	97.0	91.9	90.6
Heritage Brands Wholesale	11.5	15.1	14.9
Heritage Brands Retail	3.5	6.2	5.6
Corporate	13.1	11.7	10.4
<b>Total</b>	<b>\$ 325.8</b>	<b>\$ 323.8</b>	<b>\$ 334.8</b>
<b>Identifiable Capital Expenditures<sup>(7)</sup></b>			
Tommy Hilfiger North America	\$ 21.7	\$ 41.7	\$ 56.1
Tommy Hilfiger International	100.6	139.6	143.9
Calvin Klein North America	18.7	30.3	36.0
Calvin Klein International	54.2	83.3	102.7
Heritage Brands Wholesale	14.9	18.6	15.8
Heritage Brands Retail	0.7	6.5	8.5
Corporate	8.4	21.0	18.3
<b>Total</b>	<b>\$ 219.2</b>	<b>\$ 341.0</b>	<b>\$ 381.3</b>

- (1) Identifiable assets included the impact of changes in foreign currency exchange rates.
- (2) Identifiable assets in 2020 were significantly negatively impacted by \$1.0 billion of noncash impairment charges related to goodwill, tradenames, other intangible assets, store assets and an equity method investment resulting from the significant adverse impacts of the COVID-19 pandemic on the Company's business. Please see Note 11, "Fair Value Measurements," for further discussion.
- (3) Identifiable assets in 2020 included a reduction of \$237.2 million related to the Speedo transaction and the resulting deconsolidation of the Speedo North America business. Please see Note 3, "Acquisitions and Divestitures," for further discussion.
- (4) The changes in Corporate identifiable assets in 2020 were primarily due to changes in cash and cash equivalents.
- (5) Identifiable assets included the impact related to the adoption of accounting guidance for leases in 2019 using the modified retrospective approach applied as of the period of adoption with a cumulative-effect adjustment to opening retained earnings and as such, prior periods have not been restated. Upon adoption, the Company (i) recognized operating lease right-of-use assets of \$1.7 billion and lease liabilities of \$1.9 billion, (ii) recorded a cumulative-effect adjustment to retained earnings of \$3.1 million and (iii) recorded other reclassification adjustments within its Consolidated Balance Sheet related to, among other things, deferred rent. Please see Note 16, "Leases," for further discussion.



- (6) Identifiable assets in 2019 included the impact of the Australia and TH CSAP acquisitions. Please see Note 3, "Acquisitions and Divestitures," for further discussion.
- (7) Capital expenditures in 2020 included \$32.1 million of accruals that will not be paid until 2021. Capital expenditures in 2019 included \$39.5 million of accruals that were not paid until 2020. Capital expenditures in 2018 included \$43.7 million of accruals that were not paid until 2019.

Property, plant and equipment, net based on the location where such assets are held, was as follows:

(In millions)	2020 <sup>(1)(2)</sup>	2019 <sup>(1)</sup>	2018 <sup>(1)</sup>
Domestic	\$ 466.3	\$ 525.8	\$ 500.5
Canada	19.3	25.3	28.8
Europe	374.7	375.6	362.7
Asia-Pacific <sup>(3)</sup>	73.8	87.6	73.4
Other foreign	8.6	12.5	19.1
Total	<u>\$ 942.7</u>	<u>\$ 1,026.8</u>	<u>\$ 984.5</u>

- (1) Property, plant and equipment, net included the impact of changes in foreign currency exchange rates.
- (2) Property, plant and equipment with a carrying amount of \$56.4 million was written down to a fair value of \$2.7 million during 2020 primarily as a result of the adverse impacts of the COVID-19 pandemic on the financial performance of certain of the Company's retail stores and the shift in consumer buying trends from brick and mortar retail stores to digital channels. Please see Note 11, "Fair Value Measurements," for a further discussion.
- (3) The Company completed the Australia and TH CSAP acquisitions in the second quarter of 2019. Please see Note 3, "Acquisitions and Divestitures," for further discussion.

Revenue, based on location of origin, was as follows:

(In millions)	2020 <sup>(1)(2)</sup>	2019 <sup>(1)</sup>	2018 <sup>(1)</sup>
Domestic	\$ 2,460.0	\$ 4,275.0	\$ 4,481.3
Canada	262.2	505.5	528.8
Europe	3,154.3	3,657.3	3,362.1
Asia-Pacific <sup>(3)</sup>	1,189.6	1,353.4	1,163.7
Other foreign	66.5	117.8	120.9
Total	<u>\$ 7,132.6</u>	<u>\$ 9,909.0</u>	<u>\$ 9,656.8</u>

- (1) Revenue was impacted by fluctuations of the United States dollar against foreign currencies in which the Company transacts significant levels of business.
- (2) Revenue was significantly negatively impacted by the COVID-19 pandemic, including as a result of reduced traffic and consumer spending trends, and temporary store closures during the year.
- (3) The Company completed the Australia and TH CSAP acquisitions in the second quarter of 2019. Please see Note 3, "Acquisitions and Divestitures," for further discussion.

## 21. GUARANTEES

The Company has guaranteed a portion of the debt of its joint venture in India. The maximum amount guaranteed as of January 31, 2021 was approximately \$19.1 million based on exchange rates in effect on that date. The guarantee is in effect for the entire term of the debt. The liability for this guarantee obligation was immaterial as of January 31, 2021 and February 2, 2020.

The Company has guaranteed to a financial institution the repayment of store security deposits in Japan paid to landlords on behalf of the Company. The amount guaranteed as of January 31, 2021 was approximately \$5.5 million based on exchange rates in effect on that date. The Company has the right to seek recourse from the landlords for the full amount. The guarantees expire between 2022 and 2025. The liability for these guarantee obligations was immaterial as of January 31, 2021 and February 2, 2020.

The Company has guaranteed the payment of amounts on behalf of certain other parties, none of which are material individually or in the aggregate.

## 22. OTHER COMMENTS

The Company's asset retirement liabilities are included in accrued expenses and other liabilities in the Company's Consolidated Balance Sheets and relate to the Company's obligation to dismantle or remove leasehold improvements from leased office, retail store or warehouse locations at the end of a lease term in order to restore a facility to a condition specified in the lease agreement. The Company records the fair value of the liability for asset retirement obligations in the period in which it is legally or contractually incurred. Upon initial recognition of the asset retirement liability, an asset retirement cost is capitalized by increasing the carrying amount of the asset by the same amount as the liability. In periods subsequent to initial measurement, the asset retirement cost is recognized as expense through depreciation over the asset's useful life. Changes in the liability for the asset retirement obligations are recognized for the passage of time and revisions to either the timing or the amount of estimated cash flows. Accretion expense is recognized in SG&A expenses for the impacts of increasing the discounted fair value to its estimated settlement value.

The following table presents the activity related to the Company's asset retirement liabilities, included in accrued expenses and other liabilities in the Company's Consolidated Balance Sheets, for each of the last two years:

(In millions)	2020	2019
Balance at beginning of year	\$ 35.7	\$ 32.3
Business acquisitions	—	1.4
Liabilities incurred	7.3	3.9
Liabilities settled (payments)	(2.4)	(2.2)
Accretion expense	0.6	0.4
Revisions in estimated cash flows	2.4	0.4
Currency translation adjustment	1.8	(0.5)
Balance at end of year	<u>\$ 45.4</u>	<u>\$ 35.7</u>

The Company is a party to certain litigation which, in management's judgment, based in part on the opinions of legal counsel, will not have a material adverse effect on the Company's financial position.

Wuxi Jinmao Foreign Trade Co., Ltd. ("Wuxi"), one of the Company's finished goods inventory suppliers, has a wholly owned subsidiary with which the Company entered into a loan agreement in 2016. Under the agreement, Wuxi's subsidiary borrowed a principal amount of \$13.8 million for the development and operation of a fabric mill. Principal payments are due in semi-annual installments beginning March 31, 2018 through September 30, 2026. The outstanding principal balance of the loan bears interest at a rate of (i) 4.50% per annum until the sixth anniversary of the closing date of the loan and (ii) LIBOR plus 4.00% thereafter. The Company received principal payments of \$0.8 million and \$0.4 million during 2020 and 2019, respectively. The outstanding balance, including accrued interest, was \$12.6 million and \$13.4 million as of January 31, 2021 and February 2, 2020, respectively, and was included in other assets (current and non-current) in the Company's Consolidated Balance Sheets.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for the preparation and integrity of the consolidated financial statements appearing in this Annual Report on Form 10-K. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States and, accordingly, include certain amounts based on management's best judgments and estimates.

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the underlying transactions, including the acquisition and disposition of assets; (ii) provide reasonable assurance that the Company's assets are safeguarded and transactions are executed in accordance with management's authorization and are recorded as necessary to permit preparation of the Company's consolidated financial statements in accordance with accounting principles generally accepted in the United States; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit & Risk Management Committee of the Company's Board of Directors, composed solely of directors who are independent in accordance with New York Stock Exchange listing standards, the Securities Exchange Act of 1934, the Company's Corporate Governance Guidelines and the Committee's charter, meets periodically with the Company's independent auditors, the Company's internal auditors and management to discuss internal control over financial reporting, auditing and financial reporting matters. Both the independent auditors and the Company's internal auditors periodically meet alone with the Audit Committee and have free access to the Committee.

Management assessed the effectiveness of the Company's internal control over financial reporting as of January 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013 framework). Based on management's assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of January 31, 2021.

The Company's independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the Audit & Risk Management Committee, subject to ratification by the Company's stockholders. Ernst & Young LLP have audited and reported on the consolidated financial statements of the Company and the effectiveness of the Company's internal control over financial reporting. The reports of the independent auditors are contained in this Annual Report on Form 10-K.

/s/ STEFAN LARSSON

Stefan Larsson  
Chief Executive Officer  
March 31, 2021

/s/ MICHAEL SHAFFER

Michael Shaffer  
Executive Vice President and Chief  
Operating & Financial Officer  
March 31, 2021

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of PVH Corp.

### Opinion on Internal Control Over Financial Reporting

We have audited PVH Corp.'s internal control over financial reporting as of January 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, PVH Corp. (the Company) maintained, in all material respects, effective internal control over financial reporting as of January 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of January 31, 2021 and February 2, 2020, the related consolidated statements of operations, comprehensive (loss) income, changes in stockholders' equity and redeemable non-controlling interest and cash flows for each of the three years in the period ended January 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) and our report dated March 31, 2021 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

New York, New York  
March 31, 2021

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and the Board of Directors of PVH Corp.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of PVH Corp. (the Company) as of January 31, 2021 and February 2, 2020, the related consolidated statements of operations, comprehensive (loss) income, changes in stockholders' equity and redeemable non-controlling interest and cash flows for each of the three years in the period ended January 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 31, 2021 and February 2, 2020, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 31, 2021 expressed an unqualified opinion thereon.

**Adoption of ASU 2016-02**

As discussed in Note 1 to the consolidated financial statements, the Company changed its method for accounting for leases in the fiscal year ended February 2, 2020 due to the adoption of ASU 2016-02, Leases and associated amendments (Topic 842), using the modified retrospective approach.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit and risk management committee of the Company's board of directors and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

**Wholesale Sales Allowance**

*Description of the Matter*

As discussed in Note 1 to the consolidated financial statements, the Company generates revenue from the wholesale distribution of its products to traditional retailers (including for sale through their digital commerce sites). The amount of revenue recognized is net of sales allowances that the Company offers to its wholesale customers which are estimated based on seasonal negotiations, historical experience and an evaluation of current market conditions.

Auditing management's estimate of wholesale sales allowances was complex and judgmental as it is sensitive to changes in future market or economic conditions and has a direct, material impact on the amount of revenue recognized by the Company. There is also significant estimation to establish sales allowances, based on the Company's review of the individual customer seasonal negotiations and the expected performance of the products in the customers' stores.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the Company's process to calculate the wholesale sales allowances, including the consideration of historical experience and current as well as future market conditions.

To test the estimate of wholesale sales allowances, we performed audit procedures that included, among others, assessing methodologies and testing the significant assumptions used by the Company to calculate the projected sales allowance dollars, including seasonal customer negotiations and expected performance of the products. We compared the significant assumptions used by management to current market and economic trends and other relevant factors. We assessed the historical accuracy of management's estimate and performed sensitivity analyses of significant assumptions to evaluate the changes in the estimate that would result from changes in the assumptions.

**Valuation of Goodwill and Indefinite-Lived Intangibles**

*Description of the Matter*

At January 31, 2021, the Company's goodwill and indefinite-lived intangible assets totaled \$3.0 billion and \$3.1 billion, respectively. As discussed in Note 1 of the consolidated financial statements, goodwill and indefinite-lived intangible assets are qualitatively tested and quantitatively tested, when necessary, for impairment at least annually. The Company determined in the first quarter of 2020 that the significant adverse impact of the COVID-19 pandemic on the Company's business, including an unprecedented decline in revenue and earnings and an extended decline in the Company's stock price and associated market capitalization, was a triggering event that required the Company to perform a quantitative interim goodwill impairment test. As a result of the interim test performed, the Company recorded \$926 million of impairment charges in the first quarter of 2020, which was included in goodwill and other intangible asset impairments.

Auditing management's annual goodwill and indefinite-lived intangible assets impairment test was complex and judgmental due to the significant estimation required in determining the fair value of the reporting units and the fair value of the indefinite-lived intangible assets. In particular, the fair value estimates were sensitive to significant assumptions such as the weighted average cost of capital, revenue growth rate, earnings before interest and taxes and terminal growth rate, which are affected by expectations about future market or economic conditions (including the adverse impacts from the COVID-19 pandemic).

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill and indefinite-lived intangible assets impairment review process, including controls over management's review of the significant assumptions described above.

SCHEDULE II

To test the estimated fair value of the Company's reporting units and indefinite-lived intangible assets, we performed audit procedures that included, among others, assessing methodologies and testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. We compared the significant assumptions used by management to current industry and economic trends, changes to the Company's business, customer base or product mix and other relevant factors. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the reporting units and indefinite-lived intangible assets that would result from changes in the assumptions. In addition, we reviewed the reconciliation of the fair value of the reporting units to the market capitalization of the Company.

**Long Lived Asset Impairment**

*Description of the Matter*

As discussed in Note 1 to the consolidated financial statements, the Company tests its long-lived assets for impairment if an event occurs or circumstances change that indicates the carrying amount may not be recoverable. If the carrying amount of a long-lived asset group, generally a retail store, is not recoverable and exceeds its fair value, an impairment charge is recognized. During the year ended January 31, 2021, the Company recognized an impairment charge of \$75 million related to the long-lived assets at certain of its retail stores.

Auditing the Company's impairment of retail store long-lived assets was complex and highly judgmental due to the significant estimation required to determine the recoverability of each asset group and to determine the fair value of asset groups that are not recoverable. The significant assumptions used include the sales and expense growth rates and gross margin used to estimate the projected cash flows directly related to the future operation of the stores and the weighted average cost of capital used to calculate the fair value. Significant assumptions used to determine the fair value of certain operating lease right-of-use assets include the current market rent and discount rate for the remaining lease term of the related stores. These assumptions are subjective in nature and are affected by expectations about future market or economic conditions (including the effects of the global pandemic).

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the retail store long-lived assets impairment process, including, determining the projected cash flows of the stores and the fair value of the long-lived assets (including operating lease right-of-use assets) for the stores that were deemed to be impaired. We also tested controls over management's review of the significant assumptions described above.

Our testing of the Company's impairment analysis included, among other procedures, evaluating the significant assumptions described above and the operating data used to calculate the estimated future cash flows of the stores and to determine the fair values. For a sample of retail stores, we tested the completeness and accuracy of the lease data and projected store cash flows used by the Company in its analyses. We also compared the significant assumptions used to determine the projected cash flows to historical results of the retail stores, current industry and economic trends including the effects of the global pandemic and impact of the shift in consumer buying trends from brick and mortar to digital channels. We obtained an understanding of the business initiatives supporting the assumptions in the future cash flows through inquiries of management and inspection of both internal and external communications. We involved our internal valuation specialists to assist in evaluating the fair value of certain operating lease right-of-use assets, which included assessing the estimated market rental rates of these leases by comparing them to rental rates for comparable leases and evaluating the applied discount rate.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1938.

New York, New York  
 March 31, 2021

**PVH CORP.**

**VALUATION AND QUALIFYING ACCOUNTS**  
 (In millions)

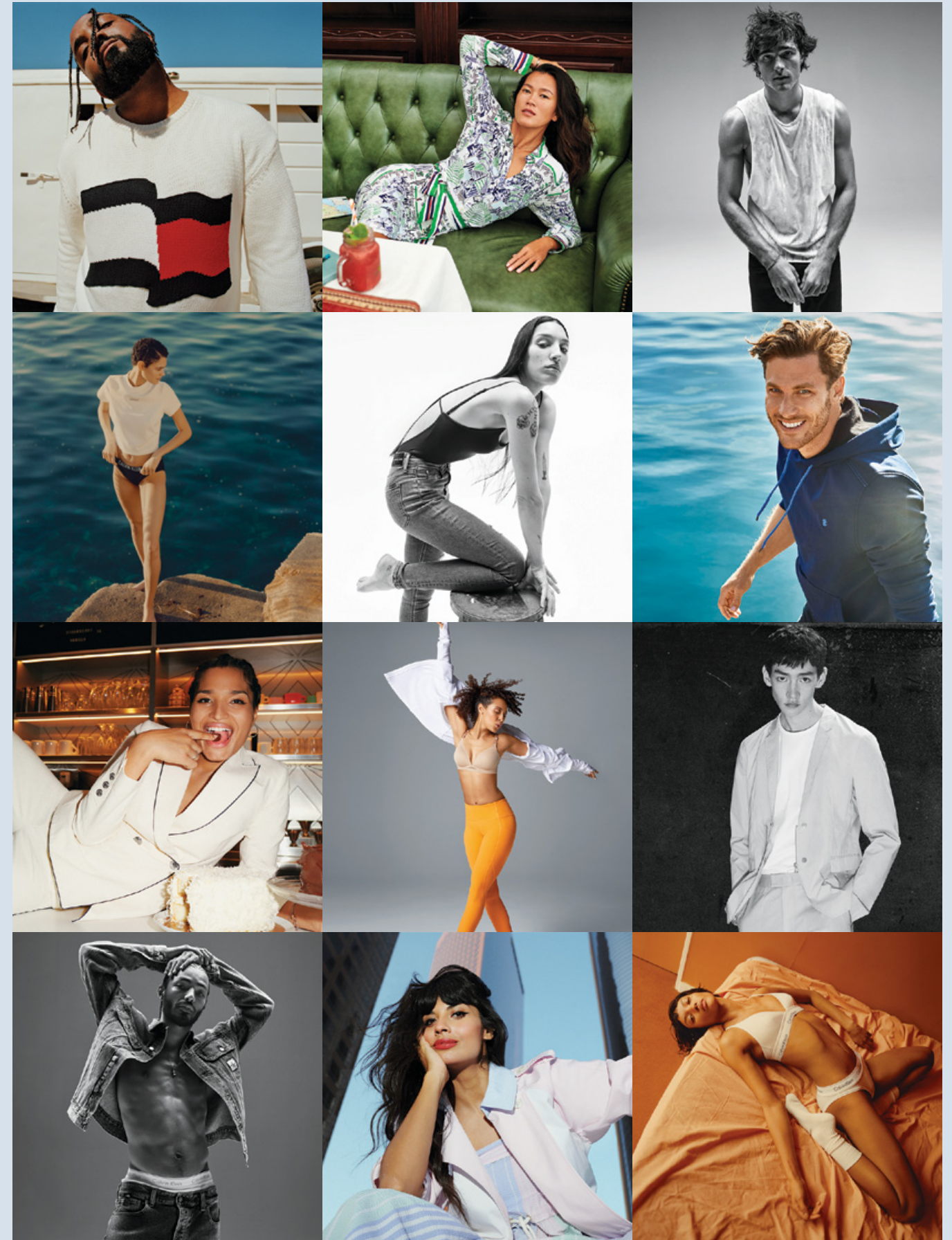
Column A	Column B	Column C	Column D	Column E	
Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions <sup>(1)</sup>	Balance at End of Period
<b>Year Ended January 31, 2021</b>					
Allowance for credit losses	\$ 21.1	\$ 58.0	\$ —	\$ 9.5 <sup>(2)</sup>	\$ 69.6
Allowance/accrual for operational chargebacks and customer markdowns	220.2	264.9	—	320.0	165.1
Valuation allowance for deferred income tax assets	69.8	12.7	—	20.3	62.2
<b>Year Ended February 2, 2020</b>					
Allowance for credit losses	\$ 21.6	\$ 5.7	\$ —	\$ 6.2 <sup>(2)</sup>	\$ 21.1
Allowance/accrual for operational chargebacks and customer markdowns	226.8	529.3	—	535.9	220.2
Valuation allowance for deferred income tax assets	62.6	17.1	—	9.9	69.8
<b>Year Ended February 3, 2019</b>					
Allowance for credit losses	\$ 21.1	\$ 14.2	\$ —	\$ 13.7 <sup>(2)</sup>	\$ 21.6
Allowance/accrual for operational chargebacks and customer markdowns	271.0	403.8	—	448.0	226.8
Valuation allowance for deferred income tax assets	106.3	12.9	—	56.6 <sup>(3)</sup>	62.6

<sup>(1)</sup> Includes changes due to foreign currency translation.

<sup>(2)</sup> Principally accounts written off as uncollectible, net of recoveries.

<sup>(3)</sup> Includes the release of a \$26.3 million valuation allowance on the Company's foreign tax credits to adjust the provisional amount recorded in 2017 as a result of the U.S. Tax Legislation.

THE **POWER** *of* **PVH**



**PVH Corp,**

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