

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-K**

(Mark One)

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

For the Fiscal Year Ended February 1, 2020

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

for the transition period from to

Commission File No. 1-3083

**Genesco Inc.**

(Exact name of registrant as specified in its charter)

Tennessee  
(State or other jurisdiction of  
incorporation or organization)

62-0211340  
(I.R.S. Employer  
Identification No.)

Genesco Park, 1415 Murfreesboro Pike 37217-2895  
Nashville, Tennessee (Zip Code)  
(Address of principal executive offices)

Registrant's telephone number, including area code: (615) 367-7000

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of Exchange on which Registered
Common Stock, \$1.00 par value	GCO	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:  
Employees' Subordinated Convertible Preferred Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232-405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer; an accelerated filer; a non-accelerated filer; a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging Growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes  No

The aggregate market value of common stock held by nonaffiliates of the registrant as of August 3, 2019, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$579,000,000. The market value calculation was determined using a per share price of \$36.50, the price at which the common stock was last sold on the New York Stock Exchange on such date. For purposes of this calculation, shares held by nonaffiliates excludes only those shares beneficially owned by officers, directors, and shareholders owning 10% or more of the outstanding common stock (and, in each case, their immediate family members and affiliates).

As of March 13, 2020, 14,691,257 shares of the registrant's common stock were outstanding.

### **Documents Incorporated by Reference**

Portions of the proxy statement for the June 25, 2020 annual meeting of shareholders are incorporated into Part III by reference.

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### **Cautionary Notice Regarding Forward-looking Statements**

This annual report on Form 10-K (this "report") includes certain forward-looking statements, which include statements regarding our intent, belief or expectations and all statements other than those made solely with respect to historical fact. Actual results could differ materially from those reflected by the forward-looking statements in this report and a number of factors may adversely affect the forward-looking statements and our future results, liquidity, capital resources or prospects. These include, but are not limited to, risks related to public health and safety issues, including, for example, the novel coronavirus ("COVID-19") outbreak which began in 2019, the level and timing of promotional activity necessary to maintain inventories at appropriate levels, the timing and amount of any share repurchases by us, the imposition of tariffs on products imported by us or our vendors as well as the ability and costs to move production of products in response to tariffs, our ability to obtain from suppliers products that are in-demand on a timely basis and effectively manage disruptions in product supply or distribution, unfavorable trends in fuel costs, foreign exchange rates, foreign labor and material costs, and other factors affecting the cost of products, the effects of the British decision to exit the European Union and other sources of weakness in the U.K. market, the effectiveness of our omnichannel initiatives, costs associated with changes in minimum wage and overtime requirements, wage pressure in the U.S. and the U.K., weakness in the consumer economy and retail industry, competition and fashion trends in our markets, weakness in shopping mall traffic, risks related to the potential for terrorist events, changes in buying patterns by significant wholesale customers, our ability to continue to complete and integrate acquisitions, expand our business and diversify our product base, retained liabilities associated with divestitures of businesses including potential liabilities under leases as the prior tenant or as a guarantor of certain leases, and changes in the timing of holidays or in the onset of seasonal weather affecting period-to-period sales comparisons. Additional factors that could cause differences from expectations include the ability to open additional retail stores and to renew leases in existing stores and control or lower occupancy costs, and to conduct required remodeling or refurbishment on schedule and at expected expense levels, our ability to eliminate stranded costs associated with dispositions, our ability to realize anticipated cost savings, including rent savings, deterioration in the performance of individual businesses or of our market value relative to our book value, resulting in impairments of fixed assets, operating lease right of use assets or intangible assets or other adverse financial consequences and the timing and amount of such impairments or other consequences, unexpected changes to the market for our shares or for the retail sector in general, costs and reputational harm as a result of disruptions in our business or information technology systems either by security breaches and incidents or by potential problems associated with the implementation of new or upgraded systems, uncertainty regarding the expected phase out of the London Interbank Offered Rate ("LIBOR"), and the cost and outcome of litigation, investigations and environmental matters that involve us. For a full discussion of risk factors, see Item 1A, "Risk Factors".

## **PART I**

### **ITEM 1, BUSINESS**

#### **General**

Genesco Inc. ("Genesco", "Company", "we", "our", or "us"), incorporated in 1934 in the State of Tennessee, is a leading retailer and wholesaler of branded footwear, apparel and accessories with net sales for Fiscal 2020 of \$2.2 billion. During Fiscal 2020, we operated four reportable business segments (not including corporate): (i) Journeys Group, comprised of the Journeys, Journeys Kidz and Little Burgundy retail footwear chains, e-commerce and catalog operations; (ii) Schuh Group, comprised of the Schuh retail footwear chain and e-commerce operations; (iii) Johnston & Murphy Group, comprised of Johnston & Murphy retail operations, e-commerce operations, catalog, Trask e-commerce operations and wholesale distribution of products under the Johnston & Murphy® and H.S.Trask® brands; and (iv) Licensed Brands, comprised of the licensed Dockers®, Levi's®, and Bass® brands, as well as other brands we license for footwear.

Effective January 1, 2020, we completed the acquisition of substantially all the assets and the assumption of certain liabilities of Togast LLC, Togast Direct, LLC and TGB Design, LLC (collectively, "Togast"). Togast specializes in the the design, sourcing and sale of licensed footwear. We also entered into a new U.S. footwear license agreement with Levi Strauss & Co. for the license of Levi's® footwear for men, women and children in the U.S. concurrently with the Togast acquisition. The acquisition expands our portfolio to include footwear licenses for Bass®, ADIO and FUBU, among others. Togast operates in our Licensed Brands segment. On February 2, 2019, we completed the sale of our Lids Sports Group business. As a result, we reported the operating results of this business in loss from discontinued operations, net in our Consolidated Statements of Operations for Fiscal 2019 and 2018. Unless otherwise noted, the discussion that follows relates to continuing operations.

At February 1, 2020, we operated 1,480 retail footwear and accessory stores located primarily throughout the United States and in Puerto Rico, but also including 93 footwear stores in Canada and 129 footwear stores in the United Kingdom and the Republic of Ireland. We had originally planned to open a total of approximately 32 new retail stores and to close approximately 21 retail stores in Fiscal 2021.

The outbreak of COVID-19 continues to grow in the U.S., U.K. and globally. The spread of COVID-19 has caused public health officials to recommend precautions to mitigate the spread of the virus, especially when congregating in heavily populated areas, such as malls and shopping centers. In consideration of the health and well-being of our employees, customers and communities, and in support of efforts to contain the spread of the virus, we temporarily closed our North American stores on March 18, 2020. In addition, on March 23, 2020, our stores in the United Kingdom and Ireland were closed and on March 26, 2020, our UK e-commerce business was temporarily closed. Our e-commerce operations in all of our North American brands remain open and ready to serve our customers. We will continue to evaluate the timing of reopening our stores and UK e-commerce operations until such time as the stores can be opened safely and in compliance with applicable laws and regulations, as developments continue to occur in this rapidly changing environment. As a result, our planned new store openings for Fiscal 2021 could be delayed and may not occur during Fiscal 2021 or thereafter and our planned store closings could be increased or delayed during Fiscal 2021 or thereafter.

The following table sets forth certain additional information concerning our retail footwear and accessory stores during the five most recent fiscal years:

	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
<b>Retail Stores</b>					
Beginning of year	1,460	1,520	1,554	1,535	1,512
Opened during year	54	66	59	36	12
Acquired during year	37	—	—	—	—
Closed during year	(31)	(32)	(78)	(59)	(44)
End of year	1,520	1,554	1,535	1,512	1,480

We also source, design, market and distribute footwear under our Johnston & Murphy® brand, the H.S. Trask® brand, and the licensed Levi's®, Dockers® and Bass® brands, as well as other brands that we license for footwear to over 1,100 retail accounts in the United States, including a number of leading department, discount, and specialty stores.

Shorthand references to fiscal years (e.g., "Fiscal 2020") refer to the fiscal year ended on the Saturday nearest January 31st in the named year (e.g., February 1, 2020). The terms "Company," "Genesco," "we," "our" or "us" as used herein and unless otherwise stated or indicated by context refer to Genesco Inc. and its subsidiaries. All information contained in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is referred to in this Item 1 of this report, is incorporated by such reference in Item 1. As discussed above, this report contains forward-looking statements. Actual results may vary materially and adversely from the expectations reflected in these statements. For a discussion of some of the factors that may lead to different results, see Item 1A, "Risk Factors" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

*Strategy*

Across our company, we aspire to create and curate leading footwear brands that represent style, innovation and self-expression and to be the destination for our consumers' favorite fashion footwear. Each of our businesses has a strong strategic position grounded in a deep and ever-evolving understanding of the customers it serves. The strength of our concepts and the advantages we have built over time have established long-lasting leadership positions that make our footwear businesses outstanding on their own, but what they share through the benefit of synergies, makes them even stronger together. We have aligned our business around six pillars; 1) build deeper consumer insights to strengthen customer relationships and brand equity, 2) intensify product innovation and trend insight efforts, 3) accelerate digital to grow direct-to-consumer, 4) maximize the relationship between physical and digital, 5) reshape the cost base to reinvest for future growth, and 6) pursue synergistic acquisitions that add growth and create shareholder value. We anticipate opening fewer new stores in the future, concentrating on locations that we believe will be most productive, as well as closing certain stores, perhaps reducing the overall square footage and store count from current levels, but improving productivity in our existing locations and investing in technology and infrastructure to support omnichannel and digital retailing.

We have made acquisitions, including the acquisitions of the Schuh Group in June 2011, Little Burgundy in December 2015 and Togast in January 2020, and may pursue acquisition opportunities in the future. We anticipate that potential acquisitions

would either augment existing businesses or facilitate our entry into new businesses that are compatible with our existing footwear businesses and core expertise.

More generally, we attempt to develop strategies to mitigate the risks we view as material, including those discussed under the caption "Forward Looking Statements," above, and those discussed in Item 1A, "Risk Factors". Among the most important of these factors are those related to consumer demand. Conditions in the economy can affect demand, resulting in changes in sales and, as prices are adjusted to drive sales and manage inventories, in gross margins. Because fashion trends influencing many of our target customers can change rapidly, we believe that our ability to react quickly to those changes has been important to our success. Even when we succeed in aligning our merchandise offerings with consumer preferences, those preferences may affect results by, for example, driving sales of products with lower average selling prices or products which are more widely available in the marketplace and thus more subject to competitive pressures than our typical offering. Moreover, economic factors, such as persistent unemployment and any future economic contraction and changes in tax policies, may reduce the consumer's disposable income or his or her willingness to purchase discretionary items, and thus may reduce demand for our merchandise, regardless of our skill in detecting and responding to fashion trends. We believe our experience and discipline in merchandising and the buying power associated with our relative size and importance in the industry segments in which we compete are important factors in our ability to mitigate risks associated with changing customer preferences and other changes in consumer demand.

## Segments

### *Journeys Group*

The Journeys Group segment accounted for 66% of our net sales in Fiscal 2020. Fiscal 2020 comparable sales, including both store and direct sales, increased 4% from Fiscal 2019.

Journeys retail footwear stores target customers in the 13 to 22 year age group through the use of youth-oriented decor and multi-channel media. Journeys stores carry predominately branded merchandise across a wide range of prices. The Journeys Kidz retail footwear stores sell footwear and accessories primarily for younger children, toddler age to 12 years old. Little Burgundy retail footwear stores sell footwear and accessories to fashion-oriented men and women in the 21 to 34 age group ranging from students to young professionals.

At February 1, 2020, Journeys Group operated 1,171 stores, including 899 Journeys stores, 233 Journeys Kidz stores and 39 Little Burgundy stores averaging approximately 1,975 square feet, located primarily in malls and factory outlet centers throughout the United States, Puerto Rico and Canada, selling footwear and accessories for young men, women and children. Journeys Group's e-commerce websites include the following: [journeys.com](#), [journeyskidz.com](#), [journeys.ca](#) and [littleburgundyshoes.com](#). In Fiscal 2020, the Journeys Group closed a net of 22 stores.

### *Schuh Group*

The Schuh Group segment accounted for 17% of our net sales in Fiscal 2020. Comparable sales, including both store and direct sales, increased 2% in Fiscal 2020.

Schuh stores target teenagers and young adults in the 16 to 24 age group, selling a broad range of branded casual and athletic footwear along with a meaningful private label offering. At February 1, 2020, Schuh Group operated 129 Schuh stores, averaging approximately 4,875 square feet, which include both street-level and mall locations in the United Kingdom and the Republic of Ireland. Schuh Group's e-commerce website is [schuh.co.uk](#). Schuh Group closed a net of seven stores in Fiscal 2020.

### *Johnston & Murphy Group*

The Johnston & Murphy Group segment accounted for 14% of our net sales in Fiscal 2020. Comparable sales for Johnston & Murphy retail operations, including both store and direct sales, decreased 2% for Fiscal 2020. The majority of Johnston & Murphy wholesale sales are of the Genesco-owned Johnston & Murphy brand, and all of the group's retail sales are of Johnston & Murphy branded products.

Johnston & Murphy Retail Operations. At February 1, 2020, Johnston & Murphy operated 180 retail shops and factory stores primarily in the United States averaging approximately 1,900 square feet and selling footwear, apparel and accessories primarily for men in the 35 to 55 age group, targeting business and professional customers. Johnston & Murphy retail shops are located primarily in higher-end malls and airports nationwide and sell a broad range of men's dress and casual footwear, apparel and accessories. Women's footwear and accessories are sold in select Johnston & Murphy locations. We also sell Johnston & Murphy products directly to consumers through an e-commerce website and a direct mail catalog. The websites are [johnstonmurphy.com](#) and [johnstonmurphy.ca](#). Footwear accounted for 62% of Johnston & Murphy retail sales

in Fiscal 2020, with the balance consisting primarily of apparel and accessories. Johnston & Murphy Group closed a net of three shops and factory stores in Fiscal 2020.

**Johnston & Murphy Wholesale Operations.** Johnston & Murphy men's and women's footwear and accessories are sold at wholesale, primarily to better department stores, independent specialty stores and e-commerce. Johnston & Murphy's wholesale customers offer the brand's footwear for dress, dress casual, and casual occasions, with the majority of styles offered in these channels selling from \$100 to \$195. Additionally, we offer the H.S. Trask brand, with men's and women's footwear and leather accessories offered primarily through better independent retailers and department stores, an e-commerce website, trask.com, and catalog. Suggested retail prices for Trask footwear typically range from \$195 to \$495.

#### *Licensed Brands*

The Licensed Brands segment accounted for 3% of our net sales in Fiscal 2020. Licensed Brands sales include footwear marketed under the Levi's® brand, Dockers® brand and Bass® brand, among others. The Levi's brand license was entered into concurrently with the closing of the Togast acquisition. We have had the exclusive Dockers men's footwear license in the United States since 1991. We acquired the Bass® brand license in conjunction with the acquisition of Togast. In addition, we renewed our men's Dockers footwear license for the United States. Dockers footwear is marketed to men aged 30 to 55 through many of the same national retail chains that carry Dockers pants and sportswear and in department and specialty stores across the country. Suggested retail prices for Dockers footwear generally range from \$50 to \$90. Togast designs and sources licensed footwear under the Levi's® and Bass® brand names, among others, and provides services for the sourcing of FUBU licensed footwear.

#### **Manufacturing and Sourcing**

We rely on independent third-party manufacturers for production of our footwear products sold at wholesale. We source footwear and accessory products from foreign manufacturers located in Bangladesh, Brazil, Canada, China, Dominican Republic, El Salvador, France, Germany, Hong Kong, India, Indonesia, Italy, Mauritius, Mexico, Nicaragua, Pakistan, Portugal, Peru, Romania, Taiwan, and Vietnam. Our retail operations sell primarily branded products from third parties who source primarily overseas.

#### **Competition**

Competition is intense in the footwear and accessory industries. Our retail footwear and accessory competitors range from small, locally owned stores to regional and national department stores, discount stores, specialty chains, our vendors with their own direct-to-consumer channels and online retailers. We also compete with hundreds of footwear wholesale operations in the United States and throughout the world, most of which are relatively small, specialized operations, but some of which are large, more diversified companies. Some of our competitors have resources that are not available to us. Our success depends upon our ability to remain competitive with respect to the key factors of style, price, quality, comfort, brand loyalty, customer service, store location and atmosphere, technology, infrastructure and speed of delivery to support e-commerce and the ability to offer relevant products.

#### **Licenses**

We own our Johnston & Murphy® and H.S. Trask® brands and own or license the trade names of our retail concepts either directly or through wholly-owned subsidiaries. The Dockers® footwear line, introduced in Fiscal 1993, is sold under a license agreement granting us the exclusive right to sell men's footwear under the trademark in the United States, Canada and the Caribbean. The Dockers license agreement expires in 2024. Net sales of Dockers products were approximately \$47 million in Fiscal 2020 and approximately \$56 million in Fiscal 2019. We entered into a new license agreement with Levi Strauss & Co. in January 2020 for the right to sell men's, women's and children's footwear under the Levi's® trademark in the United States and the Caribbean. The initial term of the license agreement with respect to Levi's® trademarks is through November 30, 2024 with one additional four year renewal term. We license certain other footwear brands, mostly in foreign markets. License royalty income was not material in Fiscal 2020.

#### **Wholesale Backlog**

Most of the orders in our wholesale divisions are for delivery within 150 days. Because most of our business is at-once, the backlog at any one time is not necessarily indicative of future sales. As of February 29, 2020, our wholesale operations had a backlog of orders, including unconfirmed customer purchase orders, amounting to approximately \$24.7 million, compared to approximately \$28.8 million on March 2, 2019. The backlog is somewhat seasonal, reaching a peak in the Spring. We maintain in-stock programs for selected product lines with anticipated high volume sales. Our backlog may be more vulnerable to cancellation than is typical due to COVID-19.

### **Employees**

We had approximately 22,050 employees at February 1, 2020, approximately 150 of whom were employed in corporate staff departments and the balance in operations. Retail stores employ a substantial number of part-time employees, and approximately 16,400 of our employees were part-time at February 1, 2020.

### **Seasonality**

Our business is seasonal with our investment in inventory and accounts receivable normally reaching peaks in the spring and fall of each year and a significant portion of our net sales and operating earnings generated during the fourth quarter.

### **Environmental Matters**

Our former manufacturing operations and the sites of those operations as well as the sites of our current operations are subject to numerous federal, state, and local laws and regulations relating to human health and safety and the environment. These laws and regulations address and regulate, among other matters, wastewater discharge, air quality and the generation, handling, storage, treatment, disposal, and transportation of solid and hazardous wastes and releases of hazardous substances into the environment. In addition, third parties and governmental agencies in some cases have the power under such laws and regulations to require remediation of environmental conditions and, in the case of governmental agencies, to impose fines and penalties. Several of the facilities owned by us (currently or in the past) are located in industrial areas and have historically been used for extensive periods for industrial operations such as tanning, dyeing, and manufacturing. Some of these operations used materials and generated wastes that would be considered regulated substances under current environmental laws and regulations. We are currently involved in certain administrative and judicial environmental proceedings relating to our former facilities. See Note 14 to the Consolidated Financial Statements included in Item 8, "Financial Statements and Supplementary Data".

### **Available Information**

We file reports with the Securities and Exchange Commission ("SEC"), including annual reports on Form 10-K, quarterly reports on Form 10-Q and other reports from time to time. We are an electronic filer and the SEC maintains an internet site at <http://www.sec.gov> that contains the reports, proxy and information statements, and other information filed electronically. Our website address, which is provided as an inactive textual reference only, is <http://www.genesco.com>. We make available free of charge through the website annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. Copies of the charters of each of our Audit Committee, Compensation Committee, Nominating and Governance Committee as well as our Corporate Governance Guidelines and Code of Ethics along with position descriptions for our board of directors (the "Board of Directors" or the "Board") and Board committees are also available free of charge through the website. The information provided on our website is not part of this report, and is therefore not incorporated by reference unless such information is otherwise specifically incorporated elsewhere in this report.

## **ITEM 1A, RISK FACTORS**

Our business is subject to significant risks. You should carefully consider the risks and uncertainties described below and the other information in this Form 10-K, including our Consolidated Financial Statements and the notes to those statements. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we do not presently know about or that we currently consider immaterial may also affect our business operations and financial performance. If any of the events described below actually occur, our business, financial condition, cash flows or results of operations could be adversely affected in a material way. This could cause the trading price of our stock to decline, perhaps significantly, and you may lose part or all of your investment.

### **Competitive, Demand-Related and Reputational Risks**

**We are experiencing a material disruption to our business as a result of COVID-19 and our sales, supply chain and financial results may be materially adversely impacted.**

Our business is subject to risks, or public perception of risks, arising from public health and safety crises, including pandemics, which might impact our wholesale and retail demand and supply chain. On March 18, 2020, we closed all of our North American stores, on March 23, 2020, we closed all our stores in the United Kingdom and Republic of Ireland and on March 26, 2020, we closed our e-commerce business in the UK in response to the COVID-19 pandemic. Our wholesale partner stores have also closed or substantially reduced operating hours. The duration of the closures and their impact over the longer term are uncertain and cannot be predicted at this time. The effects of the pandemic depend on future developments outside our control such as the spread of the disease and the effectiveness of containment efforts. Even if the pandemic does not continue for an extended period, our business could be materially adversely affected by several additional factors related to the pandemic, including the following:

- The effects of the pandemic on the economy, including a recession, or an increase in unemployment levels could result in customers having less disposable income which could lead to reduced sales of our products;
- The effects of COVID-19 could delay our release or delivery of new product offerings or require us to make unexpected changes to our offerings;
- “Shelter in Place” and other similar mandated or suggested isolation protocols could disrupt not only our brick and mortar operations but our e-commerce operations as well, particularly if employees are not able to report to work or perform their work from home;
- While we are making efforts to reduce operating costs and conserve cash, we may not be successful in doing so;
- We are undertaking discussions with our landlords and other vendors to obtain rent and other relief, but we may not be successful in these endeavors. As a result we may be subject to litigation or other claims;
- We borrowed \$184.3 million under our Credit Facility and £19.0 million on our U.K. A&R Agreement in March 2020, but that amount may not be adequate to provide necessary liquidity at the parent or subsidiary level if the pandemic continues for an extended period of time, and we may not have access to additional sources of capital;
- After the pandemic has subsided, fear of COVID-19, re-occurrence of the outbreak or another pandemic or crisis could cause customers to avoid public places where our stores are located such as malls, outlets, and airports;
- We have been forced to reduce our workforce, and as a result, there may be obstacles and delays in reopening stores as we may have to hire and train a substantial number of new employees; and
- We may be required to revise certain accounting estimates and judgments such as, but not limited to, those related to the valuation of goodwill, long-lived assets and deferred tax assets, which could have a material adverse affect on our financial position and results of operations.

COVID-19 has also had a significant impact on China and other countries. We rely upon the facilities of our third-party manufacturers in China as well as other countries to support our business. The outbreak has resulted in significant governmental measures being implemented to control the spread of the virus, including, among others, restrictions on manufacturing and the movement of employees in many regions of China and other countries. As a result of COVID-19 and the measures designed to contain the spread of the virus, our third-party manufacturers may not have the materials, capacity, or capability to manufacture our products according to our schedule and specifications. If our third-party manufacturers’ operations are curtailed, we may need to seek alternate manufacturing sources, which may be more expensive. Alternate sources may not be available or may result in delays in shipments to us from our supply chain and subsequently to our customers, each of which would affect our results of operations. While the disruptions and restrictions on the ability to travel, quarantines, and temporary closures of the facilities of our third-party manufacturers and suppliers, as well as general limitations on movement are expected to be temporary, the duration of the production and supply chain disruption, and related financial impact, cannot be estimated at this time. Should the production and distribution closures continue for an extended

period of time, the impact on our supply chain could have a material adverse effect on our results of operations and cash flows.

**Consumer spending is affected by poor economic conditions and other factors and may significantly harm our business, affecting our financial condition, liquidity, and results of operations.**

The success of our business depends to a significant extent upon the level of consumer spending in general and on our product categories. A number of factors may affect the level of consumer spending on merchandise that we offer, including, among other things:

- general economic and industry conditions, including the risks associated with a recession in the U.S. and the impact of the COVID-19 pandemic;
- weather conditions;
- economic conditions in the United Kingdom and the uncertainty surrounding, as well as the effects of, Brexit;
- energy costs, which affect gasoline and home heating prices;
- the level of consumer debt;
- pricing of products;
- interest rates;
- tax rates, refunds and policies;
- war, terrorism and other hostilities; and
- consumer confidence in future economic conditions.

Adverse economic conditions and any related decrease in consumer demand for discretionary items could have a material adverse effect on our business, results of operations and financial condition. The merchandise we sell generally consists of discretionary items. Reduced consumer confidence and spending may result in reduced demand for discretionary items and may force us to take inventory markdowns, decreasing sales and making expense leverage difficult to achieve. Demand can also be influenced by other factors beyond our control.

Moreover, while we believe that our operating cash flows and borrowing capacity under committed lines of credit will be adequate for our anticipated cash requirements, if the economy were to experience a continued or worsening downturn, if one or more of our revolving credit banks were to fail to honor its commitments under our credit lines or if we were unable to draw on our credit lines for any reason, we could be required to modify our operations for decreased cash flow or to seek alternative sources of liquidity, and such alternative sources might not be available to us. These same factors could impact our wholesale customers, limiting their ability to buy or pay for merchandise offered by us.

**Failure to protect our reputation could have a material adverse effect on our brand names.**

Our success depends in part on the value and strength of the names of our business units. These names are integral to our businesses as well as to the implementation of our strategies for expanding our businesses. Maintaining, promoting, and positioning our brands will depend largely on the success of our marketing and merchandising efforts and our ability to provide high quality merchandise and a consistent, high quality customer experience. Our brands could be adversely affected if we fail to achieve these objectives or if our public image or reputation were to be tarnished by negative publicity or if adverse information concerning us is posted on social media platforms or similar mediums. Failure to comply, or accusation of failure to comply, with ethical, social, health, product, labor, data privacy, and environmental standards could also jeopardize our reputation and potentially lead to various adverse consumer and employee actions. Any of these events could result in decreased revenue or otherwise adversely affect our business.

**Our business involves a degree of risk related to fashion and other extrinsic demand drivers that are beyond our control.**

The majority of our businesses serve a fashion-conscious customer base and depend upon the ability of our buyers and merchandisers to react to fashion trends, to purchase inventory that reflects such trends, and to manage our inventories appropriately in view of the potential for sudden changes in fashion, consumer taste, or other drivers of demand. Failure to

execute any of these activities successfully could result in adverse consequences, including lower sales, product margins, operating income and cash flows.

**Our future success also depends on our ability to respond to changing consumer preferences, identify and interpret consumer trends, and successfully market new products.**

The industry in which we operate is subject to rapidly changing consumer preferences. The continued popularity of our footwear and the development of new lines and styles of footwear with widespread consumer appeal, including consumer acceptance of our footwear, requires us to accurately identify and interpret changing consumer trends and preferences, and to effectively respond in a timely manner. Continuing demand and market acceptance for both existing and new products are uncertain and depend on the following factors:

- substantial investment in product innovation, design and development;
- commitment to product quality; and
- significant and sustained marketing efforts and expenditures, including with respect to the monitoring of consumer trends in footwear specifically and in fashion and lifestyle categories generally.

In assessing our response to anticipated changing consumer preferences and trends, we frequently must make decisions about product designs and marketing expenditures several months in advance of the time when actual consumer acceptance can be determined. As a result, we may not be successful in responding to shifting consumer preferences and trends with new products that achieve market acceptance. Because of the ever-changing nature of consumer preferences and market trends, a number of companies in our industry experience periods of rapid growth, followed by declines, in revenue and earnings. If we fail to identify and interpret changing consumer preferences and trends, or are not successful in responding to these changes with the timely development or sourcing of products that achieve market acceptance, we could experience excess inventories and higher than normal markdowns, returns, order cancellations or an inability to profitably sell our products.

**Our results may be adversely affected by declines in consumer traffic in malls.**

The majority of our stores are located within shopping malls and depend to varying degrees on consumer traffic in the malls to generate sales. Declines in mall traffic, whether caused by a shift in consumer shopping preferences or by other factors, such as COVID-19, may negatively impact our ability to maintain or grow our sales in existing stores, which could have an adverse effect on our financial condition or results of operations.

**Our results of operations are subject to seasonal and quarterly fluctuations.**

Our business is seasonal, with a significant portion of our net sales and operating income generated during the fourth quarter, which includes the holiday shopping season. Because of this seasonality, we have limited ability to compensate for shortfalls in fourth quarter sales or earnings by changes in our operations or strategies in other quarters. Our quarterly results of operations also may fluctuate significantly based on such factors as:

- the timing of new store openings and renewals;
- the amount of net sales contributed by new and existing stores;
- the timing of certain holidays and sales events;
- changes in quarter end dates due to the 53 week year;
- changes in our merchandise mix;
- weather conditions that affect consumer spending; and
- actions of competitors, including promotional activity.

**A failure to increase sales at our existing stores, given our high fixed expense cost structure, and in our e-commerce businesses may adversely affect our stock price and impact our results of operations.**

A number of factors have historically affected, and will continue to affect, our comparable sales results and gross margin, including:

- consumer trends, such as less disposable income due to the impact of economic conditions and tax policies and other factors;
- the lack of new fashion trends to drive demand in certain of our businesses and the ability of those businesses to adjust to fashion changes on a timely basis;
- closing of department stores that anchor malls;
- closing of a significant number of non-anchor mall formats;
- competition;
- declining mall traffic due to changing customer preferences in the way they shop;
- timing of holidays including sales tax holidays and the timing of tax refunds;
- general regional and national economic conditions;
- inclement weather;
- changes in our merchandise mix;
- our ability to distribute merchandise efficiently to our stores;
- timing and type of sales events, promotional activities or other advertising;
- our ability to adapt to changing customer preferences in the ways they digitally shop;
- new merchandise introductions;
- access to allocated product from our vendors;
- our ability to execute our business strategy effectively; and
- other external events beyond our control, such as COVID-19.

Our comparable sales have fluctuated in the past, including the composition of our comparable sales between store and digital, and we believe such fluctuations may continue. The unpredictability of our comparable sales may cause our revenue and results of operations to vary from quarter to quarter, and an unanticipated change in revenues or operating income may cause our stock price to fluctuate significantly.

**Changes in the retail industry could have a material adverse effect on our business or financial condition.**

In recent years, the retail industry has experienced consolidation, store closures, bankruptcies and other ownership changes. In the future, retailers in the United States and in foreign markets may further consolidate, undergo restructurings or reorganizations, or realign their affiliations, any of which could decrease the number of stores that carry our products or our licensees' products or increase the ownership concentration within the retail industry. Changing shopping patterns, including the rapid expansion of online retail shopping, have adversely affected customer traffic in mall and outlet centers, particularly in North America. We expect competition in the e-commerce market will intensify. As a greater portion of consumer expenditures with retailers occurs online and through mobile commerce applications, our brick-and-mortar wholesale customers who fail to successfully integrate their physical retail stores and digital retail or otherwise compete effectively in the e-commerce market may experience financial difficulties, including store closures, bankruptcies or liquidations. We cannot control the success of individual malls, and an increase in store closures by other retailers may lead to mall vacancies and reduced foot traffic. A continuation or worsening of these trends could cause financial difficulties for one or more of our segments, which, in turn, could substantially increase our credit risk and have a material adverse effect on our results of operations, financial condition and cash flows.

Our future success will be determined, in part, on our ability to manage the impact of the rapidly changing retail environment and identify and capitalize on retail trends, including technology, e-commerce and other process efficiencies that will better service our customers.

**Our business is intensely competitive and increased or new competition could have a material adverse effect on us.**

The retail footwear and accessory markets are intensely competitive. We currently compete against a diverse group of retailers, including other regional and national specialty stores, department and discount stores, small independents and e-commerce retailers, as well as our own vendors who are increasingly selling direct to consumers, which sell products similar to and often identical to those we sell. Our branded businesses, selling footwear at wholesale, also face intense competition, both from other branded wholesale vendors and from private label initiatives of their retailer customers. A number of different competitive factors could have a material adverse effect on our business, including:

- increased operational efficiencies of competitors;
- competitive pricing strategies;
- expansion by existing competitors;
- expansion of direct-to-consumer by our vendors;
- entry by new competitors into markets in which we currently operate; and
- adoption by existing retail competitors of innovative store formats or sales methods.

**Investments and Infrastructure Risks**

**We face a number of risks in opening new stores and renewing leases on existing stores.**

We expect to open new stores, both in regional malls, where most of the operational experience of our U.S. businesses lies, and in other venues including outlet centers, major city street locations, airports and tourist destinations. We cannot offer assurances that we will be able to open as many stores as we have planned, that any new store will achieve similar operating results to those of our existing stores or that new stores opened in markets in which we operate will not have a material adverse effect on the revenues and profitability of our existing stores. In addition to the risks already discussed for existing stores, the success of our planned expansion will be dependent upon numerous factors, many of which are beyond our control, including the following:

- our ability to identify suitable markets and individual store sites within those markets;
- the competition for suitable store sites;
- our ability to negotiate favorable lease terms for new stores and renewals (including rent and other costs) with landlords in part due to the consolidation in the commercial real estate market;
- our ability to obtain governmental and other third-party consents, permits and licenses needed to construct and operate our stores;
- the ability to build and remodel stores on schedule and at acceptable cost;
- the availability of employees to staff new stores and our ability to hire, train, motivate and retain store personnel;
- the effect of changes to laws and regulations, including minimum wage, over-time, and employee benefits laws on store expense.
- the availability of adequate management and financial resources to manage an increased number of stores;
- our ability to adapt our distribution and other operational and management systems to an expanded network of stores; and
- unforeseen events, such as COVID-19, could prevent or delay store openings and impact our liquidity needed for store openings.

Additionally, the results we expect to achieve during each fiscal quarter are dependent upon opening new and renewing leases on existing stores on schedule. If we fall behind new store openings, we will lose expected sales and earnings between the planned opening date and the actual opening and may further complicate the logistics of opening stores, possibly resulting in additional delays, seasonally inappropriate product assortments, and other undesirable conditions.

**Any acquisitions we make or new businesses we launch, as well as any dispositions of assets or businesses, involve a degree of risk.**

Acquisitions have been a component of our growth strategy in recent years, and we expect that we may continue to engage in acquisitions or launch new businesses to grow our revenues and meet our other strategic objectives. If acquisitions are not successfully integrated with our business, our ongoing operations could be adversely affected. Additionally, acquisitions or new businesses may not achieve desired profitability objectives or result in any anticipated successful expansion of the businesses or concepts, causing lower than expected earnings and cash flow and potentially requiring impairment of goodwill and other intangibles. Although we review and analyze assets or companies we acquire, such reviews are subject to uncertainties and may not reveal all potential risks. Additionally, although we attempt to obtain protective contractual provisions, such as representations, warranties and indemnities, in connection with acquisitions, we cannot offer assurance that we can obtain such provisions in our acquisitions or that they will fully protect us from unforeseen costs of, or liabilities associated with, the acquisitions. We may also incur significant costs and diversion of management time and attention in connection with pursuing possible acquisitions even if the acquisition is not ultimately consummated.

Additionally, we have in the past decided and may in the future decide to divest assets or businesses. Following such divestitures, we may retain or incur liabilities or costs relating to our previous ownership of the assets or business that we sell. Any required payments on retained liabilities or indemnification obligations with respect to past or future asset or business divestitures could have a material adverse effect on our business or results of operations. Dispositions may also involve our continued financial involvement in the divested business, such as through transition services agreements and guarantees. Under these arrangements, performance by the divested businesses or conditions outside our control could adversely affect our business and results of operations.

Further, acquisitions and dispositions are often structured such that the purchase price paid or received by us, as applicable, is subject to post-closing adjustments, whether as a result of net working capital adjustments, contingent payments (i.e., earn-outs) or otherwise. Any such adjustments could result in a material change in the consideration paid to or received by us, as applicable, in such transactions.

**Goodwill recorded with acquisitions is subject to impairment which could reduce the Company's profitability.**

In connection with acquisitions, we record goodwill on our Consolidated Balance Sheets. This asset is not amortized but is subject to an impairment test at least annually, where we have the option first to assess qualitative factors to determine whether events and circumstances indicate that it is more likely than not that goodwill is impaired. If after such assessment we conclude that the asset is not impaired, no further action is required. However, if we conclude otherwise, we are required to determine the fair value of the asset using a quantitative impairment test that is based on projected future cash flows from the acquired business discounted at a rate commensurate with the risk we consider to be inherent in our current business model. We perform the impairment test annually at the beginning of our fourth quarter, or more frequently if events or circumstances indicate that the value of the asset might be impaired.

Given the Schuh Group reporting unit has continued to perform below our projected operating results, as part of our annual impairment assessment as of the first day of the fourth quarter, we performed a quantitative assessment to determine if an impairment existed. We found that the result of the impairment test, which valued the business at approximately \$8.2 million in excess of its carrying value, indicated no impairment at that time. We may determine in connection with future impairment tests that some or all of the carrying value of the goodwill may be impaired. Such a finding would require a write-off of the amount of the carrying value that is impaired, which would reduce our profitability in the period of the impairment charge. Holding all other assumptions constant as of the measurement date, we noted that an increase in the weighted average cost of capital of 100 basis points would reduce the fair value of the Schuh Group business by \$10.0 million. Furthermore, we noted that a decrease in projected annual revenue growth by one percent would reduce the fair value of the Schuh Group business by \$6.9 million. However, if other assumptions do not remain constant, the fair value of the Schuh Group business may decrease by a greater amount.

Deterioration in our market value, whether related to our operating performance or to disruptions in the equity markets or deterioration in the operating performance of the business unit with which goodwill is associated, which could be caused by events such as, but not limited to, COVID-19, could cause us to recognize the impairment of some or all of the \$122.2 million of goodwill on our Consolidated Balance Sheets at February 1, 2020, resulting in the reduction of net assets and a corresponding non-cash charge to earnings in the amount of the impairment.

### **Technology, Data Security and Privacy Risks**

#### **The operation of our business is heavily dependent on our information systems.**

We depend on a variety of information technology systems for the efficient functioning of our business (including our multiple e-commerce websites) and security of information. Much information essential to our business is maintained electronically, including competitively sensitive information and potentially sensitive personal information about customers and employees.

Despite our preventative efforts, our IT systems and websites may, from time to time be vulnerable to damage or interruption from events such as difficulties in replacing or integrating the systems of acquired businesses, computer viruses, security breaches and power outages.

Our insurance policies may not provide coverage for security breaches and similar incidents or may have coverage limits which may not be adequate to reimburse us for losses caused by security breaches. We also rely on certain hardware and software vendors, including cloud-service providers, to maintain and periodically upgrade many of these systems so that they can continue to support our business. The software programs supporting many of our systems are licensed to us by independent software developers. The inability of our employees and developers or our inability to continue to maintain and upgrade these information systems and software programs could disrupt or reduce the efficiency of our operations. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations or leave us vulnerable to security breaches.

We also rely heavily on our information technology staff. If we cannot meet our staffing needs in this area, we may not be able to fulfill our technology initiatives or to provide maintenance on existing systems.

#### **We are subject to payment-related risks that could increase our operating costs, expose us to fraud or theft, subject us to fraud or theft, subject us to potential liability and potentially disrupt our business.**

As a retailer who accepts payments using a variety of methods, including credit and debit cards, PayPal, and gift cards, we are subject to rules, regulations, contractual obligations and compliance requirements, including payment network rules and operating guidelines, data security standards and certification requirements, and rules governing electronic funds transfers. The regulatory environment related to information security and privacy is increasingly rigorous, with new and constantly changing requirements applicable to our business, and compliance with those requirements could result in additional costs or accelerate these costs with additional legal and financial exposure for noncompliance. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which could increase over time and raise our operating costs. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, and other forms of electronic payment. If these companies become unable to provide these services to us, or if their systems are compromised, it could disrupt our business.

The payment methods that we offer also subject us to potential fraud and theft by persons who seek to obtain unauthorized access to or exploit any weaknesses that may exist in the payment systems. We completed the implementation of Europay, Mastercard and Visa ("EMV") technology and received certification in Fiscal 2018; however future upgrades to our Company's systems could expose us to the fraudulent use of credit cards and increased costs, including possible fines and restrictions on our Company's ability to accept payments by credit or debit cards, if we were not to receive recertification. Because we accept debit and credit cards for payment, we are also subject to industry data protection standards and protocols, such as the Payment Card Industry Data Security Standards ("PCI DSS"), issued by the Payment Card Industry Security Standards Council. Additionally, we have implemented technology in our stores to allow for the acceptance of EMV credit transactions and point-to-point encryption. Complying with PCI DSS standards and implementing related procedures, technology and information security measures require significant resources and ongoing attention. However, even if we comply with PCI DSS standards and offer EMV and point-to-point encryption technology in our stores, we may be vulnerable to, and unable to detect and appropriately respond to, data security breaches and data loss, including cybersecurity attacks or other breach of cardholder data.

In addition, the Payment Card Industry is controlled by a limited number of vendors who have the ability to impose changes in the Payment Card Industry's fee structure and operational requirements on us without negotiation. Such changes in fees and operational requirements may result in our failure to comply with PCI DSS, and cause us to incur significant unanticipated expenses.

**A privacy breach, through a cybersecurity incident or otherwise, or failure to comply with privacy laws could materially adversely affect our business.**

As part of normal operations, we and our third-party vendors and partners, receive and maintain confidential and personally identifiable information about our customers and employees, and confidential financial, intellectual property, and other information. We regard the protection of our customer, employee, and company information as critical. The regulatory environment surrounding information security and privacy is very demanding, with the frequent imposition of new and changing requirements some of which involve significant costs to implement and significant penalties if not followed properly. Despite our efforts and technology to secure our computer network and systems, a cybersecurity breach, whether targeted, random, or inadvertent, and whether at the hands of cyber criminals, hackers, rogue employees or other persons, may occur and could go undetected for a period of time, resulting in a material disruption of our computer network, a loss of information valuable to our business, including without limitation customer or employee personally identifiable information, and/or theft. A similar cybersecurity breach to the computer networks and systems of our third-party vendors and partners, including those that are "cloud"-based, over which we have no control, may occur, and could lead to a material disruption of our computer network and/or the areas of our business that are dependent on the support, services and other products provided by our third-party vendors and partners. Our computer networks and our business may be adversely affected by such a breach of our third-party vendors and partners, which could result in a decrease in our e-commerce sales and/or a loss of information valuable to our business, including, without limitation, personally identifiable information of customers or employees. Such a cyber-incident could result in any of the following:

- theft, destruction, loss, misappropriation, or release of confidential financial and other data, intellectual property, customer awards or loyalty points, or customer or employee information, including personally identifiable information such as payment card information, email addresses, passwords, social security numbers, home addresses, or health information;
- operational or business delays resulting from the disruption of our e-commerce sites, computer networks or the computer networks of our third-party vendors and partners and subsequent material clean-up and mitigation costs and activities;
- negative publicity resulting in material reputation or brand damage with our customers, vendors, third-party partners or industry peers;
- loss of sales, including those generated through our e-commerce websites; and
- governmental penalties, fines and/or enforcement actions, payment and industry penalties and fines and/or class action and other lawsuits.

Any of the above risks, individually or in aggregation, could materially damage our reputation and result in lost sales, governmental and payment card industry fines, and/or class action and other lawsuits. Although we carry cybersecurity insurance, in the event of a cyber-incident, that insurance may not be extensive enough or adequate in scope of coverage or amount to reimburse us for damages we may incur. Further, a significant breach of federal, state, provincial, local or international privacy laws could have a material adverse effect on our reputation.

### **Operational, Supply Chain and Third Party Risks**

**Increased operating costs, including those resulting from potential increases in the minimum wage, could have an adverse effect on our results.**

Increased operating costs, including those resulting from potential increases in the minimum wage or wage increases reflecting competition in relevant labor markets, store occupancy costs, distribution center costs and other expense items, including healthcare costs, may reduce our operating margin, by making it more difficult to identify new store locations that we believe will meet our investment return requirements and slow our ability to open stores. In addition, other employment and healthcare law changes may increase the cost of provided retirement and healthcare benefits expenses. Increases in our overall employment costs could have a material adverse effect on the Company's business, results of operations and financial and competitive position.

**If we lose key members of management or are unable to attract and retain the talent required for our business, our operating results could suffer.**

Our performance depends largely on the efforts and abilities of members of our management team. Our executives have substantial experience and expertise in our business and have made significant contributions to our growth and success. The unexpected future loss of services of one or more key members of our management team could have an adverse effect on our business. In addition, future performance will depend upon our ability to attract, retain and motivate qualified employees, including store personnel and field management. If we are unable to do so, our ability to meet our operating goals may be compromised. Finally, our stores are decentralized, are managed through a network of geographically dispersed management personnel and historically experience a high degree of turnover. If we are for any reason unable to maintain appropriate controls on store operations due to turnover or other reasons, including the ability to control losses resulting from inventory and cash shrinkage, our sales and operating margins may be adversely affected. There can be no assurance that we will be able to attract and retain the personnel we need in the future.

**The loss of, or disruption in, one of our distribution centers and other factors affecting the distribution of merchandise, including freight cost, could materially adversely effect our business.**

Each of our divisions uses a single distribution center to handle all or a significant amount of its merchandise. Most of our operations' inventory is shipped directly from suppliers to our operations' distribution centers, where the inventory is then processed, sorted and shipped to our stores or to our wholesale customers. We depend on the orderly operation of this receiving and distribution process, which depends, in turn, on adherence to shipping schedules and effective management of the distribution centers. Although we believe that our receiving and distribution process is efficient and well positioned to support our current business and our expansion plans, we cannot offer assurance that we have anticipated all of the changing demands that our expanding operations will impose on our receiving and distribution system, or that events beyond our control, such as disruptions in operations due to fire or other catastrophic events, labor disagreements or shipping problems (whether in our own or in our third party vendors' or carriers' businesses), will not result in delays in the delivery of merchandise to our stores or to our wholesale customers or e-commerce/retail customers. In addition, we add capacity to distribution centers by either leasing or building new distribution centers or adding capacity at existing centers. Failure to execute on these initiatives may cause disruption in our business. We also make changes in our distribution processes from time to time in an effort to improve efficiency and maximize capacity. We cannot assure that these changes will not result in unanticipated delays or interruptions in distribution. We depend upon third parties for shipment of a significant amount of merchandise. Interruptions in the services provided by third parties may occasionally result from damage or destruction to our distribution centers; weather-related events; natural disasters; pandemics; trade policy changes or restrictions; tariffs or import-related taxes; third-party strikes, lock-outs, work stoppages or slowdowns; shipping capacity constraints; third-party contract disputes; military conflicts; acts of terrorism; or other factors beyond our control. An interruption in service by third parties for any reason could cause temporary disruptions in our business, a loss of sales and profits, and other material adverse effects.

Our freight cost is impacted by changes in fuel prices through surcharges. Fuel prices and surcharges affect freight cost both on inbound freight from vendors to our distribution centers and outbound freight from our distribution centers to our stores and wholesale customers. Increases in fuel prices and surcharges and other factors may increase freight costs and thereby increase our cost of goods sold and selling and administrative expenses.

**An increase in the cost or a disruption in the flow of our imported products could adversely affect our business.**

Merchandise originally manufactured and imported from overseas makes up a large proportion of our total inventory. A disruption in the shipping of our imported merchandise or an increase in the cost of those products may significantly decrease our sales and profits. We may be unable to meet customer demands or pass on price increases to our customers. In addition, if imported merchandise becomes more expensive or unavailable, the transition to alternative sources may not occur in time to meet demand. Products from alternative sources may also be of lesser quality or more expensive than those we currently import. Risks associated with our reliance on imported products include:

- disruptions in the shipping and importation of imported products because of factors such as:
  - raw material shortages, work stoppages, strikes and political unrest;
  - problems with oceanic shipping, including shipping container shortages and delays in ports;
- increased customs inspections of import shipments or other factors that could result in penalties causing delays in shipments;
- economic crises, natural disasters, pandemics (including COVID-19), international disputes and wars; and

- increases in the cost of purchasing or shipping foreign merchandise resulting from:
  - imposition of additional cargo or safeguard measures;
  - denial by the United States of “most favored nation” trading status to or the imposition of quotas or other restriction on imports from a foreign country from which we purchase goods;
  - changes in import duties, import quotas and other trade sanctions; and
  - increases in shipping rates.

A significant amount of the inventory we sell is imported from China, which has historically been subject to efforts to increase duty rates or to impose restrictions on imports of certain products.

If we or our suppliers or licensees are unable to source raw materials or finished goods from the countries where we or they wish to purchase them, either because of a regulatory change or for any other reason, or if the cost of doing so should increase, it could have a material adverse effect on our sales and earnings.

A small portion of the products we buy abroad is priced in foreign currencies and, therefore, we are affected by fluctuating currency exchange rates. In the past, we have entered into foreign currency exchange contracts with major financial institutions to hedge these fluctuations. We may not be able to effectively protect ourselves in the future against currency rate fluctuations. Even dollar-denominated foreign purchases may be affected by currency fluctuations to reflect appreciation in the local currency against the dollar in the price of the products that they provide. See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for more information about our foreign currency exchange rate exposure and any hedging activities.

**Data protection requirements are constantly evolving and these requirements could adversely affect our business and operating results.**

We have access to collect or maintain information about our customers, and the protection of that data is critical to our business. The regulatory environment surrounding information security and privacy continues to evolve and new laws increasingly are giving customers the right to control how their personal data is used. One such law is the European Union’s General Data Protection Regulation (“GDPR”). Our failure to comply with the obligations of GDPR could in the future result in significant penalties which could have a material adverse effect on our business and results of operations. Complying with GDPR and similar U.S. federal and state laws, including a potential federal privacy law, could also cause us to incur substantial costs, forego a substantial amount of revenue or be subject to business risk associated with system changes and new business processes.

**We are dependent on third-party vendors and licensors for the merchandise we sell.**

We do not manufacture the merchandise we sell, and our Licensed Brands business is dependent on third-party licenses. This means that our product supply is subject to the ability and willingness of third-party suppliers to deliver merchandise we order on time and in the quantities and of the quality we need. In addition, a material portion of our retail footwear sales consists of products marketed under brands, belonging to unaffiliated vendors, which have fashion significance to our customers. If those vendors were to decide not to sell to us or to limit the availability of their products to us, or if they become unable because of economic conditions, COVID-19, work stoppages, strikes, political unrest, raw materials supply disruptions, or any other reason to supply us with products, we could be unable to offer our customers the products they wish to buy and could lose their business to competitors. Additionally, manufacturers are required to remain in compliance with certain wage, labor and environment-related laws and regulations. Delayed compliance or failure to comply with such laws and regulations by our vendors could adversely affect our ability to obtain products generally or at favorable costs, affecting our overall ability to maintain and manage inventory levels.

**Our manufacturing and distributing operations are subject to the risks of doing business abroad, including in China, which could affect our ability to obtain products from foreign suppliers or control the costs of our products.**

While we have taken action to diversify our sourcing base outside of China, because a portion of our products are manufactured in China, the possibility of adverse changes in trade or political relations with China, political instability in China, increases in labor costs, the occurrence of prolonged adverse weather conditions or a natural disaster such as an earthquake or typhoon, or continuation of COVID-19 or the outbreak of another pandemic disease in China could severely interfere with the manufacturing and/or shipment of our products and would have a material adverse effect on our operations. Our business operations may be adversely affected by the current and future political environment in the Communist Party of China. China’s government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. Our ability to source products from China may be adversely affected by

changes in Chinese laws and regulations, including those relating to taxation, import and export tariffs, raw materials, environmental regulations, land use rights, property and other matters. Under its current leadership, China's government has been pursuing economic reform policies that encourage private economic activity and greater economic decentralization. There is no assurance, however, that China's government will continue to pursue these policies, or that it will not significantly alter these policies from time to time without notice. A change in policies by the Chinese government could adversely affect our interests by, among other factors: changes in laws, regulations or the interpretation thereof, confiscatory taxation, restrictions on currency conversion, imports or sources of supplies, or the expropriation or nationalization of private enterprises. In addition, electrical shortages, labor shortages or work stoppages may extend the production time necessary to produce our orders, and there may be circumstances in the future where we may have to incur premium freight charges to expedite the delivery of product to our customers. If we incur a significant amount of premium freight charges, our gross profit will be negatively affected if we are unable to pass on those charges to our customers.

## **Legal, Regulatory, Global and Other External Risks**

### **Use of social media may subject us to fines or other penalties.**

There has been a substantial increase in the use of social media platforms and similar mediums, including blogs, social media websites, and other forms of internet-based communications, which allow individuals access to a broad audience of consumers and other interested persons. As laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our associates or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and mediums could adversely impact our reputation or subject us to fines or other penalties.

### **Establishing and protecting our intellectual property is critical to our business.**

Our ability to remain competitive is dependent upon our continued ability to secure and protect trademarks, patents and other intellectual property rights in the U.S. and internationally for all of our lines of business. We rely on a combination of trade secret, patent, trademark, copyright and other laws, license agreements and other contractual provisions and technical measures to protect our intellectual property rights; however, some countries' laws do not protect intellectual property rights to the same extent U.S. laws do.

Our business could be significantly harmed if we are not able to protect our intellectual property, or if a court found us to be infringing on other persons' intellectual property rights. Any future intellectual property lawsuits or threatened lawsuits in which we are involved, either as a plaintiff or as a defendant, could cost us a significant amount of time and money and distract management's attention from operating our business. If we do not prevail on any intellectual property claims, then we may have to change our manufacturing processes, products or trade names, any of which could reduce our profitability.

### **Our business and results of operations are subject to a broad range of uncertainties arising out of world and domestic events.**

Our business and results of operations are subject to uncertainties arising out of world and domestic events, which may impact not only consumer demand, but also our ability to obtain the products we sell, most of which are produced outside the countries in which we operate. These uncertainties may include a global economic slowdown, changes in consumer spending or travel, increase in fuel prices, and the economic consequences of pandemics, natural disasters, military action or terrorist activities and increased regulatory and compliance burdens related to governmental actions in response to a variety of factors, including but not limited to national security and anti-terrorism concerns and concerns about climate change. Any future events arising as a result of terrorist activity or other world events may have a material adverse impact on our business, including the demand for and our ability to source products, and consequently on our results of operations and financial condition.

### **The increasing scope of our non-U.S. operations exposes our performance to risks including foreign, political, legal and economic conditions and exchange rate fluctuations.**

Our performance depends in part on general economic conditions affecting all countries in which we do business. In March 2017, the United Kingdom announced its decision to exit the European Union ("Brexit"). The U.K. formally withdrew from the European Union ("E.U.") on January 31, 2020; however, uncertainty remains as to what kind of post-Brexit agreement between the U.K. and the E.U., if any, may be approved by the U.K. Parliament. Our business in the U.K. may be adversely affected by the uncertainty surrounding the future relationship between the U.K. and the E.U. Brexit and any uncertainty with respect thereto could adversely impact consumer demand and create significant currency fluctuations. In addition, we could be adversely impacted by changes in trade policies, labor, tax or other laws and regulations, intellectual property rights and supply chain logistics. We may incur additional costs as it addresses any such changes.

We are also dependent on foreign manufacturers for the products we sell, and our inventory is subject to cost and availability of foreign materials and labor. In addition to the other risks disclosed herein, demand for our product offering in our non-U.S. operations is also subject to local market conditions. As a result, we can give no assurance that Schuh's or our Canadian operations' future performance will not be adversely affected by economic conditions in their markets.

As we expand our international operations, we also increase our exposure to exchange rate fluctuations. Sales from stores outside the U.S. are denominated in the currency of the country in which these operations or stores are located and changes in foreign exchange rates affect the translation of the sales and earnings of these businesses into U.S. dollars for financial reporting purposes. Additionally, inventory purchase agreements may also be denominated in the currency of the country where the vendor resides.

As the U.S. dollar strengthens relative to foreign currencies, our revenues and profits are reduced when converted into U.S. dollars and our margins may be negatively impacted by the increase in product costs. Although we typically have sought to mitigate the negative impacts of foreign currency exchange rate fluctuations through price increases and further actions to reduce costs, we may not be able to fully offset the impact, if at all. Our success depends, in part, on our ability to manage these various foreign currency impacts as changes in the value of the U.S. dollar relative to other currencies could have a material adverse effect on our business and results of operations.

**The imposition of tariffs on our products could adversely affect our business.**

Statements by the current presidential administration have introduced greater uncertainty with respect to tax and trade policies, tariffs and regulations affecting trade between the United States and other countries. We source a significant portion of our merchandise from manufacturers located outside the United States, including from China. The United States has imposed tariffs on certain products imported into the U.S. from China. These tariffs and any additional tariffs on imported products could result in an increase in prices for those products. In addition, the tariffs could also increase the costs of our U.S. suppliers, causing our U.S. suppliers to also increase the costs of their products. If we are unable to pass along increased costs to our customers, our gross margins could be adversely affected. Alternatively, tariffs may cause us to shift production to other countries, resulting in significant costs and disruption to our business. The imposition of tariffs by the United States also has resulted in the adoption of tariffs by China and could result in the adoption of tariffs by other countries as well. A resulting trade war could have a significant adverse effect on world trade and the world economy. Tariffs and any additional developments in tax policy or trade relations could have a material adverse effect on our business, results of operations and liquidity.

**Our ability to source our merchandise profitably or at all could be hurt if new trade restrictions are imposed, existing trade restrictions become more burdensome or disruptions occur at our suppliers or at the ports.**

Trade restrictions, including increased tariffs, safeguards or quotas, on footwear, apparel and accessories could increase the cost or reduce the supply of merchandise available to us. We source our footwear and accessory products from foreign manufacturers located in Bangladesh, Brazil, Canada, China, Dominican Republic, El Salvador, France, Germany, Hong Kong, India, Indonesia, Italy, Mauritius, Mexico, Nicaragua, Pakistan, Portugal, Peru, Romania, Taiwan and Vietnam, and our retail operations sell primarily branded products from third parties who source primarily overseas. The investments we are making to develop our sourcing capabilities may not be successful and may, in turn, have an adverse impact on our financial position and results of operations.

There are quotas and trade restrictions on certain categories of goods and apparel from China and countries that are not subject to the World Trade Organization Agreement, which could have a significant impact on our sourcing patterns in the future. In addition, political uncertainty in the United States may result in significant changes to United States trade policies, treaties and tariffs, including trade policies and tariffs regarding China, including the potential disallowance of tax deductions for imported merchandise or the imposition of additional unilateral tariffs on imported products. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between these nations and the United States. Any of these factors could depress economic activity, restrict our sourcing from suppliers and have a material adverse effect on our business, financial condition and results of operations and affect our strategy in Asia and elsewhere around the world. We cannot predict whether any of the countries in which our merchandise is currently manufactured or may be manufactured in the future will be subject to additional trade restrictions imposed by the U.S. and foreign governments, nor can we predict the likelihood, type or effect of any such restrictions. Trade restrictions, including increased tariffs or quotas, embargoes, safeguards and customs restrictions against items we source from foreign manufacturers could increase the cost, delay shipping or reduce the supply of products available to us or may require us to modify our current business practices, any of which could hurt our profitability.

We rely on our suppliers to manufacture and ship the products they produce for us in a timely manner. We also rely on the free flow of goods through open and operational ports worldwide. Labor disputes at various ports or at our suppliers could increase costs for us and delay our receipt of merchandise, particularly if these disputes result in work slowdowns, lockouts, strikes or other disruptions.

**We are subject to regulatory proceedings and litigation and to regulatory changes that could have an adverse effect on our financial condition and results of operations.**

We are party to certain lawsuits, governmental investigations, and regulatory proceedings, including the proceedings arising out of alleged environmental contamination relating to historical operations of the Company and various suits involving current operations as disclosed in Item 3, "Legal Proceedings" and Note 14 to the Consolidated Financial Statements. If these or similar matters are resolved against us, our results of operations, our cash flows, or our financial condition could be adversely affected. The costs of defending such lawsuits and responding to such investigations and regulatory proceedings may be substantial and their potential to distract management from day-to-day business is significant. Moreover, with retail operations in the United States, Puerto Rico, Canada, the United Kingdom, and the Republic of Ireland, we are subject to federal, state, provincial, territorial, local and foreign regulations, which impose costs and risks on our business. Numerous states and municipalities as well as the federal government of the U.S. are proposing or have implemented changes to minimum wage, overtime, employee leave, employee benefit requirements and other requirements that will increase costs. The Company and each of our subsidiaries that employ an average of 50 full-time employees in a calendar year are required to offer a minimum level of health coverage for 95% of our full-time employees or be subject to a penalty. Changes in regulations could make compliance more difficult and costly, and failure to comply with these requirements, including even a seemingly minor infraction, could result in liability for damages or penalties.

**New accounting guidance or changes in the interpretation or application of existing accounting guidance could adversely affect our financial performance.**

The implementation of new accounting standards could require certain systems, internal process and other changes that could increase our operating costs, and also could result in changes to our financial statements. In particular, the implementation of accounting standards related to leases, as issued by the Financial Accounting Standards Board ("FASB") is requiring us to make significant changes to our lease management and other accounting systems, and has resulted in a material impact to our consolidated financial statements.

U.S. generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business involve many subjective assumptions, estimates and judgments by our management. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by our management could significantly change our reported or expected financial performance.

**Financial Risks**

**A portion of our indebtedness is subject to floating interest rates.**

Borrowings under our credit facility bear interest at varying rates, some of which are based on LIBOR, and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness referred to above would increase even if the principal amount borrowed remained the same, and our net income and cash flows will correspondingly decrease.

In addition, in 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if LIBOR will cease to exist at that time or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. The expected phase out of LIBOR could cause market volatility or disruption and may adversely affect our access to the capital markets and cost of funding. Furthermore, while our credit facility contains provisions providing for alternative rate calculations in the event LIBOR is unavailable, these provisions may be more expensive.

**Changes in our effective income tax rate could adversely affect our net earnings.**

A number of factors influence our effective income tax rate, including changes in tax law, tax treaties, interpretation of existing laws, including the newly enacted Tax Cuts and Jobs Act of 2017 (the "Act"), and our ability to sustain our reporting positions on examination. Changes in any of those factors could change our effective tax rate, which could adversely affect our net earnings and liquidity. In addition, our operations outside of the United States may cause greater volatility in our effective tax rate.

We continue to expect the United States Treasury and the Internal Revenue Service to issue regulations and other guidance that could have a material impact on our effective tax rate in future periods.

**Actions of activist shareholders could cause us to incur substantial costs, divert management's attention and resources, and have an adverse effect on our business.**

Our shareholders may from time to time engage in proxy solicitations, advance shareholders proposals or otherwise attempt to affect changes or acquire control over the Company. If activist shareholder activities ensue, our business could be adversely affected because responding to proxy contests and reacting to other actions by activist shareholders can be costly and time-consuming, disrupt our operations and divert the attention of management and our employees. For example, we may be required to retain the services of various professionals to advise us on activist shareholder matters, including legal, financial and communication advisors, the costs of which may negatively impact our future financial results. In addition, perceived uncertainties as to our future direction, strategy or leadership created as a consequence of activist shareholders initiatives may result in the loss of potential business opportunities, harm our ability to attract new investors, customers, and employees, and cause our stock price to experience periods of volatility or stagnation.

**ITEM 1B, UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2, PROPERTIES**

At February 1, 2020, we operated 1,480 retail footwear and accessory stores throughout the United States, Puerto Rico, Canada, the United Kingdom and the Republic of Ireland. New shopping center store leases in the United States, Puerto Rico and Canada typically are for a term of approximately 10 years. New store leases in the United Kingdom and the Republic of Ireland typically have terms of between 10 and 15 years. We have leases with fixed base rental payments, rental payments based on a percentage of retail sales over contractual amounts and others with predetermined fixed escalations of the minimum rental payments based on a defined consumer price index or percentage.

The general location, use and approximate size of our principal properties are set forth below:

<u>Location</u>	<u>Owned/Leased</u>	<u>Segment</u>	<u>Use</u>	<u>Approximate Area Square Feet</u>
Lebanon, TN	Owned	Journeys Group	Distribution warehouse and administrative offices	563,000
Nashville, TN	Leased	Various	Executive & footwear operations offices	306,455 <sup>(1)</sup>
Bathgate, Scotland	Owned	Schuh Group	Distribution warehouse	244,644
Chapel Hill, TN	Owned	Licensed Brands	Distribution warehouse	182,000
Fayetteville, TN	Owned	Johnston & Murphy Group	Distribution warehouse	178,500
Deans Industrial Estate, Livingston, Scotland	Owned	Schuh Group	Distribution warehouse and administrative offices	106,813
Nashville, TN	Owned	Journeys Group	Distribution warehouse	63,000

- <sup>(1)</sup> We occupy approximately 97% of our current corporate headquarters building and sublease the remainder of the building. The lease on the Nashville office expires in April 2022.

On February 10, 2020, we announced plans for our new corporate headquarters in Nashville, Tennessee. We entered into a lease agreement for approximately 199,000 square feet of office space which will replace our current corporate headquarters office lease. The term of the lease is 15 years, with two options to extend for an additional period of five years each. We believe that all leases of properties that are material to our operations may be renewed, or that alternative properties are available, on terms not materially less favorable to us than existing leases.

**ITEM 3, LEGAL PROCEEDINGS****Environmental Matters***New York State Environmental Matters*

In August 1997, the New York State Department of Environmental Conservation ("NYSDEC") and the Company entered into a consent order whereby we assumed responsibility for conducting a remedial investigation and feasibility study and implementing an interim remedial measure with regard to the site of a knitting mill operated by a former subsidiary of ours from 1965 to 1969. The United States Environmental Protection Agency ("EPA"), which assumed primary regulatory responsibility for the site from NYSDEC, issued a Record of Decision in September 2007. The Record of Decision specified a remedy of a combination of groundwater extraction and treatment and in-situ chemical oxidation.

In September 2015, the EPA adopted an amendment to the Record of Decision eliminating the separate ground-water extraction and treatment systems and the use of in-situ oxidation from the remedy adopted in the Record of Decision. The amendment provides for the continued operation and maintenance of the existing wellhead treatment systems on wells operated by the Village of Garden City, New York (the "Village"). It also requires us to perform certain ongoing monitoring, operation and maintenance activities and to reimburse EPA's future oversight cost, involving future costs to us estimated to be between \$1.7 million and \$2.0 million, and to reimburse EPA for approximately \$1.25 million of interim oversight costs. On August 15, 2016, the Court entered a Consent Judgment implementing the remedy provided for by the amendment.

The Village additionally asserted that we are liable for the costs associated with enhanced treatment required by the impact of the groundwater plume from the site on two public water supply wells, including historical total costs ranging from approximately \$1.8 million to in excess of \$2.5 million, and future operation and maintenance costs which the Village estimated at \$126,400 annually while the enhanced treatment continues. On December 14, 2007, the Village filed a complaint (the "Village Lawsuit") against us and the owner of the property under the Resource Conservation and Recovery Act ("RCRA"), the Safe Drinking Water Act, and the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") as well as a number of state law theories in the U.S. District Court for the Eastern District of New York, seeking an injunction requiring the defendants to remediate contamination from the site and to establish their liability for future costs that may be incurred in connection with it.

In June 2016 we reached an agreement with the Village providing for the Village to continue to operate and maintain the well head treatment systems in accordance with the Record of Decision and to release its claims against us asserted in the Village Lawsuit in exchange for a lump-sum payment of \$10.0 million by us. On August 25, 2016, the Village Lawsuit was dismissed with prejudice. The cost of the settlement with the Village and the estimated costs associated with our compliance with the Consent Judgment were covered by our existing provision for the site. The settlement with the Village did not have, and we expect that the Consent Judgment will not have, a material effect on our financial condition or results of operations.

In April 2015, we received from EPA a Notice of Potential Liability and Demand for Costs (the "Notice") pursuant to CERCLA regarding the site in Gloversville, New York of a former leather tannery operated by us and by other, unrelated parties. The Notice demanded payment of approximately \$2.2 million of response costs claimed by EPA to have been incurred to conduct assessments and removal activities at the site. In February 2017, we entered into a settlement agreement with EPS resolving their claim for past response costs in exchange for a payment by us of \$1.5 million which was paid in May 2017. Our environmental insurance carrier has reimbursed us for 75% of the settlement amount, subject to a \$500,000 self-insured retention. We do not expect any additional cost related to the matter.

#### *Whitehall Environmental Matters*

We have performed sampling and analysis of soil, sediments, surface water, groundwater and waste management areas at our former Volunteer Leather Company facility in Whitehall, Michigan.

In October 2010, we entered into a Consent Decree with the Michigan Department of Natural Resources and Environment providing for implementation of a remedial Work Plan for the facility site designed to bring the site into compliance with applicable regulatory standards. The Work Plan's implementation is substantially complete and we expect, based on our present understanding of the condition of the site, that our future obligations with respect to the site will be limited to periodic monitoring and that future costs related to the site should not have a material effect on our financial condition or results of operations.

#### *Accrual for Environmental Contingencies*

Related to all outstanding environmental contingencies, we had accrued \$1.5 million as of February 1, 2020, \$1.8 million as of February 2, 2019 and \$3.0 million as of February 3, 2018. All such provisions reflect our estimates of the most likely cost (undiscounted, including both current and noncurrent portions) of resolving the contingencies, based on facts and circumstances as of the time they were made. There is no assurance that relevant facts and circumstances will not change, necessitating future changes to the provisions. Such contingent liabilities are included in the liability arising from provision for discontinued operations on the accompanying Consolidated Balance Sheets because it relates to former facilities operated by us. We have made pretax accruals for certain of these contingencies, including approximately \$0.4 million in Fiscal 2020, \$0.7 million in Fiscal 2019 and \$0.6 million in Fiscal 2018. These charges are included in loss from discontinued operations, net in the Consolidated Statements of Operations and represent changes in estimates.

#### **Other Legal Matters**

On May 19, 2017, two former employees of our former Hat World subsidiary filed a putative class and collective action, *Chen and Salas v. Genesco Inc., et al.*, in the U.S. District Court for the Northern District of Illinois alleging violations of the FLSA and certain Illinois and New York wages and hours laws, including, among others, failure to pay overtime to store managers, and also seeking back pay, damages, statutory penalties, and declaratory and injunctive relief. On March 8, 2018, the court granted us a motion to transfer venue to the U.S. District Court for the Southern District of Indiana. On March 9, 2018, a former employee of our former Hat World subsidiary filed a putative class action in the Superior Court of the Commonwealth of Massachusetts claiming violations of the Massachusetts Overtime Law, M.G.L.C. 151§1A, by failing to pay overtime to employees classified as store managers, and seeking restitution, an incentive award, treble damages, interest, attorneys fees and costs. We reached an agreement in principle to settle the *Chen and Salas* and Massachusetts matters for payment of attorneys' fees and administrative costs totaling \$0.4 million plus total payments to members of the

plaintiff class who opt to participate in the settlement of up to \$0.8 million. The proposed settlement has been approved by the court and the distribution of relief to class members is in process. We do not expect that the proposed settlement will have a material adverse effect on our financial condition or results of operations.

#### **Other Matters**

In the fourth quarter of Fiscal 2020, the IRS notified us on Letter 226-J, that we may be liable for an Employer Shared Responsibility Payment (“ESRP”) in the amount of \$4.2 million for the year ended December 31, 2017. The ESRP is applicable to employers that had 50 or more full-time equivalent employees, did not offer minimum essential coverage (“MEC”) to at least 95% of full-time employees (and their dependents) or did offer MEC to at least 95% of full time-employees (and their dependents), which did not meet the affordable or minimum value criteria and had one or more employees who claimed the Employee Premium Tax Credit (“PTC”) pursuant to the Affordable Care Act (the “ACA”). The IRS determines which employers receive Letter 226-J and the amount of the proposed ESRP from information that the employers complete on their information returns (IRS Forms 1094-C and 1095-C) and from the income tax returns of their employees. Since the inception of the ACA, it has been our policy to offer MEC to all full-time employees and their dependents. Based on our analysis, we responded to the IRS on January 15, 2020 asserting that we did offer MEC to at least 95% of our full-time employees for each month of 2017 and noting that the discrepancy was caused by errors in the electronic files uploaded through the ACA information return system. We are awaiting a response from the IRS and do not believe we have a liability. As a result, we did not make an accrual for this matter for the year ended February 1, 2020.

In addition to the matters specifically described in this Item 3, we are a party to other legal and regulatory proceedings and claims arising in the ordinary course of our business. While management does not believe that our liability with respect to any of these other matters is likely to have a material effect on our financial statements, legal proceedings are subject to inherent uncertainties and unfavorable rulings could have a material adverse impact on our financial statements.

#### **ITEM 4, MINE SAFETY DISCLOSURES**

Not applicable.

#### **ITEM 4A, INFORMATION ABOUT OUR EXECUTIVE OFFICERS**

The officers of the Company are generally elected at the first meeting of the Board of Directors following the annual meeting of shareholders and hold office until their successors have been chosen and qualified or until their earlier death, resignation or removal. The name, age and office of each of the Company’s executive officers and certain information relating to the business experience of each are set forth below:

**Mimi Eckel Vaughn**, 53, *President and Chief Executive Officer*. Ms. Vaughn joined the Company in September 2003 as vice president of strategy and business development. She was named senior vice president, strategy and business development in October 2006, senior vice president of strategy and shared services in April 2009 and senior vice president - finance and chief financial officer in February 2015. In May 2019, Ms. Vaughn was named senior vice president and chief operating officer and continued to serve as senior vice president - finance and chief financial officer until Mel Tucker was appointed as her replacement in June 2019. In October 2019, Ms. Vaughn was appointed to become president and chief executive officer of the Company on February 2, 2020. Prior to joining the Company, Ms. Vaughn was executive vice president of business development and marketing, and acting chief financial officer from 2000 to 2001, for Link2Gov Corporation in Nashville. From 1993 to 1999, she was a consultant at McKinsey and Company in Atlanta.

**Melvin G. Tucker**, 55, *Senior Vice President - Finance and Chief Financial Officer*. Mr. Tucker joined the Company in June 2019 as senior vice president of finance and chief financial officer. Mr. Tucker most recently served as chief financial officer of Century 21 Department Stores, a position he held since 2014. Prior to serving in that role, Mr. Tucker served as chief financial officer of Bass Pro Shops from 2013 to 2014, as senior vice president of finance of PetSmart from 2008 to 2013, and as vice president of financial planning and analysis of Circuit City from 2005 to 2008.

**Danny Ewoldsen**, 50, *Senior Vice President*. Mr. Ewoldsen is a 16-year Johnston & Murphy veteran. He joined Johnston & Murphy in 2003 as vice president store operations and later promoted to vice president store and consumer sales in 2006. He was named executive vice president, Johnston & Murphy Retail and E-Commerce in 2013, president of Johnston & Murphy Group in January 2019 and named senior vice president of Genesco in July 2019. Prior to joining Genesco, Mr. Ewoldsen was with Wilsons Leather from 1996 to 2002 serving in roles with increasing responsibilities, including vice president of stores for the El Portal division.

**Mario Gallione**, 59, *Senior Vice President*. Mr. Gallione is a 42-year veteran of Genesco. He began his career as a Jarman sales associate in 1977. He was promoted to manager and served in a variety of sales management positions until 1987 when he was promoted as a merchandiser trainee and rose through the ranks to divisional merchandise manager for Journeys in 1994 and vice president in 1998. In October 2006, he was named senior vice president, general merchandise manager of Journeys Group. In 2010, he was named chief merchandising officer of Journeys Group. In September 2017, Mr. Gallione was named president of Journeys and in July 2019, he was named senior vice president of Genesco.

**Scott E. Becker**, 52, *Senior Vice President - General Counsel and Corporate Secretary*. In October 2019, Mr. Becker joined the Company as senior vice president, general counsel, and corporate secretary. Prior to joining the Company, Mr. Becker served in a variety of roles with increasing responsibility for Nissan Group of North America and Latin America since 2006. Since 2009, he was a senior vice president with responsibilities for Nissan's legal, government affairs, finance, strategy and administration. From 2006 to 2009, he served as Nissan's general counsel, corporate secretary and vice president, legal and government affairs. Prior to joining Nissan, Mr. Becker served in various legal roles at Sears Holdings Corporation. Mr. Becker began his legal career with several Chicago area law firms.

**Parag D. Desai**, 45, *Senior Vice President of Strategy and Shared Services*. Mr. Desai joined the Company in 2014 as senior vice president of strategy and shared services. Prior to joining the Company, Mr. Desai spent 14 years with McKinsey and Company, including seven years as a partner. Previously, Mr. Desai also held business development and technology positions at Outpace Systems and Booz Allen & Hamilton.

**Brently G. Baxter**, 54, *Vice President and Chief Accounting Officer*. Mr. Baxter joined the Company in September 2019 as vice president and chief accounting officer. Mr. Baxter most recently served as group vice president, controller and principal accounting officer for Sally Beauty Holdings, Inc., a position he held since 2017. From 2014 and 2016, he served as senior vice president, controller and chief accounting officer for Stein Mart, Inc. From 2006 to 2014, he served as vice president, accounting, treasury and corporate controller for PetSmart, Inc. From 2003 to 2006, Mr. Baxter served as vice president and controller for Cracker Barrel Old Country Store, Inc.

**Matthew N. Johnson**, 55, *Vice President and Treasurer*. Mr. Johnson joined the Company in 1993 as manager, corporate finance and was elected assistant treasurer in December 1993. He was elected treasurer in June 1996. He was named vice president finance in October 2006 and renamed treasurer in April 2011 after a period of service as chief financial officer of one of the Company's divisions. Prior to joining the Company, Mr. Johnson was a vice president in the corporate and institutional banking division of The First National Bank of Chicago.

## PART II

### **ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

#### **Market Information**

Our stock is traded on the New York Stock Exchange under the symbol "GCO".

There were approximately 1,450 common shareholders of record on March 13, 2020.

We have not paid cash dividends to our holders of our Common Stock since 1973. Our ability to pay cash dividends to our holders of common stock is subject to various restrictions. See Note 9 to the Consolidated Financial Statements included in Item 8, "Financial Statements and Supplementary Data" for information regarding restrictions on dividends and redemption of capital stock.

#### **Recent Sales of Unregistered Securities**

None.

#### **Issuer Purchases of Equity Securities**

None.

#### **Equity Compensation Plan Information**

Refer to Part III, Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" included elsewhere in this report.

**ITEM 6, SELECTED FINANCIAL DATA**

**Financial Summary** - We completed the sale of Lids Sports Group on February 2, 2019. The operating results in the table below have been adjusted to reflect Lids Sports Group in discontinued operations for all periods prior to Fiscal 2020. See Item 8, Note 16 to our Consolidated Financial Statements included in this Annual Report on Form 10-K for additional information about discontinued operations.

In thousands except per common share data, Financial Statistics and Other Data (End of Year)

	Fiscal Year End				
	2020	2019	2018	2017	2016
<b>Results of Operations Data</b>					
Net sales	\$ 2,197,066	\$ 2,188,553	\$ 2,127,547	\$ 2,020,831	\$ 2,046,730
Depreciation and amortization	49,574	52,161	51,533	49,943	48,815
Operating income	83,318	81,817	74,372	107,793	142,872
Earnings from continuing operations before income taxes	82,435	78,259	68,989	112,758	134,705
Earnings from continuing operations <sup>(1)</sup>	61,757	51,224	36,708	72,882	85,135
(Loss) earnings from discontinued operations, net	(373)	(103,154)	(148,547)	24,549	9,434
Net earnings (loss)	\$ 61,384	\$ (51,930)	\$ (111,839)	\$ 97,431	\$ 94,569
<b>Per Common Share Data</b>					
Earnings from continuing operations					
Basic	\$ 3.97	\$ 2.65	\$ 1.91	\$ 3.63	\$ 3.72
Diluted	3.94	2.63	1.90	3.61	3.70
Discontinued operations					
Basic	(0.02)	(5.33)	(7.73)	1.22	0.41
Diluted	(0.02)	(5.29)	(7.70)	1.22	0.41
Net earnings (loss)					
Basic	3.95	(2.68)	(5.82)	4.85	4.13
Diluted	3.92	(2.66)	(5.80)	4.83	4.11
<b>Balance Sheet and Cash Flow Data</b>					
Total assets	\$ 1,680,478	\$ 1,181,081	\$ 1,315,353	\$ 1,440,999	\$ 1,540,057
Long-term debt <sup>(2)</sup>	14,393	65,743	88,385	82,905	111,765
Non-redeemable preferred stock	1,009	1,060	1,052	1,060	1,077
Common equity	618,334	736,491	828,122	919,993	954,079
Capital expenditures	29,767	41,780	98,609	74,925	76,982
<b>Financial Statistics</b>					
Operating income as a percent of net sales	3.8%	3.7%	3.5%	5.3%	7.0%
Book value per share (common equity divided by common shares outstanding)	\$ 42.07	\$ 38.55	\$ 41.61	\$ 46.31	\$ 43.70
Working capital <sup>(3)</sup> (in thousands)	\$ 146,248	\$ 454,817	\$ 438,020	\$ 407,587	\$ 447,504
Current ratio <sup>(3)</sup>	1.4	2.6	2.7	2.3	2.4
Percent long-term debt to total capitalization	2.3%	8.2%	9.6%	8.2%	10.5%
<b>Other Data (End of Year)</b>					
Number of retail outlets <sup>(4)</sup>	1,480	1,512	1,535	1,554	1,520
Number of employees	22,050	21,000	20,900	21,200	19,000

<sup>(1)</sup>Reflected in earnings from continuing operations was a charge of \$0.6 million for loss on early retirement of debt for Fiscal 2019 and a gain of \$12.3 million from the sale of SureGrip Footwear for Fiscal 2017.

Also reflected in earnings from continuing operations for Fiscal 2020, 2019, 2018, 2017 and 2016 were asset impairment and other charges (gains) of \$13.4 million, \$3.2 million, \$7.8 million, \$(8.0) million and \$2.7 million, respectively. See Note 4 to the Consolidated Financial Statements for additional information.

<sup>(2)</sup>Long-term debt includes current obligations.

<sup>(3)</sup>Working capital as of February 1, 2020 was impacted by the adoption of ASC 842 which requires the current portion of operating lease liabilities to be on the face of the Consolidated Balance Sheets. At February 1, 2020, current portion of operating lease liabilities was \$142.7 million.

<sup>(4)</sup>Includes 36 Little Burgundy stores added in Fiscal 2016 that were acquired on November 3, 2015.

## **ITEM 7, MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

For discussion of results of operations and financial condition pertaining to Fiscal 2019 and Fiscal 2018, see our Annual Report on Form 10-K for the fiscal year ended February 2, 2019, Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition.

### *Summary of Results of Operations*

Our net sales increased 0.4% during Fiscal 2020 compared to Fiscal 2019. The increase reflected a 3% increase in Journeys Group sales, partially offset by a 2% decrease in Schuh Group sales, a 4% decrease in Johnston & Murphy Group sales and a 15% decrease in Licensed Brands sales. Excluding the impact of lower exchange rates, net sales increased 1% during Fiscal 2020. Gross margin increased as a percentage of net sales from 47.8% in Fiscal 2019 to 48.4% in Fiscal 2020, reflecting gross margin increases as a percentage of net sales in all of our business segments. Selling and administrative expenses were flat as a percentage of net sales at 44.0% in Fiscal 2020 and Fiscal 2019, reflecting decreased expenses as a percentage of net sales in Journeys Group and Schuh Group, offset by increased expenses as a percentage of net sales in Johnston & Murphy Group and Licensed Brands, while Corporate expenses were flat. Operating income increased as a percentage of net sales from 3.7% in Fiscal 2019 to 3.8% in Fiscal 2020, reflecting increased earnings in Journeys Group and Schuh Group, partially offset by decreased earnings in Johnston & Murphy Group, Licensed Brands and Corporate in Fiscal 2020.

### **Significant Developments**

#### *Outbreak of COVID-19*

The outbreak of COVID-19 continues to grow in the U.S., U.K. and globally, and related government and private sector responsive actions may adversely affect our business operations. It is impossible to predict the effect and ultimate impact of the COVID-19 pandemic as the situation is rapidly evolving. The spread of COVID-19 has caused public health officials to recommend precautions to mitigate the spread of the virus, especially when congregating in heavily populated areas, such as malls and shopping centers. In consideration of the health and well-being of our employees, customers and communities, and in support of efforts to contain the spread of the virus, we temporarily closed our North American stores on March 18, 2020. In addition, on March 23, 2020, our stores in the United Kingdom and Ireland were closed and on March 26, 2020, our UK e-commerce business was temporarily closed. Our e-commerce operations across all of our North American brands remain open and ready to serve our customers. We will continue to evaluate the timing of reopening our stores and UK e-commerce operations until such time as the stores can be opened safely and in compliance with applicable laws and regulations, as developments continue to occur in this rapidly changing environment. There is significant uncertainty around the breadth and duration of these store closures and other business disruptions related to COVID-19, as well as its impact on the U.S. and U.K. economies, consumer willingness to visit malls and shopping centers, and employee willingness to staff our stores once they re-open. While we anticipate our future results to be adversely impacted, the extent to which COVID-19 impacts our future results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken to contain it or treat its impact.

#### *The Acquisition of Togast*

Effective January 1, 2020, we completed the acquisition of substantially all the assets and the assumption of certain liabilities of Togast. Togast specializes in the the design, sourcing and sale of licensed footwear. We also entered into a new U.S. footwear license agreement with Levi Strauss & Co. for the license of Levi's® footwear for men, women and children in U.S. concurrently with the Togast acquisition. The acquisition expands our portfolio to include footwear licenses for Bass®, ADIO and FUBU, among others. Togast operates in our Licensed Brands segment.

#### *The Sale of Lids Sports Group*

We announced in February of 2018 that we were initiating a formal process to explore the sale of our Lids Sports Group business. On December 14, 2018, we entered into a definitive agreement for the sale of Lids Sports Group to FanzzLids Holdings, a holding company controlled and operated by affiliates of Ames Watson Capital, LLC. The sale was completed on February 2, 2019 for \$93.8 million cash, which consisted of a sales price of \$100.0 million and working capital adjustments of \$6.2 million. Because the effective date of closing was a Saturday and we did not receive the cash proceeds until February 4, 2019, the purchase price is reflected in accounts receivable at February 2, 2019. We recorded a loss on the sale of Lids Sports Group of \$98.3 million, net of tax, on the sale of these assets, representing the sales price less the value of the Lids Sports Group assets sold and other miscellaneous charges, including divestiture transaction costs, offset by a tax benefit

on the loss. As a result of the sale, we met the requirements to report the results of Lids Sports Group as discontinued operations, and reflected the loss in loss from discontinued operations, net in our Consolidated Statements of Operations. The costs of the Lids Sports Group headquarters building, which was not included in the sale, was reclassified to corporate and other. During the fourth quarter of Fiscal 2020, we completed the sale of the Lids Sports Group headquarters building for a total of \$17.7 million which included a gain on the sale of \$0.6 million reported in asset impairments and other, net on our Consolidated Statements of Operations for the year ended February 1, 2020. Unless otherwise noted, the discussion herein relates to continuing operations. See additional information regarding the sale of Lids Sports Group in Item 8, Note 16, "Discontinued Operations", to our Consolidated Financial Statements included in this Annual Report on Form 10-K.

#### *Asset Impairment and Other Charges*

We recorded a pretax charge to earnings of \$13.4 million in Fiscal 2020, including \$11.5 million pension settlement expense and \$3.1 million for retail store asset impairments, partially offset by a \$(0.6) million gain on the sale of the Lids Sports Group headquarters building, a \$(0.4) million gain for lease terminations and a \$(0.2) million gain related to Hurricane Maria.

#### *Postretirement Benefit Liability*

In March 2019, our board of directors authorized the termination of the defined benefit pension plan. The termination was completed in January 2020 with a pension settlement charge of \$11.5 million which is included in asset impairments and other, net on the Consolidated Statements of Operations for Fiscal 2020.

#### **Comparable Sales**

For purposes of this report, "comparable sales" are sales from stores open longer than one year, beginning with the first day it has comparable sales (which we refer to in this report as "same store sales"), and sales from websites operated longer than one year and direct mail catalog sales (which we refer to in this report as "comparable direct sales"). Temporarily closed stores are excluded from the comparable sales calculation if closed for more than seven days. Expanded stores are excluded from the comparable sales calculation until the first day it has comparable prior year sales. Current year foreign exchange rates are applied to both current year and prior year comparable sales to achieve a consistent basis for comparison.

#### **Results of Operations—Fiscal 2020 Compared to Fiscal 2019**

Our net sales for Fiscal 2020 increased 0.4% to \$2.20 billion from \$2.19 billion in Fiscal 2019. The increase in net sales was a result of increased sales in Journeys Group, partially offset by decreased sales in Schuh Group, Johnston & Murphy Group and Licensed Brands. Comparable sales increased 3%, with stores up 1% and direct up 18%. Gross margin increased 1.5% to \$1.063 billion in Fiscal 2020 from \$1.047 billion in Fiscal 2019, and increased as a percentage of net sales from 47.8% in Fiscal 2019 to 48.4% in Fiscal 2020, primarily reflecting increased gross margin as a percentage of net sales in all of our business segments. Selling and administrative expenses in Fiscal 2020 increased 0.5% from Fiscal 2019, but were flat as a percentage of net sales at 44.0%, primarily reflecting decreased expenses in Journeys Group and Schuh Group, partially offset by increased expenses in Johnston & Murphy Group and Licensed Brands, while Corporate was flat. Explanations of the changes in results of operations are provided by business segment in discussions following these introductory paragraphs.

Earnings from continuing operations before income taxes ("pretax earnings") for Fiscal 2020 were \$82.4 million, compared to \$78.3 million for Fiscal 2019. Pretax earnings for Fiscal 2020 included an asset impairment and other charge of \$13.4 million for pension settlement expense and retail store asset impairments, partially offset by a gain on the sale of the Lids Sports Group headquarters building, a gain on lease terminations and a gain related to Hurricane Maria. Pretax earnings for Fiscal 2019 included an asset impairment and other charge of \$3.2 million for retail store asset impairments, other legal matters and hurricane losses, partially offset by a gain from Hurricane Maria. In addition, pretax earnings included a \$0.6 million charge for loss on early retirement of debt.

Net earnings for Fiscal 2020 were \$61.4 million (\$3.92 diluted earnings per share) compared to a net loss of \$(51.9) million (\$2.66 diluted loss per share) for Fiscal 2019. Net earnings for Fiscal 2020 included a pretax charge of \$0.4 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by us. The net loss for Fiscal 2019 included a net loss from discontinued operations of \$103.2 million (\$5.29 diluted loss per share). Included in Fiscal 2019 discontinued operations was a \$126.3 million pretax loss on the sale of Lids Sports Group as well as a pretax charge of \$0.7 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by us. The effective income tax rate was 25.1% for Fiscal 2020 compared to 34.5% for Fiscal 2019. The effective tax rate for Fiscal 2020 was lower compared to Fiscal 2019 due to the benefit of additional income taxed at lower jurisdictional statutory tax rates, partially offset by a reduction in U.S. federal tax credits. See Item 8, Note 10, "Income Taxes", to our Consolidated Financial Statements included in this Annual Report on Form 10-K for additional information.

### Journeys Group

	Fiscal Year Ended		% Change
	2020	2019	
	(dollars in thousands)		
Net sales	\$ 1,460,253	\$ 1,419,993	2.8%
Operating income	\$ 114,945	\$ 100,799	14.0%
Operating margin	7.9%	7.1%	

Net sales from Journeys Group increased 2.8% to \$1.46 billion for Fiscal 2020 compared to \$1.42 billion for Fiscal 2019. The increase reflected a 4% increase in comparable sales partially offset by a 3% decrease in average Journeys stores operated (i.e. the sum of the number of stores open on the first day of the fiscal year and the last day of each fiscal month during the year divided by thirteen) for Fiscal 2020. The comparable sales increase reflected a 5% increase in footwear unit comparable sales, while the average price per pair of shoes was flat. The store count for Journeys Group was 1,171 stores at the end of Fiscal 2020, including 233 Journeys Kidz stores, 46 Journeys stores in Canada and 39 Little Burgundy stores in Canada, compared to 1,193 stores at the end of Fiscal 2019, including 239 Journeys Kidz stores, 46 Journeys stores in Canada and 41 Little Burgundy stores in Canada.

Journeys Group operating income for Fiscal 2020 increased 14.0% to \$114.9 million, compared to \$100.8 million for Fiscal 2019. The increase in operating income was primarily due to (i) increased net sales, (ii) increased gross margin as a percentage of sales, reflecting decreased markdowns and (iii) decreased expenses as a percentage of net sales reflecting decreased rent and bonus expenses, partially offset by increased professional fees and marketing expense.

### Schuh Group

	Fiscal Year Ended		% Change
	2020	2019	
	(dollars in thousands)		
Net sales	\$ 373,930	\$ 382,591	(2.3)%
Operating income	\$ 4,659	\$ 3,765	23.7%
Operating margin	1.2%	1.0%	

Net sales from the Schuh Group decreased 2.3% to \$373.9 million for Fiscal 2020, compared to \$382.6 million for Fiscal 2019. The sales decrease reflects primarily a decrease of \$12.8 million in sales due to changes in foreign exchange rates and a 2% decrease in average stores operated, partially offset by a 2% increase in comparable sales. Schuh Group operated 129 stores at the end of Fiscal 2020 compared to 136 at the end of Fiscal 2019.

Schuh Group operating income increased 23.7% to \$4.7 million in Fiscal 2020 compared to \$3.8 million for Fiscal 2019. The increase in earnings this year reflects (i) increased gross margin as a percentage of net sales due primarily to better margins on sale priced products and (ii) decreased expenses as a percentage of net sales primarily due to decreased rent and depreciation expenses, partially offset by increased marketing and compensation expenses. In addition, Schuh Group's operating income was not materially impacted for Fiscal 2020 due to changes in foreign exchange rates.

### Johnston & Murphy Group

	Fiscal Year Ended		% Change
	2020	2019	
	(dollars in thousands)		
Net sales	\$ 300,850	\$ 313,134	(3.9)%
Operating income	\$ 17,702	\$ 20,385	(13.2)%
Operating margin	5.9%	6.5%	

Johnston & Murphy Group net sales decreased 3.9% to \$300.9 million for Fiscal 2020 from \$313.1 million for Fiscal 2019. The decrease reflected primarily a 2% decrease in comparable sales and a 1% decrease in average stores operated for Johnston & Murphy retail operations and a 10% decrease in Johnston & Murphy wholesale sales. Unit sales for the Johnston

& Murphy wholesale business decreased 9% in Fiscal 2020 and the average price per pair of shoes decreased 1% for the same period. Retail operations accounted for 75.8% of the Johnston & Murphy Group's sales in Fiscal 2020, up from 74.2% in Fiscal 2019. The comparable sales decrease reflected a 3% decrease in the average price per pair of shoes, while footwear unit comparable sales were flat. The store count for Johnston & Murphy retail operations at the end of Fiscal 2020 included 180 Johnston & Murphy shops and factory stores, including eight stores in Canada, compared to 183 Johnston & Murphy shops and factory stores, including eight stores in Canada, at the end of Fiscal 2019.

Johnston & Murphy operating income for Fiscal 2020 decreased 13.2% to \$17.7 million from \$20.4 million for Fiscal 2019, primarily due to (i) decreased net sales and (ii) increased expenses as a percentage of net sales primarily due to increased marketing expense, selling salaries and rent expense, partially offset by decreased bonus expense.

#### Licensed Brands

	Fiscal Year Ended		% Change
	2020	2019	
	(dollars in thousands)		
Net sales	\$ 61,859	\$ 72,564	(14.8)%
Operating loss	\$ (698)	\$ (488)	(43.0)%
Operating margin	(1.1)%	(0.7)%	

Licensed Brands' net sales decreased 14.8% to \$61.9 million for Fiscal 2020 from \$72.6 million for Fiscal 2019. The sales decrease primarily reflects decreased sales of Dockers Footwear. Unit sales for Dockers Footwear decreased 13% for Fiscal 2020 and the average price per pair of shoes decreased 4% for the same period.

Licensed Brands' operating loss increased from \$(0.5) million for Fiscal 2019 to \$(0.7) million for Fiscal 2020, primarily due to (i) decreased net sales and (ii) increased expenses as a percentage of net sales primarily due to increased compensation expense, shipping and warehouse, freight and marketing expense, partially offset by decreased bonus and royalty expenses.

#### Corporate, Interest Expenses and Other Charges

Corporate and other expense for Fiscal 2020 was \$53.3 million compared to \$42.6 million for Fiscal 2019. Corporate expense in Fiscal 2020 included a \$13.4 million charge in asset impairment and other charges, primarily for pension settlement expense and retail store asset impairments, partially offset by a gain on the sale of the Lids Sports Group headquarters building, a gain on lease terminations and a gain related to Hurricane Maria. Fiscal 2019 included a \$3.2 million charge in asset impairment and other charges, primarily for retail store asset impairments, other legal matters and hurricane losses, partially offset by a gain from Hurricane Maria. Excluding the charges listed above, corporate and other expense increased slightly primarily due to increased professional fees partially offset by decreased expenses associated with the former Lids Sports Group headquarters building.

Net interest expense decreased 61.7% from \$3.3 million in Fiscal 2019 to \$1.3 million in Fiscal 2020 primarily due to increased interest income. Interest income increased \$1.3 million due to the increase in average short-term investments.

#### Liquidity and Capital Resources

The following table sets forth certain financial data at the dates indicated and includes all operations of the Company.

	Feb. 1, 2020	Feb. 2, 2019	Feb. 3, 2018
	(dollars in millions)		
Cash and cash equivalents	\$ 81.4	\$ 167.4	\$ 39.9
Working capital <sup>(1)</sup>	\$ 146.2	\$ 454.8	\$ 438.0
Long-term debt (includes current maturities)	\$ 14.4	\$ 65.7	\$ 88.4

<sup>(1)</sup> Working capital as of February 1, 2020 was impacted by the adoption of ASC 842 which requires the current portion of operating lease liabilities to be on the face of the Consolidated Balance Sheets. At February 1, 2020, current portion of operating lease liabilities was \$142.7 million.

*Working Capital*

Our business is seasonal, with our investment in inventory and accounts receivable normally reaching peaks in the spring and fall of each year. Historically, cash flow from operations has been generated principally in the fourth quarter of each fiscal year.

Cash flow changes: (Includes discontinued operations in Fiscal 2019)

(dollars in millions)	Fiscal Year Ended		
	February 1, 2020	February 2, 2019	Increase (Decrease)
Net cash provided by operating activities	\$ 117.2	\$ 237.1	\$ (119.9)
Net cash provided by (used in) investing activities	53.3	(56.5)	109.8
Net cash used in financing activities	(256.5)	(52.8)	(203.7)
Effect of foreign exchange rate fluctuations on cash	0.1	(0.4)	0.5
Increase (decrease) in cash and cash equivalents	\$ (85.9)	\$ 127.4	\$ (213.3)

Reasons for the major variances in cash provided by (used in) the table above are as follows:

Cash provided by operating activities was \$119.9 million lower for Fiscal 2020 compared to Fiscal 2019, primarily reflecting the following factors:

- A \$126.2 million decrease in cash flow from the loss on sale of business in the prior year;
- A \$53.4 million decrease in cash flow from changes in accounts payable reflecting changes in buying patterns and vendor mix and the impact of an increase in accounts payable in discontinued operations in the prior year;
- A \$41.5 million decrease in cash flow from changes in other accrued liabilities reflecting increased bonus payments and increased tax payments related to discontinued operations; and
- A \$27.4 million decrease in cash flow from changes in depreciation and amortization primarily related to discontinued operations; partially offset by
- A \$113.3 million increase in net earnings; and
- A \$25.3 million increase in cash flow from changes in prepaids and other current assets reflecting decreases in prepaid income taxes when compared to the prior year.

Cash provided by investing activities was \$109.8 million higher for Fiscal 2020 primarily reflecting proceeds from the sale of Lids Sports Group and the sale of the Lids headquarters building and decreased capital expenditures, partially offset by the acquisition of Togast.

Cash used in financing activities was \$203.7 million higher in Fiscal 2020 reflecting primarily increased share repurchases compared to Fiscal 2019.

*Sources of Liquidity*

We have three principal sources of liquidity: cash flow from operations, cash and cash equivalents on hand and our credit facilities discussed in Item 8, Note 7, "Long-Term Debt", to our Consolidated Financial Statements included in this Annual Report on Form 10-K. We believe that cash and cash equivalents on hand, cash flow from operations and availability under our credit facilities will be sufficient to cover our working capital, capital expenditures and stock repurchases, if any, for the foreseeable future.

On March 19, 2020, we borrowed \$150.0 million under our Credit Facility and we have subsequently borrowed another \$34.3 million. We did this as a precautionary measure to ensure funds are available to meet our obligations for a substantial period of time. This borrowing was in response to the COVID-19 outbreak that caused public health officials to recommend precautions that would mitigate the spread of the virus, including warning against congregating in heavily populated areas such as malls and shopping centers, and led to the temporary closure of our North American stores on March 18, 2020. We intend to hold the proceeds from the Credit Facility borrowings on our Consolidated Balance Sheets and, in accordance with the terms of the Credit Facility, may use the proceeds in the future for working capital, general corporate or other purposes as permitted by the Credit Agreement. In addition, on March 23, 2020, we closed our stores in the United Kingdom and Ireland and on March 26, 2020, we closed our UK e-commerce operations. As of March 24, 2020, we have borrowed

£19.0 million on our U.K. A&R Agreement. See Item 8, Note 18, "Subsequent Events", to our Consolidated Financial Statements included in this Annual Report on 10-K for additional information pertaining to the U.K. A&R Agreement.

#### Off-Balance Sheet Arrangements

None.

#### Contractual Obligations

The following tables set forth aggregate contractual obligations and commitments as of February 1, 2020.

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Long-Term Debt Obligations	\$ 14,393	\$ —	\$ 14,393	\$ —	\$ —
Operating Lease Obligations	926,396	180,314	322,624	231,212	192,246
Purchase Obligations <sup>(1)</sup>	521,048	521,048	—	—	—
Other Long-Term Liabilities	881	172	343	342	24
<b>Total Contractual Obligations<sup>(2)</sup></b>	<b>\$ 1,462,718</b>	<b>\$ 701,534</b>	<b>\$ 337,360</b>	<b>\$ 231,554</b>	<b>\$ 192,270</b>

Commercial Commitments	Amount of Commitment Expiration Per Period				
	Total Amounts Committed	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Letters of Credit	\$ 9,324	\$ 9,324	\$ —	\$ —	\$ —
<b>Total Commercial Commitments</b>	<b>\$ 9,324</b>	<b>\$ 9,324</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

(1) Represents open purchase orders for inventory.

(2) Excludes unrecognized tax benefits of \$0.2 million due to their uncertain nature in timing of payments, if any.

The total accrued benefit liability for other postretirement benefit plans as of February 1, 2020, was \$7.0 million. This amount is impacted by, among other items, plan amendments and changes in plan demographics and assumptions. Because the accrued liability does not represent expected liquidity needs, we did not include this amount in the contractual obligations table. See Note 11 to our Consolidated Financial Statements included in Item 8, "Financial Statements and Supplementary Data" for additional information related to other postretirement benefit plans.

#### Capital Expenditures

Capital expenditures were \$29.8 million, \$57.2 million and \$127.9 million for Fiscal 2020, 2019 and 2018, respectively. The \$27.4 million decrease in Fiscal 2020 capital expenditures as compared to Fiscal 2019 is primarily due to decreased new store openings in Fiscal 2020 as well as decreased capital expenditures as a result of discontinued operations. The \$70.7 million decrease in Fiscal 2019 capital expenditures as compared to Fiscal 2018 is primarily due to decreases of capital expenditures in Journeys Group and Schuh Group as well as discontinued operations.

As a result of the outbreak of the COVID-19 pandemic, we expect total capital expenditures for Fiscal 2021 to be reduced.

#### Future Capital Needs

As we manage through the impacts of the COVID-19 pandemic in Fiscal 2021, we have access to our existing cash, as well as our available credit facilities to meet short-term liquidity needs. We believe that cash on hand, cash provided by operations and borrowings under our Credit Facility and the U.K. A&R Agreement will be sufficient to support our near-term liquidity. Extended temporary store and e-commerce closures may require access to additional credit.

We had total available cash and cash equivalents of \$81.4 million and \$167.4 million as of February 1, 2020 and February 2, 2019, respectively, of which approximately \$8.9 million and \$20.8 million was held by our foreign subsidiaries as of February 1, 2020 and February 2, 2019, respectively. Our strategic plan does not require the repatriation of foreign cash in order to fund our operations in the U.S., and it is our current intention to indefinitely reinvest our foreign cash and cash equivalents outside of the U.S. If we were to repatriate foreign cash to the U.S., we would be required to accrue and pay U.S. taxes in accordance with applicable U.S. tax rules and regulations as a result of the repatriation. Cash and cash

equivalents included \$59.6 million and \$127.2 million of cash equivalents at February 1, 2020 and February 2, 2019, respectively. Cash equivalents are primarily institutional money market funds. Our \$59.6 million of cash equivalents was invested in institutional money market funds which invest exclusively in highly rated, short-term securities that are issued, guaranteed or collateralized by the U.S. government or by U.S. government agencies and instrumentalities.

#### *Common Stock Repurchases*

We repurchased 4,570,015 shares at a cost of \$189.4 million during Fiscal 2020 as part of three authorizations totaling \$325.0 million approved by the Board of Directors. We have \$89.7 million remaining as of February 1, 2020 under our current \$100.0 million share repurchase authorization. We repurchased 968,375 shares at a cost of \$45.9 million during Fiscal 2019. We repurchased 275,300 shares at a cost of \$16.2 million during Fiscal 2018.

#### **Environmental and Other Contingencies**

We are subject to certain loss contingencies related to environmental proceedings and other legal matters, including those disclosed in Item 8, Note 14, "Legal Proceedings and Other Matters", to our Consolidated Financial Statements included in this Annual Report on Form 10-K.

#### **Financial Market Risk**

The following discusses our exposure to financial market risk.

**Outstanding Debt** – We have \$14.4 million of outstanding U.S. revolver borrowings at a weighted average interest rate of 2.13% as of February 1, 2020. A 100 basis point increase in interest rates would increase annual interest expense by \$0.1 million on the \$14.4 million revolver borrowings. On March 19, 2020, we borrowed \$150.0 million under our Credit Facility as a precautionary measure to ensure funds are available to meet our obligations for a substantial period of time in response to the COVID-19 outbreak. Subsequently, we have borrowed an additional \$34.3 million under our Credit Facility. In addition, as of March 24, 2020, we have borrowed £19.0 million on our U.K. A&R Agreement.

**Cash and Cash Equivalents** – Our cash and cash equivalent balances are invested primarily in institutional money market funds. We did not have significant exposure to changing interest rates on invested cash at February 1, 2020. As a result, we consider the interest rate market risk implicit in these investments at February 1, 2020 to be low.

**Summary** – Based on our overall market interest rate exposure at February 1, 2020, we believe that the effect, if any, of reasonably possible near-term changes in interest rates on our consolidated financial position, results of operations or cash flows for Fiscal 2020 would not be material.

**Accounts Receivable** – Our accounts receivable balance at February 1, 2020 is concentrated in our wholesale businesses, which sell primarily to department stores and independent retailers across the United States. In the wholesale businesses, one customer accounted for 26%, three customers each accounted for 9% and one customer accounted for 6% of our total trade receivables balance, while no other customer accounted for more than 5% of our total trade receivables balance as of February 1, 2020. We monitor the credit quality of our customers and establish an allowance for doubtful accounts based upon factors surrounding credit risk of specific customers, historical trends and other information, as well as customer specific factors; however, credit risk is affected by conditions or occurrences within the economy and the retail industry, as well as company-specific information.

**Foreign Currency Exchange Risk** – We are exposed to translation risk because certain of our foreign operations utilize the local currency as their functional currency and those financial results must be translated into United States dollars. As currency exchange rates fluctuate, translation of our financial statements of foreign businesses into United States dollars affects the comparability of financial results between years. Schuh Group's net sales and operating income for Fiscal 2020 were negatively impacted by \$12.8 million and positively impacted by \$0.3 million, respectively, due to the change in foreign exchange rates.

#### **New Accounting Principles**

Descriptions of recently issued accounting pronouncements, if any, and the accounting pronouncements adopted by us during Fiscal 2020 are included in Note 2 to the Consolidated Financial Statements included in Item 8, "Financial Statements and Supplementary Data".

#### **Inflation**

We do not believe inflation has had a material impact on sales or operating results during periods covered in this discussion.

### **Critical Accounting Estimates**

As a result of the economic and business impact of COVID-19, we may be required to revise certain accounting estimates and judgments such as, but not limited to, those related to the valuation of goodwill, long-lived assets and deferred tax assets, which could have a material adverse effect on our financial position and results of operations.

#### *Inventory Valuation*

In our footwear wholesale operations and our Schuh Group segment, cost for inventory that we own is determined using the first-in, first-out ("FIFO") method. Net realizable value is determined using a system of analysis which evaluates inventory at the stock number level based on factors such as inventory turn, average selling price, inventory level, and selling prices reflected in future orders for footwear wholesale. We provide a valuation allowance when the inventory has not been marked down to net realizable value based on current selling prices or when the inventory is not turning and is not expected to turn at satisfactory levels.

In our retail operations, other than the Schuh Group segment, we employ the retail inventory method, applying average cost-to-retail ratios to the retail value of inventories. Under the retail inventory method, valuing inventory at the lower of cost or market is achieved as markdowns are taken or accrued as a reduction of the retail value of inventories.

Inherent in the retail inventory method are subjective judgments and estimates, including merchandise mark-on, markups, markdowns and shrinkage. These judgments and estimates, coupled with the fact that the retail inventory method is an averaging process, could produce a range of cost figures. To reduce the risk of inaccuracy and to ensure consistent presentation, we employ the retail inventory method in multiple subclasses of inventory with similar gross margins, and analyze markdown requirements at the stock number level based on factors such as inventory turn, average selling price and inventory age. In addition, we accrue markdowns as necessary. These additional markdown accruals reflect all of the above factors as well as current agreements to return products to vendors and vendor agreements to provide markdown support. In addition to markdown allowances, we maintain reserves for shrinkage and damaged goods based on historical rates.

Inherent in the analysis of both wholesale and retail inventory valuation are subjective judgments about current market conditions, fashion trends and overall economic conditions. Failure to make appropriate conclusions regarding these factors may result in an overstatement or understatement of inventory value. A change of 10% from the recorded amounts for markdowns, shrinkage and damaged goods would have changed inventory by \$0.7 million at February 1, 2020.

#### *Impairment of Long-Lived Assets*

We periodically assess the realizability of our long-lived assets, other than goodwill, and evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Asset impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. Inherent in the analysis of impairment are subjective judgments about future cash flows. Failure to make appropriate conclusions regarding these judgments may result in an overstatement or understatement of the value of long-lived assets.

We annually assess our goodwill and indefinite lived trade names for impairment and on an interim basis if indicators of impairment are present. Our annual assessment date of goodwill and indefinite lived trade names is the first day of the fourth quarter.

In accordance with ASC 350, we have the option first to assess qualitative factors to determine whether events and circumstances indicate that it is more likely than not that goodwill is impaired. If, after such assessment, we conclude that the asset is not impaired, no further action is required. However, if we conclude otherwise, we are required to determine the fair value of the asset using a quantitative impairment test. The quantitative impairment test for goodwill compares the fair value of each reporting unit with the carrying value of the reporting unit with which the goodwill is associated. If the fair value of the reporting unit is less than the carrying value of the reporting unit, an impairment charge would be recorded for the amount, if any, in which the carrying value exceeds the reporting unit's fair value. We estimate fair value using the best information available, and compute the fair value derived by a combination of the market and income approach. The market approach is based on observed market data of comparable companies to determine fair value. The income approach utilizes a projection of a reporting unit's estimated operating results and cash flows that are discounted using a weighted-average cost of capital that reflects current market conditions. A key assumption in our fair value estimate is the weighted average cost of capital utilized for discounting our cash flow projections in our income approach. The projection uses our best estimates of economic and market conditions over the projected period including growth rates in sales, costs, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, future estimates of capital expenditures and changes in future working capital requirements. For additional information regarding impairment of long-lived assets, see Item 8, Note 3, "Goodwill and Other Intangible

Assets" and Note 4,"Asset Impairments and Other Charges" to our Consolidated Financial Statements included in this Annual Report on Form 10-K.

#### *Revenue Recognition*

In accordance with ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASC 606"), revenue shall be recognized upon satisfaction of all contractual performance obligations and transfer of control to the customer. Revenue is measured as the amount of consideration we expect to be entitled to in exchange for corresponding goods. The majority of our sales are single performance obligation arrangements for retail sale transactions for which the transaction price is equivalent to the stated price of the product, net of any stated discounts applicable at a point in time. Each sales transaction results in an implicit contract with the customer to deliver a product at the point of sale. Revenue from retail sales is recognized at the point of sale, is net of estimated returns, and excludes sales and value added taxes. Revenue from catalog and internet sales is recognized at estimated time of delivery to the customer, is net of estimated returns, and excludes sales and value added taxes. Wholesale revenue is recorded net of estimated returns and allowances for markdowns, damages and miscellaneous claims when the related goods have been shipped and legal title has passed to the customer. Actual amounts of markdowns have not differed materially from estimates. Shipping and handling costs charged to customers are included in net sales. We elected the practical expedient within ASC 606 related to taxes that are assessed by a governmental authority, which allows for the exclusion of sales and value added tax from transaction price.

A provision for estimated returns is provided through a reduction of sales and cost of goods sold in the period that the related sales are recorded. Estimated returns are based on historical returns and claims. Actual returns and claims in any future period may differ from historical experience. Revenue from gift cards is deferred and recognized upon the redemption of the cards. These cards have no expiration date. Income from unredeemed cards is recognized in our Consolidated Statements of Operations within net sales in proportion to the pattern of rights exercised by the customer in future periods. We perform an evaluation of historical redemption patterns from the date of original issuance to estimate future period redemption activity.

#### *Income Taxes*

As part of the process of preparing our Consolidated Financial Statements, we are required to estimate our income taxes in each of the tax jurisdictions in which we operate. This process involves estimating actual current tax obligations together with assessing temporary differences resulting from differing treatment of certain items for tax and accounting purposes, such as depreciation of property and equipment and valuation of inventories. These temporary differences result in deferred tax assets and liabilities, which are included within our Consolidated Balance Sheets. We then assess the likelihood that our deferred tax assets will be recovered from future taxable income. Actual results could differ from this assessment if adequate taxable income is not generated in future periods. To the extent we believe that recovery of an asset is at risk, valuation allowances are established. To the extent valuation allowances are established or increased in a period, we include an expense within the tax provision in our Consolidated Statements of Operations. These deferred tax valuation allowances may be released in future years when we consider that it is more likely than not that some portion or all of the deferred tax assets will be realized. In making such a determination, we will need to periodically evaluate whether or not all available evidence, such as future taxable income and reversal of temporary differences, tax planning strategies, and recent results of operations, provides sufficient positive evidence to offset any other potential negative evidence that may exist at such time. In the event the deferred tax valuation allowance is released, we would record an income tax benefit for a portion or all of the deferred tax valuation allowance released. At February 1, 2020, we had a deferred tax valuation allowance of \$23.3 million.

Income tax reserves for uncertain tax positions are determined using the methodology required by the Income Tax Topic of the Accounting Standards Codification ("Codification"). This methodology requires companies to assess each income tax position taken using a two step process. A determination is first made as to whether it is more likely than not that the position will be sustained, based upon the technical merits, upon examination by the taxing authorities. If the tax position is expected to meet the more likely than not criteria, the benefit recorded for the tax position equals the largest amount that is greater than 50% likely to be realized upon ultimate settlement of the respective tax position. Uncertain tax positions require determinations and estimated liabilities to be made based on provisions of the tax law which may be subject to change or varying interpretation. If our determinations and estimates prove to be inaccurate, the resulting adjustments could be material to our future financial results. See Item 8, Note 10, "Income Taxes", to our Consolidated Financial Statements included in this Annual Report on Form 10-K for additional information related to income taxes.

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### *Leases*

We recognize lease assets and corresponding lease liabilities for all operating leases on the Consolidated Balance Sheets as described under ASU No. 2016-02, "Leases (Topic 842)." We evaluate renewal options and break options at lease inception and on an ongoing basis, and include renewal options and break options that we are reasonably certain to exercise in our expected lease terms for calculations of the right-of-use assets and liabilities. Approximately 2% of our leases contain renewal options. To determine the present value of lease payments not yet paid, we estimate incremental borrowing rates corresponding to the reasonably certain lease term. As most of our leases do not provide a determinable implicit rate, we estimate our collateralized incremental borrowing rate based upon a synthetic credit rating and yield curve analysis at the lease commencement or modification date in determining the present value of lease payments. For lease payments in foreign currencies, the incremental borrowing rate is adjusted to be reflective of the risk associated with the respective currency. See Item 8, Note 8, "Leases", to our Consolidated Financial Statements included in this Annual Report on Form 10-K for additional information related to leases.

### **ITEM 7A, QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We incorporate by reference the information regarding market risk appearing under the heading "Financial Market Risk" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

### **ITEM 8, FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

#### INDEX TO FINANCIAL STATEMENTS

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## Report of Independent Registered Public Accounting Firm

### To the Shareholders and the Board of Directors of Genesco Inc.

#### Opinion on Internal Control over Financial Reporting

We have audited Genesco Inc. and Subsidiaries' internal control over financial reporting as of February 1, 2020, 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, Genesco Inc. and Subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of February 1, 2020, 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 Genesco Inc. and Subsidiaries as of February 1, 2020 and February 2, 2019, and the related consolidated statements of operations, comprehensive income, cash flows, and equity for each of the three fiscal years in the period ended February 1, 2020, and the related notes and financial statement schedule listed in the Index at Item 15, and our report dated April 1, 2020 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  
Nashville, Tennessee  
April 1, 2020

## Report of Independent Registered Public Accounting Firm

### To the Shareholders and the Board of Directors of Genesco Inc.

#### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Genesco Inc. (the Company) as of February 1, 2020 and February 2, 2019, the related consolidated statements of operations, comprehensive income, cash flows and equity for each of the three fiscal years in the period ended February 1, 2020, and the related notes and financial statement schedule listed in the Index at Item 15 (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 February 1, 2020 and February 2, 2019, and the results of its operations and its cash flows for each of the three fiscal years in the period ended February 1, 2020, 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 February 1, 2020, 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 April 1, 2020 expressed an unqualified opinion thereon.

#### Adoption of New Accounting Standards

As discussed in Notes 1, 2 and 8 to the consolidated financial statements, the Company changed its method of accounting for leases in fiscal 2020 due to the adoption of Accounting Standard Update ("ASU") 2016-02, "Leases (Topic 842)". See below for discussion of our related critical audit matter.

#### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated 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 consolidated 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 consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated 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.

### **Valuation of Schuh Goodwill**

*Description of the Matter*

At February 1, 2020, the Company had \$84.1 million in goodwill associated with the Schuh reporting unit. As discussed in Notes 1 and 3 to the consolidated financial statements, goodwill at the reporting unit level is qualitatively or quantitatively tested for impairment at least annually, at the beginning of the Company's fourth fiscal quarter, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The quantitative evaluation of goodwill impairment involves the comparison of the fair value of the reporting unit to the carrying value of the reporting unit.

Auditing management's annual goodwill impairment analysis was complex and judgmental due to the significant estimation required by management in determining the fair value of the Schuh reporting unit. In particular, the fair value estimates under the income approach are sensitive to significant assumptions required to develop prospective financial information related to growth rates in sales, costs, estimates of future expected changes in operating margins, capital expenditures and working capital requirements. Other significant assumptions relate to estimating the weighted average cost of capital utilized for discounting cash flow estimates and terminal period growth rates. These significant assumptions are affected by expectations about future market or economic conditions. Management also uses a market approach that considers valuations of comparable companies as an input in the determination of the value of the reporting unit.

*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 Schuh goodwill impairment review process, including controls over management's review of the significant assumptions described above. For example, we tested controls over management's identification of the Schuh reporting unit and management's review of the significant assumptions utilized within the fair value model, including the development of the prospective financial information and determination of the weighted average cost of capital and terminal period growth rates.

To test the estimated fair value of the Schuh reporting unit, we performed audit procedures that included, among others, involvement of our valuation specialists to assess fair value methodologies, including the significant assumptions discussed above. Specifically, we compared significant assumptions used by management to current industry economic trends. As part of this assessment, we also compared the development of the weighted average cost of capital to rates for hypothetical market participants based on the capital structure of the Company and its related peer group. 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 unit that would result from changes in the significant assumptions. We also evaluated the reasonableness of the market comparable companies that management used in its market approach.

### **Adoption ASU 2016-02, "Leases (Topic 842)"**

*Description of the Matter*

As discussed above and in Notes 1, 2 and 8 to the consolidated financial statements, the Company adopted ASU 2016-02, "Leases (Topic 842)", on February 3, 2019, which resulted in the recognition of operating lease right-of-use assets and lease liabilities of \$795.6 million and \$855.3 million, respectively. Since most of the Company's leases do not provide a determinable implicit rate, the Company developed certain significant assumptions to estimate the incremental borrowing rate (IBR), which was used to calculate the operating lease right-of-use assets and lease liabilities upon adoption. The operating lease right-of-use asset is inclusive of the impairments recorded upon adoption for store operating lease right-of-use assets, which totaled \$4.8 million and resulted in a decrease to retained earnings of \$4.2 million, net of tax.

Auditing the Company's adoption of Topic 842 was complex and involved subjective auditor judgment as certain aspects required management to exercise judgment in applying the new standard to its portfolio of lease contracts. In particular, the estimate of the IBR at adoption is sensitive to significant assumptions such as determination of synthetic credit rating, selection of associated benchmark yield curve, and judgmental adjustments to reflect a collateralization and foreign currency adjustments. Further, the fair value of those right-of-use assets that were part of an asset group with an indicator of impairment involved judgment in order to determine the impairment to record upon adoption.

*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 accounting for the adoption of Topic 842. For example, we tested controls over management's review of the IBR and determination of the fair value of right-of-use assets, including the significant assumptions noted above.

To test the Company's adoption of Topic 842, we performed audit procedures that included, among others, involving our valuation specialists to assess management's significant assumptions and methodology for determining the IBR, including the development of a synthetic credit rating, assessing the selection of a benchmark yield curve, and evaluating methodologies used to reflect a secured borrowing. We also assessed management's development of IBR ranges based on varying lease terms, including comparing the Company's IBRs to ranges developed independently by our valuation specialists, as well as performing tests of the IBR application to remaining lease payments, with respect to the initial term of the lease. Further, we involved valuation specialists to assess management's significant assumptions and methodology for determining the fair value of certain right-of-use assets with indicators of impairment, including, among others, the determination of current market rents based on recent observable data.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2001.

Nashville, Tennessee

April 1, 2020

**Genesco Inc.  
and Subsidiaries**  
Consolidated Balance Sheets  
In Thousands, except share amounts

<b>Assets</b>	<b>As of Fiscal Year End</b>	
	<b>February 1, 2020</b>	<b>February 2, 2019</b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 81,418	\$ 167,355
Accounts receivable, net of allowances of \$2,940 at February 1, 2020 and \$2,894 at February 2, 2019	29,195	132,390
Inventories	365,269	366,667
Prepays and other current assets	32,301	64,634
<b>Total current assets</b>	<b>508,183</b>	<b>731,046</b>
Property and equipment:		
Land	7,360	7,953
Buildings and building equipment	63,493	82,621
Computer hardware, software and equipment	140,503	138,147
Furniture and fixtures	128,542	129,625
Construction in progress	9,593	5,920
Improvements to leased property	342,592	341,134
Property and equipment, at cost	692,083	705,400
Accumulated depreciation	(453,763)	(428,025)
Property and equipment, net	238,320	277,375
Deferred income taxes	19,475	21,335
Operating lease right of use asset	735,044	—
Goodwill	122,184	93,081
Trademarks, net of accumulated amortization of zero at both February 1, 2020 and February 2, 2019	31,023	30,904
Other intangibles, net of accumulated amortization of \$1,988 at February 1, 2020 and \$4,680 at February 2, 2019	5,341	943
Other noncurrent assets	20,908	26,397
<b>Total Assets</b>	<b>\$ 1,680,478</b>	<b>\$ 1,181,081</b>

**Genesco Inc.  
and Subsidiaries**  
Consolidated Balance Sheets  
In Thousands, except share amounts

<b>Liabilities and Equity</b>	<b>As of Fiscal Year End</b>	
	<b>February 1, 2020</b>	<b>February 2, 2019</b>
<b>Current Liabilities:</b>		
Accounts payable	\$ 135,784	\$ 158,603
Accrued employee compensation	31,579	43,246
Accrued other taxes	11,583	17,389
Accrued income taxes	190	2,133
Current portion – long-term debt	—	8,992
Current portion - operating lease liability	142,695	—
Other accrued liabilities	39,609	45,313
Provision for discontinued operations	495	553
<b>Total current liabilities</b>	<b>361,935</b>	<b>276,229</b>
Long-term debt	14,393	56,751
Long-term operating lease liability	647,949	—
Other long-term liabilities	35,177	108,704
Provision for discontinued operations	1,681	1,846
<b>Total liabilities</b>	<b>1,061,135</b>	<b>443,530</b>
Commitments and contingent liabilities		
<b>Equity</b>		
Non-redeemable preferred stock	1,009	1,060
Common equity:		
Common stock, \$1 par value:		
Authorized: 80,000,000 shares		
Issued/Outstanding:		
February 1, 2020 – 15,185,670/14,697,206		
February 2, 2019 – 19,591,048/19,102,584	15,186	19,591
Additional paid-in capital	274,101	264,138
Retained earnings	378,572	508,555
Accumulated other comprehensive loss	(31,668)	(37,936)
Treasury shares, at cost (488,464 shares)	(17,857)	(17,857)
<b>Total equity</b>	<b>619,343</b>	<b>737,551</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,680,478</b>	<b>\$ 1,181,081</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**Genesco Inc.  
and Subsidiaries**  
Consolidated Statements of Operations  
In Thousands, except per share amounts

	Fiscal Year		
	2020	2019	2018
Net sales	\$ 2,197,066	\$ 2,188,553	\$ 2,127,547
Cost of sales	1,133,951	1,141,497	1,116,164
Gross margin	1,063,115	1,047,056	1,011,383
Selling and administrative expenses	966,423	962,076	929,238
Asset impairments and other, net	13,374	3,163	7,773
Operating income	83,318	81,817	74,372
Loss on early retirement of debt	—	597	—
Other components of net periodic benefit cost	(395)	(380)	(29)
Interest expense, net:			
Interest expense	3,339	4,115	5,420
Interest income	(2,061)	(774)	(8)
Total interest expense, net	1,278	3,341	5,412
Earnings from continuing operations before income taxes	82,435	78,259	68,989
Income tax expense	20,678	27,035	32,281
Earnings from continuing operations	61,757	51,224	36,708
Loss from discontinued operations, net of tax of \$0.1 million, \$27.5 million and \$22.7 million for Fiscal 2020, 2019 and 2018, respectively	(373)	(103,154)	(148,547)
<b>Net Earnings (Loss)</b>	<b>\$ 61,384</b>	<b>\$ (51,930)</b>	<b>\$ (111,839)</b>
Basic weighted average common shares	15,544	19,351	19,218
Basic earnings (loss) per common share:			
Continuing operations	\$ 3.97	\$ 2.65	\$ 1.91
Discontinued operations	(0.02)	(5.33)	(7.73)
Net earnings (loss)	\$ 3.95	\$ (2.68)	\$ (5.82)
Diluted weighted average common shares	15,671	19,495	19,282
Diluted earnings (loss) per common share:			
Continuing operations	\$ 3.94	\$ 2.63	\$ 1.90
Discontinued operations	(0.02)	(5.29)	(7.70)
Net earnings (loss)	\$ 3.92	\$ (2.66)	\$ (5.80)

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**Genesco Inc.  
and Subsidiaries**  
Consolidated Statements of Comprehensive Income  
In Thousands, except as noted

	Fiscal Year		
	2020	2019	2018
Net earnings (loss)	\$ 61,384	\$ (51,930)	\$ (111,839)
Other comprehensive income (loss):			
Pension liability adjustment net of tax of \$2.1 million, \$0.0 million and \$1.9 million for 2020, 2019 and 2018, respectively	6,035	123	5,189
Postretirement liability adjustment net of tax of \$1.0 million, \$1.6 million and \$0.1 million for 2020, 2019 and 2018, respectively	(2,697)	4,077	(376)
Stranded tax effect from tax reform	—	—	(2,234)
Foreign currency translation adjustments	2,930	(12,944)	19,521
Total other comprehensive income (loss)	6,268	(8,744)	22,100
<b>Comprehensive Income (Loss)</b>	<b>\$ 67,652</b>	<b>\$ (60,674)</b>	<b>\$ (89,739)</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**Genesco Inc.  
and Subsidiaries**  
Consolidated Statements of Cash Flows  
In Thousands

	Fiscal Year		
	2020	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net earnings (loss)	\$ 61,384	\$ (51,930)	\$ (111,839)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	49,574	76,939	78,326
Amortization of deferred note expense and debt discount	404	593	747
Deferred income taxes	660	272	(15,584)
Provision for accounts receivable	133	116	853
Impairment of intangible assets	269	5,736	182,211
Impairment of long-lived assets	2,827	5,823	2,670
Restricted stock expense	10,077	13,437	13,505
Provision for discontinued operations	425	743	552
Loss on sale of business	86	126,321	—
Loss on pension plan termination	11,510	—	—
Other	31	1,751	1,857
Effect on cash from changes in working capital and other assets and liabilities, net of acquisitions/dispositions:			
Accounts receivable	656	6,312	835
Inventories	1,930	2,684	31,606
Prepays and other current assets	16,228	(9,116)	(4,025)
Accounts payable	(10,333)	43,028	(7,337)
Other accrued liabilities	(20,787)	20,713	(22,339)
Other assets and liabilities	(7,904)	(6,279)	12,553
Net cash provided by operating activities	117,170	237,143	164,591
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capital expenditures	(29,767)	(57,230)	(127,853)
Other investing activities	171	1,505	—
Acquisitions, net of cash acquired	(33,524)	—	—
Proceeds from (payments for) sale of businesses	98,677	(1,088)	—
Proceeds from asset sales	17,751	310	252
Net cash provided by (used in) investing activities	53,308	(56,503)	(127,601)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Payments of long-term debt	(9,133)	(1,650)	(9,289)
Borrowings under revolving credit facility	93,328	284,473	515,560
Payments on revolving credit facility	(135,403)	(299,606)	(508,875)
Shares repurchased related to share repurchase plan	(190,384)	(44,935)	(16,163)
Restricted shares withheld for taxes	(2,355)	(2,853)	(1,716)
Change in overdraft balances	(12,557)	15,494	(22,498)
Additions to deferred note cost	(7)	(359)	(1,429)
Other	—	(3,322)	(3,000)
Net cash used in financing activities	(256,511)	(52,758)	(47,410)
Effect of foreign exchange rate fluctuations on cash	96	(464)	2,056
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(85,937)</b>	<b>127,418</b>	<b>(8,364)</b>
Cash and cash equivalents at beginning of year <sup>(1)</sup>	167,355	39,937	48,301
<b>Cash and cash equivalents at end of year<sup>(1)</sup></b>	<b>\$ 81,418</b>	<b>\$ 167,355</b>	<b>\$ 39,937</b>
Supplemental information:			
Interest paid	\$ 3,005	\$ 3,338	\$ 5,350
Income taxes paid	4,899	12,451	37,471
Cash paid for amounts included in measurement of operating lease liabilities	188,247	—	—
Operating leased assets obtained in exchange for new operating lease liabilities	80,078	—	—

<sup>(1)</sup> The cash flows related to discontinued operations in Fiscal 2019 and 2018 have not been segregated, and are included in the Consolidated Statements of Cash Flows.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**Genesco Inc.  
and Subsidiaries**  
Consolidated Statements of Equity  
In Thousands

In Thousands	Non- Redeemable Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Shares	Non Controlling Interest Non- Redeemable	Total Equity
Balance January 28, 2017	\$ 1,060	\$ 20,354	\$ 237,677	\$ 731,111	\$ (51,292)	\$ (17,857)	\$ 1,468	\$ 922,521
Net loss	—	—	—	(111,839)	—	—	—	(111,839)
Other comprehensive income	—	—	—	—	22,100	—	—	22,100
Employee and non-employee restricted stock	—	—	13,505	—	—	—	—	13,505
Restricted stock issuance	—	357	(357)	—	—	—	—	—
Restricted shares withheld for taxes	—	(51)	51	(1,716)	—	—	—	(1,716)
Shares repurchased	—	(275)	—	(15,888)	—	—	—	(16,163)
Stranded tax effect from tax reform	—	—	—	2,234	—	—	—	2,234
Other	(8)	7	1	—	—	—	—	—
Noncontrolling interest – gain	—	—	—	—	—	—	62	62
Balance February 3, 2018	1,052	20,392	250,877	603,902	(29,192)	(17,857)	1,530	830,704
Cumulative adjustment from ASC 606, net of tax	—	—	—	4,413	—	—	—	4,413
Net loss	—	—	—	(51,930)	—	—	—	(51,930)
Other comprehensive loss	—	—	—	—	(8,744)	—	—	(8,744)
Employee and non-employee restricted stock	—	—	13,437	—	—	—	—	13,437
Restricted stock issuance	—	390	(390)	—	—	—	—	—
Restricted shares withheld for taxes	—	(70)	70	(2,853)	—	—	—	(2,853)
Shares repurchased	—	(968)	—	(44,977)	—	—	—	(45,945)
Other	8	(153)	144	—	—	—	—	(1)
Noncontrolling interest – loss	—	—	—	—	—	—	(1,530)	(1,530)
Balance February 2, 2019	1,060	19,591	264,138	508,555	(37,936)	(17,857)	—	737,551
Cumulative adjustment from ASC 842, net of tax	—	—	—	(4,208)	—	—	—	(4,208)
Net earnings	—	—	—	61,384	—	—	—	61,384
Other comprehensive income	—	—	—	—	6,268	—	—	6,268
Employee and non-employee restricted stock	—	—	10,077	—	—	—	—	10,077
Restricted stock issuance	—	285	(285)	—	—	—	—	—
Restricted shares withheld for taxes	—	(56)	56	(2,355)	—	—	—	(2,355)
Shares repurchased	—	(4,570)	—	(184,804)	—	—	—	(189,374)
Other	(51)	(64)	115	—	—	—	—	—
<b>Balance February 1, 2020</b>	<b>\$ 1,009</b>	<b>\$ 15,186</b>	<b>\$ 274,101</b>	<b>\$ 378,572</b>	<b>\$ (31,668)</b>	<b>\$ (17,857)</b>	<b>\$ —</b>	<b>\$ 619,343</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 1****Summary of Significant Accounting Policies*****Nature of Operations***

Genesco Inc. and its subsidiaries (collectively the "Company", "we", "our", or "us") business includes the sourcing and design, marketing and distribution of footwear and accessories through retail stores in the U.S., Puerto Rico and Canada primarily under the Journeys, Journeys Kidz, Little Burgundy and Johnston & Murphy banners and under the Schuh banner in the United Kingdom and the Republic of Ireland; through catalogs and e-commerce websites including the following: journeys.com, journeyskidz.com, journeys.ca, schuh.co.uk, schuh.ie, schuh.eu, johnstonmurphy.com, trask.com and littleburgundyshoes.com and at wholesale, primarily under our Johnston & Murphy brand, the Trask brand, the licensed Dockers brand, the licensed Levi's brand, the licensed Bass brand and other brands that we license for footwear. At February 1, 2020, we operated 1,480 retail stores in the U.S., Puerto Rico, Canada, the United Kingdom and the Republic of Ireland.

Effective January 1, 2020, we completed the acquisition of Togast, which specializes in the the design, sourcing and sale of licensed footwear. We also entered into a new U.S. footwear license agreement with Levi Strauss & Co. for the license of Levi's® footwear for men, women, and children in the U.S. The acquisition expands our portfolio to include footwear licenses for Bass®, ADIO and FUBU, among others. Togast operates in our Licensed Brands segment. On February 2, 2019, we completed the sale of our Lids Sports Group business. As a result, we reported the operating results of this business in loss from discontinued operations, net in our Consolidated Statements of Operations for Fiscal 2019 and 2018. The cash flows related to discontinued operations have not been segregated, and are included in our Consolidated Statements of Cash Flows for Fiscal 2019 and 2018. Unless otherwise noted, discussion within these notes to our consolidated financial statements relates to continuing operations. See Note 16 for additional information related to discontinued operations.

During Fiscal 2020, we operated four reportable business segments (not including corporate): (i) Journeys Group, comprised of the Journeys, Journeys Kidz and Little Burgundy retail footwear chains, e-commerce and catalog operations; (ii) Schuh Group, comprised of the Schuh retail footwear chain and e-commerce operations; (iii) Johnston & Murphy Group, comprised of Johnston & Murphy retail operations, e-commerce operations, catalog, Trask e-commerce operations and wholesale distribution of products under the Johnston & Murphy® and H.S. Trask® brands; and (iv) Licensed Brands, comprised of the licensed Dockers®, Levi's®, and Bass® brands, as well as other brands we license for footwear.

***Principles of Consolidation***

All subsidiaries are consolidated in our Consolidated Financial Statements. All significant intercompany transactions and accounts have been eliminated.

***Fiscal Year***

Our fiscal year ends on the Saturday closest to January 31. As a result, Fiscal 2020 was a 52-week year with 364 days, Fiscal 2019 was a 52-week year with 364 days and Fiscal 2018 was a 53-week year with 371 days. Fiscal 2020 ended on February 1, 2020, Fiscal 2019 ended on February 2, 2019 and Fiscal 2018 ended on February 3, 2018.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Our foreign subsidiaries held cash of approximately \$8.9 million and \$20.8 million as of February 1, 2020 and February 2, 2019, respectively, which is included in cash and cash equivalents on the Consolidated Balance Sheets. Our strategic plan does not require the repatriation of foreign cash in order to fund our operations in the U.S., and it is our current intention to indefinitely reinvest our foreign cash and cash equivalents outside of the U.S. If we were to repatriate foreign cash to the U.S., we would be required to accrue and pay U.S. taxes in accordance with applicable U.S. tax rules and regulations as a result of the repatriation.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 1****Summary of Significant Accounting Policies, Continued**

There were \$59.6 million and \$127.2 million of cash equivalents at February 1, 2020 and February 2, 2019, respectively. Cash equivalents are primarily institutional money market funds. Our \$59.6 million of cash equivalents was invested in institutional money market funds which invest exclusively in highly rated, short-term securities that are issued, guaranteed or collateralized by the U.S. government or by U.S. government agencies and instrumentalities. The majority of payments due from banks for domestic customer credit card transactions process within 24 - 48 hours and are accordingly classified as cash and cash equivalents in our Consolidated Balance Sheets.

At February 1, 2020 and February 2, 2019, outstanding checks drawn on zero-balance accounts at certain domestic banks exceeded book cash balances at those banks by approximately \$17.1 million and \$29.6 million, respectively. These amounts are included in accounts payable in our Consolidated Balance Sheets.

***Concentration of Credit Risk and Allowances on Accounts Receivable***

Our wholesale businesses sell primarily to independent retailers and department stores across the United States. Receivables arising from these sales are not collateralized. Customer credit risk is affected by conditions or occurrences within the economy and the retail industry as well as by customer specific factors. In the wholesale businesses, one customer accounted for 26%, three customers each accounted for 9% and one customer accounted for 6% of our total trade receivables balance, while no other customer accounted for more than 5% of our total trade receivables balance as of February 1, 2020.

We establish an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information, as well as customer specific factors. We also establish allowances for sales returns, customer deductions and co-op advertising based on specific circumstances, historical trends and projected probable outcomes.

***Inventory Valuation***

In our footwear wholesale operations and our Schuh Group segment, cost for inventory that we own is determined using the first-in, first-out ("FIFO") method. Net realizable value is determined using a system of analysis which evaluates inventory at the stock number level based on factors such as inventory turn, average selling price, inventory level, and selling prices reflected in future orders for footwear wholesale. We provide a valuation allowance when the inventory has not been marked down to net realizable value based on current selling prices or when the inventory is not turning and is not expected to turn at satisfactory levels.

In our retail operations, other than the Schuh Group segment, we employ the retail inventory method, applying average cost-to-retail ratios to the retail value of inventories. Under the retail inventory method, valuing inventory at the lower of cost or market is achieved as markdowns are taken or accrued as a reduction of the retail value of inventories.

Inherent in the retail inventory method are subjective judgments and estimates, including merchandise mark-on, markups, markdowns and shrinkage. These judgments and estimates, coupled with the fact that the retail inventory method is an averaging process, could produce a range of cost figures. To reduce the risk of inaccuracy and to ensure consistent presentation, we employ the retail inventory method in multiple subclasses of inventory with similar gross margins, and analyze markdown requirements at the stock number level based on factors such as inventory turn, average selling price and inventory age. In addition, we accrue markdowns as necessary. These additional markdown accruals reflect all of the above factors as well as current agreements to return products to vendors and vendor agreements to provide markdown support. In addition to markdown allowances, we maintain reserves for shrinkage and damaged goods based on historical rates.

Inherent in the analysis of both wholesale and retail inventory valuation are subjective judgments about current market conditions, fashion trends and overall economic conditions. Failure to make appropriate conclusions regarding these factors may result in an overstatement or understatement of inventory value.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 1****Summary of Significant Accounting Policies, Continued*****Property and Equipment***

Property and equipment are recorded at cost and depreciated or amortized over the estimated useful life of related assets. Depreciation and amortization expense are computed principally by the straight-line method over the following estimated useful lives:

Buildings and building equipment	20-45 years
Computer hardware, software and equipment	3-10 years
Furniture and fixtures	10 years

Depreciation expense related to property and equipment was approximately \$49.4 million, \$52.1 million and \$51.5 million for Fiscal 2020, 2019 and 2018, respectively.

***Leases***

We recognize lease assets and corresponding lease liabilities for all operating leases on the Consolidated Balance Sheets as described under ASC 842. We evaluate renewal options and break options at lease inception and on an ongoing basis, and include renewal options and break options that we are reasonably certain to exercise in our expected lease terms for calculations of the right-of-use assets and liabilities. Approximately 2% of our leases contain renewal options. To determine the present value of lease payments not yet paid, we estimate incremental borrowing rates corresponding to the reasonably certain lease term. As most of our leases do not provide a determinable implicit rate, we estimate our collateralized incremental borrowing rate based upon a synthetic credit rating and yield curve analysis at the lease commencement or modification date in determining the present value of lease payments. For lease payments in foreign currencies, the incremental borrowing rate is adjusted to be reflective of the risk associated with the respective currency. Operating lease assets represent our right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment, if any, of operating lease assets. We test right-of-use assets for impairment in the same manner as long-lived assets.

Net lease costs are included within selling and administrative expenses on the Consolidated Statements of Operations.

***Asset Retirement Obligations***

An asset retirement obligation represents a legal obligation associated with the retirement of a tangible long-lived asset that is incurred upon the acquisition, construction, development, or normal operation of that long-lived asset. Our asset retirement obligations are primarily associated with leasehold improvements that we are contractually obligated to remove at the end of a lease to comply with the lease agreement. We recognize asset retirement obligations at the inception of a lease with such conditions if a reasonable estimate of fair value can be made. Asset retirement obligations are recorded in accrued expenses and other accrued liabilities and deferred rent and other long-term liabilities in our Consolidated Balance Sheets and are subsequently adjusted for changes in estimated asset retirement obligations. The associated estimated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over its useful life.

Our Consolidated Balance Sheets include asset retirement obligations related to leases of \$11.1 million and \$10.9 million as of February 1, 2020 and February 2, 2019, respectively.

***Impairment of Long-Lived Assets***

We periodically assess the realizability of our long-lived assets, other than goodwill, and evaluate such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Asset impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. Inherent in the analysis of impairment are subjective judgments about future cash flows. Failure to make appropriate conclusions regarding these judgments may result in an overstatement or understatement of the value of long-lived assets.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 1****Summary of Significant Accounting Policies, Continued**

We annually assess our goodwill and indefinite lived trade names for impairment and on an interim basis if indicators of impairment are present. Our annual assessment date of goodwill and indefinite lived trade names is the first day of the fourth quarter.

In accordance with ASC 350, we have the option first to assess qualitative factors to determine whether events and circumstances indicate that it is more likely than not that goodwill is impaired. If, after such assessment, we conclude that the asset is not impaired, no further action is required. However, if we conclude otherwise, we are required to determine the fair value of the asset using a quantitative impairment test. The quantitative impairment test for goodwill compares the fair value of each reporting unit with the carrying value of the reporting unit with which the goodwill is associated. If the fair value of the reporting unit is less than the carrying value of the reporting unit, an impairment charge would be recorded for the amount, if any, in which the carrying value exceeds the reporting unit's fair value. We estimate fair value using the best information available, and compute the fair value derived by a combination of the market and income approach. The market approach is based on observed market data of comparable companies to determine fair value. The income approach utilizes a projection of a reporting unit's estimated operating results and cash flows that are discounted using a weighted-average cost of capital that reflects current market conditions. A key assumption in our fair value estimate is the weighted average cost of capital utilized for discounting our cash flow projections in our income approach. The projection uses our best estimates of economic and market conditions over the projected period including growth rates in sales, costs, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, future estimates of capital expenditures and changes in future working capital requirements.

***Fair Value***

The Fair Value Measurements and Disclosures Topic of the Codification defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. This Topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

*Level 1* - Quoted prices in active markets for identical assets or liabilities.

*Level 2* - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

***Revenue Recognition***

Revenue is recognized upon satisfaction of all contractual performance obligations and transfer of control to the customer. Revenue is measured as the amount of consideration we expect to be entitled to in exchange for corresponding goods. The majority of our sales are single performance obligation arrangements for retail sale transactions for which the transaction price is equivalent to the stated price of the product, net of any stated discounts applicable at a point in time. Each sales transaction results in an implicit contract with the customer to deliver a product at the point of sale. Revenue from retail sales is recognized at the point of sale, is net of estimated returns, and excludes sales and value added taxes. Revenue from catalog and internet sales is recognized at estimated time of delivery to the customer, is net of estimated returns, and excludes sales and value added taxes. Wholesale revenue is recorded net of estimated returns and allowances for markdowns, damages and miscellaneous claims when the related goods have been shipped and legal title has passed to the customer. Actual

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 1****Summary of Significant Accounting Policies, Continued**

amounts of markdowns have not differed materially from estimates. Shipping and handling costs charged to customers are included in net sales. We exclude sales and value added tax collected on behalf of third parties from transaction price.

A provision for estimated returns is provided through a reduction of sales and cost of goods sold in the period that the related sales are recorded. Estimated returns are based on historical returns and claims. Actual returns and claims in any future period may differ from historical experience. Revenue from gift cards is deferred and recognized upon the redemption of the cards. These cards have no expiration date. Income from unredeemed cards is recognized on the Consolidated Statements of Operations within net sales in proportion to the pattern of rights exercised by the customer in future periods. We perform an evaluation of historical redemption patterns from the date of original issuance to estimate future period redemption activity.

Our Consolidated Balance Sheets include an accrued liability for gift cards of \$5.0 million and \$5.1 million at February 1, 2020 and February 2, 2019, respectively. Gift card breakage recognized as revenue was \$1.0 million, \$0.8 million and \$0.4 million for Fiscal 2020, 2019 and 2018, respectively. During Fiscal 2020, we recognized \$3.7 million of gift card redemptions and gift card breakage revenue that were included in the gift card liability as of February 2, 2019.

***Cost of Sales***

For our retail operations, the cost of sales includes actual product cost, the cost of transportation to our warehouses from suppliers, the cost of transportation from our warehouses to the stores and the cost of transportation from our warehouses to the customer. Additionally, the cost of our distribution facilities allocated to our retail operations is included in cost of sales.

For our wholesale operations, the cost of sales includes the actual product cost and the cost of transportation to the Company's warehouses from suppliers.

***Selling and Administrative Expenses***

Selling and administrative expenses include all operating costs excluding (i) those related to the transportation of products from the supplier to the warehouse, (ii) for our retail operations, those related to the transportation of products from the warehouse to the store and from the warehouse to the customer and (iii) costs of our distribution facilities which are allocated to our retail operations. Wholesale costs of distribution are included in selling and administrative expenses on our Consolidated Statements of Operations in the amounts of \$5.6 million, \$5.6 million and \$5.8 million for Fiscal 2020, 2019 and 2018, respectively.

We record buying, merchandising and occupancy costs in selling and administrative expense. Because we do not include these costs in cost of sales, our gross margin may not be comparable to other retailers that include these costs in the calculation of gross margin. Retail occupancy costs recorded in selling and administrative expense were \$334.4 million, \$334.3 million and \$333.8 million for Fiscal 2020, 2019 and 2018, respectively.

***Shipping and Handling Costs***

Shipping and handling costs related to inventory purchased from suppliers are included in the cost of inventory and are charged to cost of sales in the period that the inventory is sold. All other shipping and handling costs are charged to cost of sales in the period incurred except for wholesale costs of distribution and shipping costs for product shipped from stores, which are included in selling and administrative expenses in our Consolidated Statements of Operations.

***Advertising Costs***

Advertising costs are predominantly expensed as incurred. Advertising costs were \$72.3 million, \$68.3 million and \$68.6 million for Fiscal 2020, 2019 and 2018, respectively.

***Consideration to Resellers***

In our wholesale businesses, we do not have any written buy-down programs with retailers, but we have provided certain retailers with markdown allowances for obsolete and slow moving products that are in the retailer's inventory. We estimate these allowances and provide for them as reductions to revenues at the time revenues are recorded. Markdowns are negotiated

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 1**

**Summary of Significant Accounting Policies, Continued**

with retailers and changes are made to the estimates as agreements are reached. Actual amounts for markdowns have not differed materially from estimates.

***Cooperative Advertising***

Cooperative advertising funds are made available to most of our wholesale footwear customers. In order for retailers to receive reimbursement under such programs, the retailer must meet specified advertising guidelines and provide appropriate documentation of expenses to be reimbursed. Our cooperative advertising agreements require that wholesale customers present documentation or other evidence of specific advertisements or display materials used for our products by submitting

the actual print advertisements presented in catalogs, newspaper inserts or other advertising circulars, or by permitting physical inspection of displays. Additionally, our cooperative advertising agreements require that the amount of reimbursement requested for such advertising or materials be supported by invoices or other evidence of the actual costs incurred by the retailer.

***Vendor Allowances***

From time to time, we negotiate allowances from our vendors for markdowns taken or expected to be taken. These markdowns are typically negotiated on specific merchandise and for specific amounts. These specific allowances are recognized as a reduction in cost of sales in the period in which the markdowns are taken. Markdown allowances not attached to specific inventory on hand or already sold are applied to concurrent or future purchases from each respective vendor.

We receive support from some of our vendors in the form of reimbursements for cooperative advertising and catalog costs for the launch and promotion of certain products. The reimbursements are agreed upon with vendors and represent specific, incremental, identifiable costs incurred by us to sell the vendor's specific products. Such costs and the related reimbursements are accumulated and monitored on an individual vendor basis, pursuant to the respective cooperative advertising agreements with vendors. Such cooperative advertising reimbursements are recorded as a reduction of selling and administrative expenses in the same period in which the associated expense is incurred. If the amount of cash consideration received exceeds the costs being reimbursed, such excess amount would be recorded as a reduction of cost of sales.

Vendor reimbursements of cooperative advertising costs recognized as a reduction of selling and administrative expenses were \$8.0 million, \$7.8 million and \$8.7 million for Fiscal 2020, 2019 and 2018, respectively. During Fiscal 2020, 2019 and 2018, our vendor reimbursements of cooperative advertising received were not in excess of the costs incurred.

***Foreign Currency Translation***

The functional currency of our foreign operations is the applicable local currency. The translation of the applicable foreign currency into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date. Income and expense accounts are translated at monthly average exchange rates. The unearned gains and losses resulting from such translation are included as a separate component of accumulated other comprehensive loss within shareholders' equity. Gains and losses from certain foreign currency transactions were not material for Fiscal 2020, 2019 or 2018.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 2****New Accounting Pronouncements***New Accounting Pronouncements Recently Adopted*

We adopted ASU 2016-02, "Leases (Topic 842)", ("ASC 842"), as of February 3, 2019, using the optional transition method provided by ASU 2018-11, "Leases (Topic 842): Targeted Improvements". The optional transition approach provides a method for recording existing leases at adoption by allowing a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption, as opposed to the modified or full retrospective transition methods that require restating prior comparative periods. Additionally, we elected the "package of practical expedients", which permits us to not reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. We also elected the practical expedient to not separate lease and non-lease components for its store and equipment leases.

Adoption of the new standard resulted in the recording of additional net operating lease right of use assets and operating lease liabilities of \$795.6 million and \$855.3 million, respectively, as of February 3, 2019. The operating lease right of use asset is inclusive of the impairments recorded upon adoption for store operating lease right of use assets, which totaled \$4.8 million and resulted in a decrease to retained earnings of \$4.2 million, net of tax. Right of use assets are recorded based upon the present value of the remaining operating lease payments, discounted using an incremental borrowing rate based on the initial lease term, adjusted for deferred rent, including tenant allowances from landlords. ASC 842 did not materially impact net earnings or liquidity and did not have an impact on covenant compliance under our current debt agreements. Financial results for reporting periods beginning after February 3, 2019 are presented in accordance with ASC 842, while prior periods will continue to be reported in accordance with our historical accounting for leases under ASC 840: "Leases (Topic 840)" and therefore have not been adjusted to conform to Topic 842. For additional information regarding leases, see Note 8.

In August 2018, the FASB issued ASU 2018-15, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract", (ASU 2018-15"). The standard requires that issuers follow the internal-use software guidance in ASC 350-40 to determine which costs to capitalize as assets or expense as incurred. The ASC 350-40 guidance requires that certain costs incurred during the application development stage be capitalized and other costs incurred during the preliminary project and post-implementation stages be expensed as they are incurred. ASU 2018-15 is effective for fiscal years beginning after December 15, 2019. We adopted this standard effective August 4, 2019 and elected to apply the prospective transition approach with no material impact on our Consolidated Financial Statements. We did not capitalize any material implementation costs incurred in a cloud computing arrangement service contract during Fiscal 2020.

In February 2018, the FASB issued ASU 2013-02, "Comprehensive Income (Topic 220)" ("ASC 220"), which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Act. This guidance is effective for all entities for fiscal years, and interim periods within those years, beginning after December 15, 2018, with early adoption permitted. The amendments in ASC 220 should be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the U.S. federal corporate income tax rate in the Act is recognized. We adopted ASC 220 in the fourth quarter of Fiscal 2018 and reclassified \$2.2 million to retained earnings for the impact of stranded tax effects resulting from the Act.

In March 2016, the FASB issued ASU 2014-12, "Compensation - Stock Compensation (Topic 718)" ("ASC 718"). The update addresses several aspects of the accounting for share-based compensation transactions including: (a) income tax consequences when awards vest or are settled, (b) classification of awards as either equity or liabilities, (c) a policy election to account for forfeitures as they occur rather than on an estimated basis and (d) classification of excess tax impacts on the statement of cash flows. The inclusion of excess tax benefits and deficiencies as a component of our income tax expense will increase volatility within its provision for income taxes as the amount of excess tax benefits or deficiencies from share-based compensation awards is dependent on our stock price at the date the awards are exercised or settled which is primarily in the second quarter of each fiscal year. We adopted ASC 718 in the first quarter of Fiscal 2018. We recorded an excess tax deficiency of \$2.2 million as an increase in income tax expense related to share-based compensation for vested awards in Fiscal 2018. Earnings per share decreased \$0.11 per share for Fiscal 2018 due to the impact of ASC 718.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 2****New Accounting Pronouncements, Continued**

We adopted ASC 606 in the first quarter of Fiscal 2019 using the modified retrospective method by recognizing the cumulative effect of \$4.4 million as an adjustment to the opening balance of retained earnings at February 4, 2018. The adoption of this standard did not have a material impact on our Consolidated Financial Statements and related disclosures.

*New Accounting Pronouncements Not Yet Adopted*

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which requires entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. The FASB has subsequently issued updates to the standard to provide additional clarification on specific topics. This guidance will be effective for us in the first quarter of the year ending January 30, 2021 ("Fiscal 2021") with early adoption permitted. We do not expect this guidance to have a material impact on our Consolidated Financial Statements. However, we are also evaluating how COVID-19 will impact this standard.

**Note 3****Goodwill and Other Intangible Assets**

The fair value of the assets acquired and liabilities assumed are recorded based on their estimated fair values at acquisition.

In connection with acquisitions, we record goodwill on our Consolidated Balance Sheets. This asset is not amortized but is subject to an impairment test at least annually, based on current market information as well as projected future cash flows from the acquired business discounted at a rate commensurate with the risk we consider to be inherent in our current business model. We perform the impairment test annually at the beginning of our fourth quarter, or more frequently if events or circumstances indicate that the value of the asset might be impaired.

Our identifiable intangible assets with finite lives are trademarks, customer lists, backlog and a vendor contract. They are subject to amortization based upon their estimated useful lives. Finite-lived intangible assets are evaluated for impairment using a process similar to that used to evaluate other definite-lived long-lived assets, a comparison of the fair value of the intangible asset with its carrying amount. An impairment loss is recognized for the amount by which the carrying value exceeds the fair value of the asset. No significant impairment charges for ongoing operations were recognized in Fiscal 2020, 2019 or 2018. Impairment charges, if recognized, are included in asset impairments and other, net on the Consolidated Statements of Operations.

**Goodwill**

Effective January 1, 2020, we completed the acquisition of substantially all of the assets, and assumption of certain liabilities, of Togast for an aggregate base purchase price of \$33.5 million, which was paid in full in cash at the closing, with an additional two-part earnout provision of up to an additional \$17.0 million in cash following our Fiscal 2022 and an additional \$17.0 million in cash following our Fiscal 2024, contingent upon the acquired business achieving certain earnings targets over multi-year periods, plus a potential further payment following Fiscal 2022 of 10% of earnings in excess of the earnings target. The two-part earnout provision is largely subject to the payees' post acquisition service requirement and therefore will be recorded as compensation expense and not reported as a component of the purchase price for the acquisition. Togast specializes in the design, sourcing and sale of licensed footwear. We also entered into a new U.S. footwear license agreement with Levi Strauss & Co. for the license of Levi's® footwear for men, women, and children in the U.S. The Togast purchase includes footwear licenses for Bass®, ADIO and FUBU, among others. Togast operates within the Licensed Brands segment.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 3**
**Goodwill and Other Intangible Assets, Continued**

The changes in the carrying amount of goodwill by segment were as follows:

(In thousands)	Schuh Group	Journeys Group	Licensed Brands Group	Total Goodwill
Balance, February 2, 2019	\$83,243	\$9,838	\$ —	\$93,081
Acquisition	—	—	28,385	28,385
Effect of foreign currency exchange rates	826	(108)	—	718
<b>Balance, February 1, 2020</b>	<b>\$84,069</b>	<b>\$9,730</b>	<b>\$28,385</b>	<b>\$122,184</b>

Given the Schuh Group reporting unit has continued to perform below our projected operating results, as part of our annual impairment assessment as of the first day of the fourth quarter, we performed a quantitative assessment to determine if an impairment existed. We found that the result of the impairment test, which valued the business at approximately \$8.2 million in excess of our carrying value, indicated no impairment at that time. Holding all other assumptions constant as of the measurement date, we noted that an increase in the weighted average cost of capital of 100 basis points would reduce the fair value of the Schuh Group business by \$10.0 million. Furthermore, we noted that a decrease in projected annual revenue growth by one percent would reduce the fair value of the Schuh Group business by \$6.9 million. However, if other assumptions do not remain constant, the fair value of the Schuh Group business may decrease by a greater amount.

**Other Intangible Assets**

Other intangibles by major classes were as follows:

(In thousands)	Leases		Customer Lists <sup>(1)</sup>		Other <sup>(2)</sup>		Total	
	Feb. 1, 2020	Feb. 2, 2019	Feb. 1, 2020	Feb. 2, 2019	Feb. 1, 2020	Feb. 2, 2019	Feb. 1, 2020	Feb. 2, 2019
Gross other intangibles	\$ —	\$ 3,532	\$ 6,562	\$ 1,450	\$ 767	\$ 641	\$ 7,329	\$ 5,623
Accumulated amortization	—	(2,916)	(1,509)	(1,450)	(479)	(314)	(1,988)	(4,680)
<b>Net Other Intangibles</b>	<b>\$ —</b>	<b>\$ 616</b>	<b>\$ 5,053</b>	<b>\$ —</b>	<b>\$ 288</b>	<b>\$ 327</b>	<b>\$ 5,341</b>	<b>\$ 943</b>

<sup>(1)</sup>Includes \$5.1 million for the Togast acquisition.

<sup>(2)</sup>Includes backlog and vendor contract.

The amortization of intangibles was \$0.2 million for Fiscal 2020 and less than \$0.1 million for Fiscal 2019 and 2018. Currently, amortization of intangibles is expected to be \$0.9 million for Fiscal 2021 and \$0.6 million for each of the next four years.

**Note 4**
**Asset Impairments and Other Charges**

Asset impairment charges are reflected as a reduction of the net carrying value of property and equipment, and in asset impairment and other, net in the accompanying Consolidated Statements of Operations.

We recorded a pretax charge to earnings of \$13.4 million in Fiscal 2020, including \$11.5 million pension settlement expense and \$3.1 million for retail store asset impairments, partially offset by a \$(0.6) million gain on the sale of the Lids Sports Group headquarters building, a \$(0.4) million gain for lease terminations and a \$(0.2) million gain related to Hurricane Maria.

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**Note 4**  
**Asset Impairments and Other Charges, Continued**

We recorded a pretax charge to earnings of \$3.2 million in Fiscal 2019, including \$4.2 million for retail store asset impairments, \$0.3 million for legal and other matters and \$0.1 for hurricane losses, partially offset by a \$(1.4) million gain related to Hurricane Maria.

We recorded a pretax charge to earnings of \$7.8 million in Fiscal 2018, including a \$5.2 million licensing termination expense, \$1.7 million for retail store asset impairments and \$0.9 million for hurricane losses.

**Note 5**  
**Inventories**

(In thousands)	February 1, 2020		February 2, 2019	
Wholesale finished goods	\$	34,271	\$	45,679
Retail merchandise		330,998		320,988
<b>Total Inventories</b>	<b>\$</b>	<b>365,269</b>	<b>\$</b>	<b>366,667</b>

**Note 6**  
**Fair Value**

The carrying amounts and fair values of our financial instruments at February 1, 2020 and February 2, 2019 are:

(In thousands)	February 1, 2020		February 2, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
U.S. Revolver Borrowings	\$ 14,393	\$ 14,056	\$ 56,773	\$ 56,861
UK Term Loans	—	—	8,970	9,063
UK Revolver Borrowings	—	—	—	—

Debt fair values were determined using a discounted cash flow analysis based on current market interest rates for similar types of financial instruments and would be classified in Level 2 as defined in Note 1.

Carrying amounts reported on our Consolidated Balance Sheets for cash, cash equivalents, receivables and accounts payable approximate fair value due to the short-term maturity of these instruments.

The following table presents our assets and liabilities measured at fair value on a nonrecurring basis as of February 1, 2020 aggregated by the level in the fair value hierarchy within which those measurements fall (in thousands):

	Long-Lived Assets Held and Used	Level 1	Level 2	Level 3	Impairment Charges
Measured as of May 4, 2019	\$ 906	\$ —	\$ —	\$ 906	\$ 307
Measured as of August 3, 2019	63	—	—	63	731
Measured as of November 2, 2019	263	—	—	263	799
Measured as of February 1, 2020	—	—	—	—	1,258
<b>Total Asset Impairment Fiscal 2020</b>				<b>\$</b>	<b>3,095</b>

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**Note 6****Fair Value, Continued**

We recorded \$3.1 million of impairment charges as a result of the fair value measurement of its long-lived assets held and used and tested on a nonrecurring basis during the year ended February 1, 2020. These charges are reflected in asset impairments and other, net in our Consolidated Statements of Operations.

We used a discounted cash flow model to estimate the fair value of these long-lived assets. Discount rate and growth rate assumptions are derived from current economic conditions, expectations of management and projected trends of current operating results. As a result, we have determined that the majority of the inputs used to value our long-lived assets held and used are unobservable inputs that fall within Level 3 of the fair value hierarchy.

**Note 7****Long-Term Debt*****Credit Facility***

On February 1, 2019, we entered into a First Amendment to the Fourth Amended and Restated Credit Agreement, (the "Amendment") amending the Fourth Amended and Restated Credit Agreement, dated as of January 31, 2018 between us and the lenders party thereto and Bank of America, N.A., as agent (as amended, the "Credit Facility" or the "Credit Agreement"). The Amendment modified the Credit Facility to, among other things, decrease each of the Domestic Total Commitments and the Total Commitments from \$400.0 million to \$275.0 million and to permit the sale of Lids Sports Group. The Credit Facility matures January 31, 2023.

Deferred financing costs incurred of \$1.7 million related to the Credit Facility were capitalized and are being amortized over five years. In connection with the Amendment to the Credit Facility, deferred financing costs of \$0.6 million were written off. These costs are included in loss on early retirement of debt on the Consolidated Statements of Operations. The remaining balance of deferred financing costs incurred related to the Credit Facility are being amortized over the remaining four years of the agreement. These costs are included in other non-current assets on the Consolidated Balance Sheets.

The Credit Facility is a revolving credit facility in the aggregate principal amount of \$275.0 million, including (i) for the Company and other borrowers formed in the U.S., a \$70.0 million sublimit for the issuance of letters of credit and a domestic swingline subfacility of up to \$45.0 million, (ii) for GCO Canada, Inc., a revolving credit subfacility in an amount not to exceed \$70.0 million, which includes a \$5.0 million sublimit for the issuance of letters of credit and a swingline subfacility of up to \$5.0 million, and (iii) for Genesco (UK) Limited, a revolving credit subfacility in an aggregate amount not to exceed \$100.0 million, which includes a \$10.0 million sublimit for the issuance of letters of credit and a swingline subfacility of up to \$10.0 million. Any swingline loans and any letters of credit and borrowings under the Canadian and U.K. subfacilities will reduce the availability under the Credit Facility on a dollar for dollar basis. We have the option, from time to time, to increase the availability under the Credit Facility by an aggregate amount of up to \$200.0 million subject to, among other things, the receipt of commitments for the increased amount. In connection with this increased facility, the Canadian revolving credit subfacility may be increased by no more than \$15.0 million and the UK revolving credit subfacility may be increased by no more than \$100.0 million. The aggregate amount of the loans made and letters of credit issued under the Credit Facility are limited to the lesser of the facility amount (\$275.0 million or, if increased as described above, up to \$475.0 million) or the "Borrowing Base", as defined in the Credit Agreement.

The Credit Facility is secured by certain assets of the Company and certain subsidiaries of the Company, including accounts receivable, inventory, payment intangibles, and deposit accounts and specifically excludes intellectual property, equity interests, equipment, real estate and leaseholds interests.

We are required to pay a commitment fee on the actual daily unused portions of the Credit Facility at a rate of 0.25% per annum.

The Credit Facility also permits us to incur senior debt in an amount up to the greater of \$500.0 million or an amount that would not cause our ratio of consolidated total indebtedness to consolidated EBITDA to exceed 5.0:1.0 provided that certain terms and conditions are met.

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**Note 7**

**Long-Term Debt, Continued**

In addition, the Credit Facility contains certain covenants that, among other things, restrict additional indebtedness, liens and encumbrances, loans and investments, acquisitions, dividends and other restricted payments, transactions with affiliates, asset dispositions, mergers and consolidations, prepayments or material amendments to certain material documents and other matters customarily restricted in such agreements.

The Credit Facility does not require us to comply with any financial covenants unless Excess Availability, as defined in the Credit Agreement, is less than the greater of \$17.5 million or 10.0% of the Loan Cap. If and during such time as Excess Availability is less than the greater of \$17.5 million or 10.0% of the Loan Cap, the Credit Facility requires us to meet a minimum fixed charge coverage ratio. Excess Availability was \$199.9 million at February 1, 2020. See Note 18 for subsequent events related to the Credit Facility.

The Credit Facility contains customary events of default, which if any of them occurs, would permit or require the principal of and interest on the Credit Facility to be declared due and payable as applicable.

***U.K. Credit Agreements***

On November 15, 2019, Schuh Limited ("Schuh") entered into an Amendment and Restatement Agreement (the "2019 Restatement Agreement") with Lloyds Bank plc ("Lloyds") which amended and restated the Amendment and Restatement Agreement dated April 26, 2017. Schuh Limited replaced Schuh Group Limited as Parent under the 2019 Restatement Agreement. The 2019 Restatement Agreement contains certain covenants at the Schuh level, including a minimum interest coverage covenant of 4.50x and a maximum leverage covenant of 1.75x. The 2019 Restatement Agreement is secured by a pledge of all the assets of Schuh and Schuh (ROI) Limited. Pursuant to a Guarantee in favor of Lloyds, Genesco Inc. has guaranteed the obligations of Schuh under the 2019 Restatement Agreement on an unsecured basis. We were in compliance with all the covenants at February 1, 2020.

The 2019 Restatement Agreement includes a Facility B of £6.25 million, a Facility C revolving credit agreement of £19.0 million, a working capital facility of £2.5 million and a Facility D revolving credit facility of €7.2 million for its operations in Ireland. The Facility B loan bears interest at LIBOR plus 2.5% per annum and was paid off in January 2020. The Facility C bears interest at LIBOR plus 2.2% per annum and expired January 31, 2020. The Facility D bears interest at EURIBOR plus 2.2% per annum and expired January 31, 2020. There were no UK term loans or UK revolver loans outstanding at February 1, 2020.

In March of 2020, Schuh entered into an Amendment and Restatement Agreement, amending the 2019 Restatement Agreement (the "U.K. A&R Agreement") with Lloyds. The U.K. A&R Agreement includes only a Facility C revolving credit agreement of £19.0 million, bears interest at 2.2% per annum and expires in September 2020.

(In thousands)	<b>February 1, 2020</b>	February 2, 2019
U.S. Revolver borrowings	<b>\$ 14,393</b>	\$ 56,773
UK term loans	—	8,992
UK revolver borrowings	—	—
Deferred note expense on term loans	—	(22)
<b>Total long-term debt</b>	<b>14,393</b>	65,743
Current portion	—	8,992
<b>Total Noncurrent Portion of Long-Term Debt</b>	<b>\$ 14,393</b>	\$ 56,751

The long-term debt balance of \$14.4 million bears interest at 2.13% and matures in January 2023.

The revolver borrowings outstanding under the Credit Facility at February 1, 2020 included \$14.4 million (£10.9 million) related to Genesco (UK) Limited. We had outstanding letters of credit of \$9.3 million under the Credit Facility at February 1, 2020. These letters of credit support lease and insurance indemnifications.

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**Note 8****Leases**

We lease our office space and all of our retail store locations, transportation equipment and other equipment under various noncancelable operating leases. The leases have varying terms and expire at various dates through 2034. The store leases in the United States, Puerto Rico and Canada typically have initial terms of approximately 10 years. The store leases in the United Kingdom and the Republic of Ireland typically have initial terms of between 10 and 15 years. Our lease portfolio includes leases with fixed base rental payments, rental payments based on a percentage of retail sales over contractual amounts and others with predetermined fixed escalations of the minimum rentals based on a defined consumer price index or percentage. Generally, most of the leases require us to pay taxes, insurance, maintenance costs and contingent rentals based on sales. We evaluate renewal options and break options at lease inception and on an ongoing basis, and include renewal options and break options that we are reasonably certain to exercise in our expected lease terms for calculations of our right-of-use assets and liabilities. Approximately 2% of our leases contain renewal options. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The lease on our Nashville office expires in April 2022. On February 10, 2020, we announced plans for our new corporate headquarters in Nashville, Tennessee. We entered into a lease agreement for approximately 199,000 square feet of office space which will replace our current corporate headquarters office lease. The term of the lease is 15 years, with two options to extend for an additional period of five years each.

Under ASC 842, for store, office and equipment leases beginning in Fiscal 2020 and later, we have elected to not separate fixed lease components and non-lease components. Accordingly, we include fixed rental payments, common area maintenance costs, promotional advertising costs and other fixed costs in our measurement of lease liabilities.

Our leases do not provide an implicit rate, so the incremental borrowing rate, based on the information available at commencement or modification date, is used in determining the present value of lease payments. The incremental borrowing rate represents an estimate of the interest rate we would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of a lease within a particular currency environment. For operating leases that commenced prior to the date of adoption of the new lease accounting guidance, we used the incremental borrowing rate that corresponded to the initial lease term as of the date of adoption.

Net lease costs are included within selling and administrative expenses on the Consolidated Statements of Operations. The table below presents the components of lease cost for operating leases for the year ended February 1, 2020.

(In thousands)	Fiscal 2020
Operating lease cost	<b>\$184,428</b>
Variable lease cost	<b>12,176</b>
Less: Sublease income	<b>(307)</b>
<b>Net Lease Cost</b>	<b>\$196,297</b>

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**Note 8**  
**Leases, Continued**

The following table reconciles the maturities of undiscounted cash flows to our operating lease liabilities recorded on the Consolidated Balance Sheets at February 1, 2020:

Fiscal Years	(In thousands)
2021	\$180,314
2022	171,483
2023	151,141
2024	127,544
2025	103,668
Thereafter	192,246
Total undiscounted future minimum lease payments	926,396
Less: Amounts representing interest	(135,752)
<b>Total Present Value of Operating Lease Liabilities</b>	<b>\$790,644</b>

Our weighted-average remaining lease term and weighted-average discount rate for operating leases as of February 1, 2020 are:

	<u>February 1, 2020</u>
Weighted-average remaining lease term (years)	<b>6.2 years</b>
Weighted-average discount rate	<b>5.2%</b>

*Prior Period Comparative Disclosures*

Under the optional transition method, for leases that existed prior to and at the adoption of the new standard, we continue to present comparative prior period lease amounts in accordance with ASC 840, "Leases". As of February 2, 2019 future minimum rental commitments were:

Fiscal Years	(In thousands)
2020	\$183,432
2021	171,584
2022	159,155
2023	140,889
2024	119,023
Thereafter	323,638
<b>Total Minimum Rental Commitments</b>	<b>\$1,097,721</b>

Leasehold improvements are recorded at their gross costs including items reimbursed by landlords. The reimbursements are recorded as deferred rent and amortized as a reduction of rent expense over the initial lease term. Tenant allowances of \$22.5 million and deferred rent of \$48.6 million at February 2, 2019 are included in other long-term liabilities on the Consolidated Balance Sheets.

Total rent expense was \$202.6 million and \$203.1 million for Fiscal 2019 and 2018, respectively. Total contingent rent was not material for Fiscal 2019 and 2018.

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**Note 9****Equity*****Non-Redeemable Preferred Stock***

<u>Class</u>	<u>Shares Authorized</u>	<u>Number of Shares</u>			<u>Amounts in Thousands</u>		
		<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employees' Subordinated Convertible Preferred	5,000,000	<b>34,440</b>	36,147	36,671	<b>\$ 1,033</b>	\$ 1,084	\$ 1,100
Stated Value of Issued Shares					<b>1,033</b>	1,084	1,100
Employees' Preferred Stock Purchase Accounts					<b>(24)</b>	(24)	(48)
<b>Total Non-Redeemable Preferred Stock</b>					<b><u>\$ 1,009</u></b>	<b><u>\$ 1,060</u></b>	<b><u>\$ 1,052</u></b>

***Subordinated Serial Preferred Stock:***

Our charter permits the Board of Directors to issue Subordinated Serial Preferred Stock (3,000,000 shares, in aggregate, are authorized) in as many series, each with as many shares and such rights and preferences as the board may designate. We have shares authorized for \$2.30 Series 1, \$4.75 Series 3, \$4.75 Series 4, Series 6 and \$1.50 Subordinated Cumulative Preferred stocks in amounts of 64,368 shares, 40,449 shares, 53,764 shares, 800,000 shares and 5,000,000 shares, respectively. All of these preferred stocks were mandatorily redeemed by us in Fiscal 2014. As a result, there are no outstanding shares for any preferred issues of stock other than Employees' Subordinated Convertible Preferred stock shown in the table above.

***Employees' Subordinated Convertible Preferred Stock:***

Stated and liquidation values are 88 times the average quarterly per share dividend paid on common stock for the previous eight quarters (if any), but in no event less than \$30 per share. Each share of this issue of preferred stock is convertible into one share of common stock and has one vote per share.

***Common Stock:***

Common stock-\$1 par value. Authorized: 80,000,000 shares; issued: February 1, 2020 – 15,185,670 shares; February 2, 2019 –19,591,048 shares. There were 488,464 shares held in treasury at February 1, 2020 and February 2, 2019. Each outstanding share is entitled to one vote. At February 1, 2020, common shares were reserved as follows: 34,440 shares for conversion of preferred stock and 916,680 shares for the Second Amended and Restated 2009 Genesco Inc. Equity Incentive Plan (the "2009 Plan").

For the year ended February 1, 2020, 270,173 shares of common stock were issued as restricted shares as part of the 2009 Plan; 25,368 shares were issued to directors in exchange for their services; 55,598 shares were withheld for taxes on restricted stock vested in Fiscal 2020; 77,013 shares of restricted stock were forfeited in Fiscal 2020; and 1,707 shares were issued in miscellaneous conversions of Employees' Subordinated Convertible Preferred Stock. In addition, the Company repurchased and retired 4,570,015 shares of common stock at an average weighted market price of \$41.44 for a total of \$189.4 million. We have \$89.7 million remaining under our current \$100.0 million share repurchase authorization.

For the year ended February 2, 2019, 353,633 shares of common stock were issued as restricted shares as part of the 2009 Plan; 36,421 shares were issued to directors in exchange for their services; 69,762 shares were withheld for taxes on restricted stock vested in Fiscal 2019; 153,646 shares of restricted stock were forfeited in Fiscal 2019; and 524 shares were issued in miscellaneous conversions of Employees' Subordinated Convertible Preferred Stock. In addition, the Company repurchased and retired 968,375 shares of common stock at an average weighted market price of \$47.45 for a total of \$45.9 million.

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**Note 9**  
**Equity, Continued**

For the year ended February 3, 2018, 356,224 shares of common stock were issued as restricted shares as part of the 2009 Plan; 30,620 shares were issued to directors in exchange for their services; 50,957 shares were withheld for taxes on restricted stock vested in Fiscal 2018; 23,581 shares of restricted stock were forfeited in Fiscal 2018; and 975 shares were issued in miscellaneous conversions of Employees' Subordinated Convertible Preferred Stock. In addition, the Company repurchased and retired 275,300 shares of common stock at an average weighted market price of \$58.71 for a total of \$16.2 million.

***Restrictions on Dividends and Redemptions of Capital Stock:***

Our charter provides that no dividends may be paid and no shares of capital stock acquired for value if there are dividend or redemption arrearages on any senior or equally ranked stock. Exchanges of subordinated serial preferred stock for common stock or other stock junior to such exchanged stock are permitted.

**Note 10**  
**Income Taxes**

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted in the United States. The Act includes a number of changes to existing U.S. tax laws that impact us including the reduction of the U.S. corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017. The Act also provides for a one-time transition tax on indefinitely reinvested foreign earnings and the acceleration of depreciation for certain assets placed into service after September 27, 2017, as well as prospective changes beginning in 2018, including the elimination of certain domestic deductions and credits and additional limitations on the deductibility of executive compensation. Our Fiscal 2020 and 2019 financial results reflected all tax effects from the Act.

The changes to existing U.S. tax laws as a result of the Act, which have the most significant impact on our provision for income taxes as of February 1, 2020 and February 2, 2019 are as follows:

***Reduction of the U.S. Corporate Income Tax Rate***

We measure deferred tax assets and liabilities using enacted tax rates that will apply in the years in which the temporary differences are expected to be recovered or paid. Accordingly, our deferred tax assets and liabilities were adjusted to reflect the reduction in the U.S. corporate income tax rate from 35% to 21%, resulting in a \$5.3 million increase in income tax expense for the year ended February 3, 2018 and a corresponding \$5.3 million decrease in net deferred tax assets as of February 3, 2018.

***Transition Tax on Foreign Earnings***

We recognized a provisional income tax expense of \$4.5 million for the year ended February 3, 2018 related to the one-time transition tax on indefinitely reinvested foreign earnings.

The adjustments to the deferred tax assets and liabilities and the liability for the transition tax on indefinitely reinvested foreign earnings, including the analysis of our ability to fully utilize foreign tax credits associated with the transition tax, were provisional amounts estimated based on information reviewed as of February 3, 2018. We recorded an additional expense of \$1.3 million in Fiscal 2019, as the one-time transition tax of \$5.8 million was finalized.

***Global Intangible Low-Taxed Income ("GILTI")***

The Act established new tax rules designed to tax U.S. companies on GILTI earned by foreign subsidiaries. We elected to treat any future GILTI tax liabilities as period costs and will expense those liabilities in the period incurred. Therefore, we will not record deferred taxes associated with the GILTI provision for the Act. Because of tax losses in foreign jurisdictions, there was no liability for GILTI in any period.

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**Note 10**  
**Income Taxes, Continued**

The components of earnings from continuing operations before income taxes is comprised of the following:

(In thousands)	2020	2019	2018
United States	\$ 83,871	\$ 84,807	\$ 58,137
Foreign	(1,436)	(6,548)	10,852
<b>Total Earnings from Continuing Operations before Income Taxes</b>	<b>\$ 82,435</b>	<b>\$ 78,259</b>	<b>\$ 68,989</b>

Income tax expense from continuing operations is comprised of the following:

(In thousands)	2020	2019	2018
Current			
U.S. federal	\$ 16,313	\$ 13,657	\$ 25,093
International	322	1,649	5,421
State	3,383	4,029	3,828
Total Current Income Tax Expense	20,018	19,335	34,342
Deferred			
U.S. federal	(463)	3,632	1,491
International	1,145	2,594	(3,498)
State	(22)	1,474	(54)
Total Deferred Income Tax Expense (Benefit)	660	7,700	(2,061)
<b>Total Income Tax Expense – Continuing Operations</b>	<b>\$ 20,678</b>	<b>\$ 27,035</b>	<b>\$ 32,281</b>

Reconciliation of the United States federal statutory rate to our effective tax rate from continuing operations is as follows:

	2020	2019	2018
U. S. federal statutory rate of tax	21.00 %	21.00 %	33.72 %
State taxes (net of federal tax benefit)	3.62	5.67	3.58
Foreign rate differential	(2.21)	(2.56)	(5.66)
Change in valuation allowance	3.64	11.51	1.95
Impact of statutory rate change	—	—	7.74
Credits	(0.93)	(2.65)	(1.80)
Permanent items	1.72	2.27	2.77
Uncertain federal, state and foreign tax positions	(2.01)	(1.68)	(1.36)
Transition tax	—	2.23	6.47
Other	0.25	(1.24)	(0.62)
<b>Effective Tax Rate</b>	<b>25.08 %</b>	<b>34.55 %</b>	<b>46.79 %</b>

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**Note 10**  
**Income Taxes, Continued**

Deferred tax assets and liabilities are comprised of the following:

(In thousands)	February 1, 2020	February 2, 2019
Pensions	\$ 332	\$ —
Lease obligation	188,590	11,081
Book over tax depreciation	4,558	2,739
Expense accruals	7,386	5,061
Uniform capitalization costs	7,292	7,938
Provisions for discontinued operations and restructurings	674	730
Inventory valuation	810	908
Tax net operating loss and credit carryforwards	11,972	15,766
Allowances for bad debts and notes	181	318
Deferred compensation and restricted stock	3,344	3,814
Other	144	39
Gross deferred tax assets	225,283	48,394
Deferred tax asset valuation allowance	(23,333)	(20,354)
Deferred tax asset net of valuation allowance	201,950	28,040
Identified intangibles	(3,616)	(3,265)
Prepays	(1,929)	(1,638)
Right of use asset	(176,930)	—
Pensions	—	(1,802)
Gross deferred tax liabilities	(182,475)	(6,705)
<b>Net Deferred Tax Assets</b>	<b>\$ 19,475</b>	<b>\$ 21,335</b>

The deferred tax balances have been classified in our Consolidated Balance Sheets as follows:

	2020	2019
Net non-current asset	\$ 19,475	\$ 21,335
<b>Net Deferred Tax Assets</b>	<b>\$ 19,475</b>	<b>\$ 21,335</b>

As of February 1, 2020 and February 2, 2019, we had state net operating loss carryforwards of \$3.4 million and \$5.7 million, respectively. We provided a valuation allowance against these attributes of \$3.2 million and \$3.3 million, respectively, as of February 1, 2020 and February 2, 2019. The attributes expire in fiscal years 2022 through 2039.

As of February 1, 2020 and February 2, 2019, we had state tax credits of \$0.6 million and \$0.4 million, respectively. These credits expire in fiscal years 2021 through 2026.

As of February 1, 2020 and February 2, 2019, we had foreign net operating loss carryforwards of \$29.5 million and \$28.4 million, respectively, which expire in 20 years.

As of February 1, 2020, we have provided a total valuation allowance of approximately \$23.3 million on deferred tax assets associated primarily with foreign and state net operating losses for which management has determined it is more likely than not that the deferred tax assets will not be realized. The \$2.9 million net increase in valuation allowance during Fiscal 2020 from the \$20.4 million provided for as of February 2, 2019 relates to increases of \$0.5 million related to state tax attributes and \$2.4 million related to foreign tax attributes. Management believes that it is more likely than not that the remaining deferred tax assets will be fully realized.

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Notes to Consolidated Financial Statements

**Note 10**  
**Income Taxes, Continued**

As of February 1, 2020, no deferred taxes have been provided on the accumulated undistributed earnings of our foreign operations beyond the amounts recorded for deemed repatriation of such earnings, as required by U.S. Tax Reform. An actual repatriation of earnings from our foreign operations could still be subject to additional foreign withholding and U.S. state taxes. Based upon evaluation of our foreign operations, undistributed earnings are intended to remain permanently reinvested to finance anticipated future growth and expansion, and accordingly, deferred taxes have not been provided. If undistributed earnings of our foreign operations were not considered permanently reinvested as of February 1, 2020, an immaterial amount of additional deferred taxes would have been provided.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits for Fiscal 2020, 2019 and 2018.

(In thousands)	2020	2019	2018
Unrecognized Tax Benefit – Beginning of Period	\$ 1,835	\$ 3,701	\$ 5,622
Gross Increases (Decreases) – Tax Positions in a Prior Period	—	—	(15)
Gross Increases (Decreases) – Tax Positions in a Current Period	178	(638)	(166)
Settlements	(931)	—	—
Lapse of Statutes of Limitations	(904)	(1,228)	(1,740)
<b>Unrecognized Tax Benefit – End of Period</b>	<b>\$ 178</b>	<b>\$ 1,835</b>	<b>\$ 3,701</b>

The amount of unrecognized tax benefits as of February 1, 2020, February 2, 2019 and February 3, 2018 which would impact the annual effective rate if recognized were \$0.2 million, \$0.6 million and \$0.6 million, respectively. The amount of unrecognized tax benefits may change during the next twelve months but we do not believe the change, if any, will be material to our consolidated financial position or results of operations.

We recognize interest expense and penalties related to the above unrecognized tax benefits within income tax expense on the Consolidated Statements of Operations and it was not material for Fiscal 2020, 2019 or 2018.

We file income tax returns in federal and in many state and local jurisdictions as well as foreign jurisdictions. With few exceptions, our state and local income tax returns for fiscal years ended January 31, 2017 and beyond remain subject to examination. In addition, we have subsidiaries in various foreign jurisdictions that have statutes of limitation generally ranging from two to six years. Our US federal income tax returns for fiscal years ended January 31, 2017 and beyond remain subject to examination.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 11**
**Defined Benefit Pension Plans and Other Postretirement Benefit Plans**
Defined Benefit Pension Plans

We previously sponsored a non-contributory, defined benefit pension plan. As of January 1, 1996, we amended the plan to change the pension benefit formula to a cash balance formula from the then existing benefit calculation based upon years of service and final average pay. The benefits accrued under the old formula were frozen as of December 31, 1995. Effective January 1, 2005, we froze the defined benefit cash balance plan. In March 2019, our board of directors authorized the termination of the defined benefit pension plan. The termination was completed in January 2020.

Other Postretirement Benefit Plans

We provide health care benefits for early retirees that meet certain age and years of service criteria and life insurance benefits for certain retirees. Under the health care plan, early retirees are eligible for benefits until age 65. Employees who met certain requirements are eligible for life insurance benefits. We accrue such benefits during the period in which the employee renders service.

**Obligations and Funded Status**

The measurement date of the assets and liabilities for the defined benefit pension plan and postretirement medical and life insurance plans is the month-end date that is closest to our fiscal year end.

Change in Plan Assets

(In thousands)	Pension Benefits		Other Benefits	
	2020	2019	2020	2019
Fair value of plan assets at beginning of year	\$ 82,632	\$ 85,730	\$ —	\$ —
Actual gain on plan assets	8,470	892	—	—
Employer contributions	—	3,500	480	105
Plan participants' contributions	—	—	111	126
Benefits paid	(26,363)	(7,490)	(591)	(231)
Asset transfer	(64,739)	—	—	—
<b>Fair Value of Plan Assets at End of Year</b>	<b>\$ —</b>	<b>\$ 82,632</b>	<b>—</b>	<b>—</b>

Change in Benefit Obligation

(In thousands)	Pension Benefits		Other Benefits	
	2020	2019	2020	2019
Benefit obligation at beginning of year	\$ 78,322	\$ 85,035	\$ 4,525	\$ 10,584
Service cost - ongoing operations	596	450	89	409
Service cost - discontinued operations	—	—	—	300
Interest cost - ongoing operations	2,771	3,022	151	214
Interest cost - discontinued operations	—	—	—	80
Plan participants' contributions	—	—	111	126
Effect of plan change	—	—	—	(3,658)
Asset transfer	(64,739)	—	—	—
Benefits paid	(26,363)	(7,490)	(591)	(231)
Actuarial (gain) loss	9,413	(2,695)	2,740	(3,299)
<b>Benefit Obligation at End of Year</b>	<b>\$ —</b>	<b>\$ 78,322</b>	<b>\$ 7,025</b>	<b>\$ 4,525</b>
<b>Funded Status at End of Year</b>	<b>\$ —</b>	<b>\$ 4,310</b>	<b>\$ (7,025)</b>	<b>\$ (4,525)</b>

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 11**  
**Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued**

Amounts recognized in the Consolidated Balance Sheets consist of:

(In thousands)	Pension Benefits		Other Benefits	
	2020	2019	2020	2019
Noncurrent assets	\$ —	\$ 4,310	\$ —	\$ —
Current liabilities	—	—	(603)	(391)
Noncurrent liabilities	—	—	(6,422)	(4,134)
<b>Net Amount Recognized</b>	<b>\$ —</b>	<b>\$ 4,310</b>	<b>\$ (7,025)</b>	<b>\$ (4,525)</b>

Amounts recognized in accumulated other comprehensive income consist of:

(In thousands)	Pension Benefits		Other Benefits	
	2020	2019	2020	2019
Prior service cost	\$ —	\$ —	\$ (1,244)	\$ (2,165)
Net loss (gain)	—	8,148	2,384	(334)
<b>Total Recognized in Accumulated Other Comprehensive Loss</b>	<b>\$ —</b>	<b>\$ 8,148</b>	<b>\$ 1,140</b>	<b>\$ (2,499)</b>

Amounts for projected and accumulated benefit obligation and fair value of plan assets are as follows:

(In thousands)	February 1, 2020	February 2, 2019
Projected benefit obligation	\$ —	\$ 78,322
Accumulated benefit obligation	—	78,322
Fair value of plan assets	—	82,632

***Components of Net Periodic Benefit Cost***

**Net Periodic Benefit Cost**

(In thousands)	Pension Benefits			Other Benefits		
	2020	2019	2018	2020	2019	2018
Service cost	\$ 596	\$ 450	\$ 550	\$ 89	\$ 409	\$ 507
Interest cost	2,771	3,022	3,277	151	214	251
Expected return on plan assets	(2,676)	(4,198)	(4,505)	—	—	—
Amortization:						
Prior service cost	—	—	—	(921)	(231)	—
Losses	258	776	834	22	37	114
Net amortization	258	776	834	(899)	(194)	114
<b>Other components of net periodic benefit cost</b>	<b>\$ 353</b>	<b>\$ (400)</b>	<b>\$ (394)</b>	<b>\$ (748)</b>	<b>\$ 20</b>	<b>\$ 365</b>
<b>Net Periodic Benefit Cost - Ongoing Operations</b>	<b>\$ 949</b>	<b>\$ 50</b>	<b>\$ 156</b>	<b>\$ (659)</b>	<b>\$ 429</b>	<b>\$ 872</b>
<b>Net Periodic Benefit Cost - Discontinued Operations</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (877)</b>	<b>\$ 524</b>

**Genesco Inc.  
and Subsidiaries**  
Notes to Consolidated Financial Statements

**Note 11**  
**Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued**

*Reconciliation of Accumulated Other Comprehensive Income*

(In thousands)	Pension Benefits		Other Benefits	
	2020		2020	
Net (gain) loss	\$	3,620	\$	2,740
Amortization of prior service cost		—		921
Settlement charge		(11,510)		—
Amortization of net actuarial loss		(258)		(22)
<b>Total Recognized in Other Comprehensive Income</b>	<b>\$</b>	<b>(8,148)</b>	<b>\$</b>	<b>3,639</b>
<b>Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income</b>	<b>\$</b>	<b>(7,199)</b>	<b>\$</b>	<b>2,980</b>

*Weighted-average assumptions used to determine benefit obligations*

	Pension Benefits		Other Benefits	
	2020	2019	2020	2019
Discount rate	NA	4.05%	2.21%	3.48%
Rate of compensation increase	NA	NA	NA	NA

For Fiscal 2020 and 2019, the discount rate was based on a yield curve of high quality corporate bonds with cash flows matching our planned expected benefit payments.

*Weighted-average assumptions used to determine net periodic benefit costs*

	Pension Benefits			Other Benefits		
	2020	2019	2018	2020	2019	2018
Discount rate	4.05%	3.70%	3.95%	3.48%	3.67%	3.98%
Expected long-term rate of return on plan assets	3.85%	5.65%	6.05%	NA	NA	NA
Rate of compensation increase	NA	NA	NA	NA	NA	NA

*Assumed health care cost trend rates*

	2020	2019
Health care cost trend rate assumed for next year	7.25%	7.25%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	6.25%	6.75%
Year that the rate reaches the ultimate trend rate	2024	2022

The effect on disclosed information of one percentage point change in the assumed health care cost trend rate for each future year is shown below.

(In thousands)	1% Increase in Rates		1% Decrease in Rates	
Aggregated service and interest cost	\$	20	\$	18
Accumulated postretirement benefit obligation	\$	526	\$	480

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 11**  
**Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued**

**Cash Flows**

**Return of Assets**

The plan did not return any assets from the plan to Genesco in Fiscal 2020.

**Contributions**

No minimum funding was required under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), for the plan in 2019.

**Estimated Future Benefit Payments**

Expected benefit payments for other postretirement benefits, paid from the employee benefit trust, are as follows:

Estimated future payments	Other Benefits (\$ in millions)
2020	\$ 0.6
2021	0.6
2022	0.6
2023	0.6
2024	0.5
2025 – 2029	2.8

**Section 401(k) Savings Plan**

We have a Section 401(k) Savings Plan available to all employees, including retail employees who have completed 500 hours of service within the first six months of employment, and are age 18 or older.

Since January 1, 2005, we have matched 100% of each employee's contribution of up to 3% of salary and 50% of the next 2% of salary. In addition, for those employees hired before December 31, 2004, who were eligible for our cash balance retirement plan before it was frozen, we annually make an additional contribution of 2 1/2 % of salary to each employee's account. Participants are immediately vested in their contributions and our matching contribution plus actual earnings thereon. Our contribution expense for the matching program was approximately \$5.3 million for Fiscal 2020, \$5.6 million for Fiscal 2019 and \$5.1 million for Fiscal 2018.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 12**  
**Earnings Per Share**

Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities to issue common stock were exercised or converted to common stock.

Weighted-average number of shares used for earnings per share is as follows:

(Shares in thousands)	Fiscal Year		
	2020	2019	2018
Weighted-average number of shares - basic	15,544	19,351	19,218
Common stock equivalents	127	144	64
Weighted-average number of shares - diluted	15,671	19,495	19,282

**Note 13**  
**Share-Based Compensation Plans**

We have share-based compensation covering certain members of management and non-employee directors. The fair value of employee restricted stock is determined based on the closing price of our stock on the date of grant. Forfeitures for restricted stock are recognized as they occur.

***Stock Incentive Plan***

Under the 2009 Plan, which was originally effective June 22, 2011, we may grant options, restricted shares, performance awards and other stock-based awards to our employees, consultants and directors for up to 2.6 million shares of common stock. Under the 2009 Plan, the exercise price of each option equals the market price of our stock on the date of grant, and an option's maximum term is 10 years. Options granted under the plan primarily vest 25% per year over four years. Restricted share grants deplete the shares available for future grants at a ratio of 2.0 shares per restricted share grant.

For Fiscal 2020, 2019 and 2018, we did not recognize any stock option related share-based compensation for our stock incentive plan as all such amounts were fully recognized in earlier periods. We did not capitalize any share-based compensation cost.

As of February 1, 2020, we do not have any options outstanding under our stock incentive plan. As of February 1, 2020, there was no unrecognized compensation costs related to stock options under the 2009 Plan. On February 5, 2020, our new chief executive officer was issued a one-time grant of stock options under the 2009 Plan with a grant date fair value of \$500,000. Compensation costs related to these stock options will begin in the first quarter of our Fiscal 2021 since the grant was made on the first day of Fiscal 2021.

***Restricted Stock Incentive Plans***

**Director Restricted Stock**

The 2009 Plan permits grants to non-employee directors on such terms as the Board of Directors may approve. Restricted stock awards were made to independent directors on the date of the annual meeting of shareholders in each of Fiscal 2020, 2019 and 2018. The shares granted in each award vested on the first anniversary of the grant date, subject to the director's continued service through that date. In all cases, the director is restricted from selling, transferring, pledging or assigning the shares for three years from the grant date unless he or she earlier leaves the board.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 13**  
**Share-Based Compensation Plans, Continued**

The Fiscal 2020 grant was valued at \$91,375 for the year, per director, the Fiscal 2019 grant was valued at \$91,375 for the year, per director, with the exception of two new directors with a grant valued at \$106,605 each, and the Fiscal 2018 grant was valued at \$107,500 for the year, per director, based on the average closing price of the stock for the first five trading days of the month in which they were granted and vested on the first anniversary of the grant date. For Fiscal 2020, 2019 and 2018, we issued 14,455 shares, 22,042 shares and 22,185 shares, respectively, of director restricted stock.

In addition, the 2009 Plan permits an outside director to elect irrevocably to receive all or a specified portion of his annual retainers for board membership and any committee chairmanship for the following fiscal year in a number of shares of restricted stock (the "Retainer Stock"). Shares of the Retainer Stock are granted as of the first business day of the fiscal year as to which the election is effective, subject to forfeiture to the extent not earned upon the outside director's ceasing to serve as a director or committee chairman during such fiscal year. Once the shares are earned, the director is restricted from selling, transferring, pledging or assigning the shares for an additional three years. For Fiscal 2020, 2019 and 2018, we issued 10,913 shares, 14,379 shares and 8,435 shares, respectively, of Retainer Stock.

We recognized \$1.3 million of director restricted stock related share-based compensation in each of Fiscal 2020, 2019 and 2018 in selling and administrative expenses in the accompanying Consolidated Statements of Operations.

**Employee Restricted Stock**

Under the 2009 Plan, we issued 269,816 shares, 352,060 shares and 356,224 shares of employee restricted stock in Fiscal 2020, 2019 and 2018, respectively. Shares of employee restricted stock issued in Fiscal 2020, 2019 and 2018 primarily vest 25% per year over four years, provided that on such date the grantee has remained continuously employed by the Company since the date of grant. In addition, we issued 1,800, 4,388 and 4,947 restricted stock units in Fiscal 2020, 2019 and 2018, respectively, to certain employees at no cost that vest over three years. The fair value of employee restricted stock is charged against income as compensation cost over the vesting period. Compensation cost recognized in selling and administrative expenses in the accompanying Consolidated Statements of Operations for these shares was \$8.8 million, \$12.1 million and \$12.2 million for Fiscal 2020, 2019 and 2018, respectively, and is inclusive of discontinued operations of \$2.0 million and \$1.7 million in Fiscal 2019 and 2018, respectively.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 13**  
**Share-Based Compensation Plans, Continued**

A summary of the status of our nonvested shares of our employee restricted stock as of February 1, 2020 is presented below:

Nonvested Restricted Shares	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 28, 2017	484,002	\$68.27
Granted	356,224	32.00
Vested	(125,190)	68.94
Withheld for federal taxes	(50,957)	68.87
Forfeited	(23,999)	55.90
Nonvested at February 3, 2018	640,080	48.37
Granted	352,060	40.90
Vested	(177,394)	54.12
Withheld for federal taxes	(69,762)	54.26
Forfeited	(153,646)	42.66
Nonvested at February 2, 2019	591,338	42.99
<b>Granted</b>	<b>269,816</b>	<b>42.48</b>
<b>Vested</b>	<b>(138,765)</b>	<b>47.56</b>
<b>Withheld for federal taxes</b>	<b>(55,598)</b>	<b>46.51</b>
<b>Forfeited</b>	<b>(77,013)</b>	<b>42.19</b>
<b>Nonvested at February 1, 2020</b>	<b>589,778</b>	<b>\$41.46</b>

As of February 1, 2020, we had \$19.0 million of total unrecognized compensation costs related to nonvested share-based compensation arrangements for restricted stock discussed above. That cost is expected to be recognized over a weighted average period of 1.79 years.

**Note 14**  
**Legal Proceedings and Other Matters**

**Environmental Matters**

*New York State Environmental Matters*

In August 1997, the New York State Department of Environmental Conservation (“NYSDEC”) and the Company entered into a consent order whereby we assumed responsibility for conducting a remedial investigation and feasibility study and implementing an interim remedial measure with regard to the site of a knitting mill operated by a former subsidiary of ours from 1965 to 1969. The United States Environmental Protection Agency (“EPA”), which assumed primary regulatory responsibility for the site from NYSDEC, issued a Record of Decision in September 2007. The Record of Decision specified a remedy of a combination of groundwater extraction and treatment and in-situ chemical oxidation.

In September 2015, the EPA adopted an amendment to the Record of Decision eliminating the separate ground-water extraction and treatment systems and the use of in-situ oxidation from the remedy adopted in the Record of Decision. The amendment provides for the continued operation and maintenance of the existing wellhead treatment systems on wells operated by the Village of Garden City, New York (the “Village”). It also requires us to perform certain ongoing monitoring, operation and maintenance activities and to reimburse EPA’s future oversight cost, involving future costs to us estimated to be between \$1.7 million and \$2.0 million, and to reimburse EPA for approximately \$1.25 million of interim oversight costs. On August 15, 2016, the Court entered a Consent Judgment implementing the remedy provided for by the amendment.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 14****Legal Proceedings and Other Matters, Continued**

The Village additionally asserted that we are liable for the costs associated with enhanced treatment required by the impact of the groundwater plume from the site on two public water supply wells, including historical total costs ranging from approximately \$1.8 million to in excess of \$2.5 million, and future operation and maintenance costs which the Village estimated at \$126,400 annually while the enhanced treatment continues. On December 14, 2007, the Village filed a complaint (the "Village Lawsuit") against us and the owner of the property under the Resource Conservation and Recovery Act ("RCRA"), the Safe Drinking Water Act, and the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") as well as a number of state law theories in the U.S. District Court for the Eastern District of New York, seeking an injunction requiring the defendants to remediate contamination from the site and to establish their liability for future costs that may be incurred in connection with it.

In June 2016 we reached an agreement with the Village providing for the Village to continue to operate and maintain the well head treatment systems in accordance with the Record of Decision and to release its claims against us asserted in the Village Lawsuit in exchange for a lump-sum payment of \$10.0 million by us. On August 25, 2016, the Village Lawsuit was dismissed with prejudice. The cost of the settlement with the Village and the estimated costs associated with our compliance with the Consent Judgment were covered by our existing provision for the site. The settlement with the Village did not have, and we expect that the Consent Judgment will not have, a material effect on our financial condition or results of operations.

In April 2015, we received from EPA a Notice of Potential Liability and Demand for Costs (the "Notice") pursuant to CERCLA regarding the site in Gloversville, New York of a former leather tannery operated by us and by other, unrelated parties. The Notice demanded payment of approximately \$2.2 million of response costs claimed by EPA to have been incurred to conduct assessments and removal activities at the site. In February 2017, we entered into a settlement agreement with EPS resolving their claim for past response costs in exchange for a payment by us of \$1.5 million which was paid in May 2017. Our environmental insurance carrier has reimbursed us for 75% of the settlement amount, subject to a \$500,000 self-insured retention. We do not expect any additional cost related to the matter.

*Whitehall Environmental Matters*

We have performed sampling and analysis of soil, sediments, surface water, groundwater and waste management areas at our former Volunteer Leather Company facility in Whitehall, Michigan.

In October 2010, we entered into a Consent Decree with the Michigan Department of Natural Resources and Environment providing for implementation of a remedial Work Plan for the facility site designed to bring the site into compliance with applicable regulatory standards. The Work Plan's implementation is substantially complete and we expect, based on our present understanding of the condition of the site, that our future obligations with respect to the site will be limited to periodic monitoring and that future costs related to the site should not have a material effect on our financial condition or results of operations.

*Accrual for Environmental Contingencies*

Related to all outstanding environmental contingencies, we had accrued \$1.5 million as of February 1, 2020, \$1.8 million as of February 2, 2019 and \$3.0 million as of February 3, 2018. All such provisions reflect our estimates of the most likely cost (undiscounted, including both current and noncurrent portions) of resolving the contingencies, based on facts and circumstances as of the time they were made. There is no assurance that relevant facts and circumstances will not change, necessitating future changes to the provisions. Such contingent liabilities are included in the liability arising from provision for discontinued operations on the accompanying Consolidated Balance Sheets because it relates to former facilities operated by us. We have made pretax accruals for certain of these contingencies, including approximately \$0.4 million in Fiscal 2020, \$0.7 million in Fiscal 2019 and \$0.6 million in Fiscal 2018. These charges are included in loss from discontinued operations, net in the Consolidated Statements of Operations and represent changes in estimates.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 14****Legal Proceedings and Other Matters, Continued****Other Legal Matters**

On May 19, 2017, two former employees of our former Hat World subsidiary filed a putative class and collective action, *Chen and Salas v. Genesco Inc., et al.*, in the U.S. District Court for the Northern District of Illinois alleging violations of the FLSA and certain Illinois and New York wages and hours laws, including, among others, failure to pay overtime to store managers, and also seeking back pay, damages, statutory penalties, and declaratory and injunctive relief. On March 8, 2018, the court granted us a motion to transfer venue to the U.S. District Court for the Southern District of Indiana. On March 9, 2018, a former employee of our former Hat World subsidiary filed a putative class action in the Superior Court of the Commonwealth of Massachusetts claiming violations of the Massachusetts Overtime Law, M.G.L.C. 151§1A, by failing to pay overtime to employees classified as store managers, and seeking restitution, an incentive award, treble damages, interest, attorneys fees and costs. We reached an agreement in principle to settle the *Chen and Salas* and Massachusetts matters for payment of attorneys' fees and administrative costs totaling \$0.4 million plus total payments to members of the plaintiff class who opt to participate in the settlement of up to \$0.8 million. The proposed settlement has been approved by the court and the distribution of relief to class members is in process. We do not expect that the proposed settlement will have a material adverse effect on our financial condition or results of operations.

**Other Matters**

In the fourth quarter of Fiscal 2020, the IRS notified us on Letter 226-J, that we may be liable for an Employer Shared Responsibility Payment (“ESRP”) in the amount of \$4.2 million for the year ended December 31, 2017. The ESRP is applicable to employers that had 50 or more full-time equivalent employees, did not offer minimum essential coverage (“MEC”) to at least 95% of full-time employees (and their dependents) or did offer MEC to at least 95% of full time-employees (and their dependents), which did not meet the affordable or minimum value criteria and had one or more employees who claimed the Employee Premium Tax Credit (“PTC”) pursuant to the Affordable Care Act (the “ACA”). The IRS determines which employers receive Letter 226-J and the amount of the proposed ESRP from information that the employers complete on their information returns (IRS Forms 1094-C and 1095-C) and from the income tax returns of their employees. Since the inception of the ACA, it has been our policy to offer MEC to all full-time employees and their dependents. Based on our analysis, we responded to the IRS on January 15, 2020 asserting that we did offer MEC to at least 95% of our full-time employees for each month of 2017 and noting that the discrepancy was caused by errors in the electronic files uploaded through the ACA information return system. We are awaiting a response from the IRS and do not believe we have a liability. As a result, we did not make an accrual for this matter for the year ended February 1, 2020.

In addition to the matters specifically described in this Note, we are a party to other legal and regulatory proceedings and claims arising in the ordinary course of our business. While management does not believe that our liability with respect to any of these other matters is likely to have a material effect on our financial statements, legal proceedings are subject to inherent uncertainties and unfavorable rulings could have a material adverse impact on our financial statements.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 15**
**Business Segment Information**

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Our reportable segments are based on management's organization of the segments in order to make operating decisions and assess performance along types of products sold. Journeys Group and Schuh Group sell primarily branded products from other companies while Johnston & Murphy Group and Licensed Brands sell primarily our owned and licensed brands.

Corporate assets include cash, domestic prepaid rent expense, prepaid income taxes, pension asset, deferred income taxes, deferred note expense on revolver debt and corporate fixed assets, including the former Lids Sports Group headquarters building in Fiscal 2019 and Fiscal 2018, and miscellaneous investments. We do not allocate certain costs to each segment in order to make decisions and assess performance. These costs include corporate overhead, bank fees, interest expense, interest income, asset impairment charges and other, including a pension settlement charge, major litigation and major lease terminations.

**Fiscal 2020**

(In thousands)	Journeys Group	Schuh Group	Johnston & Murphy Group	Licensed Brands	Corporate & Other	Consolidated
Sales	\$ 1,460,253	\$ 373,930	\$ 300,850	\$ 61,859	\$ 174	\$ 2,197,066
Intercompany sales	—	—	—	—	—	—
<b>Net sales to external customers</b>	<b>\$ 1,460,253</b>	<b>\$ 373,930</b>	<b>\$ 300,850</b>	<b>\$ 61,859</b>	<b>\$ 174</b>	<b>\$ 2,197,066</b>
Segment operating income (loss)	\$ 114,945	\$ 4,659	\$ 17,702	\$ (698)	\$ (39,916)	\$ 96,692
Asset impairments and other <sup>(1)</sup>	—	—	—	—	(13,374)	(13,374)
<b>Operating income</b>	<b>114,945</b>	<b>4,659</b>	<b>17,702</b>	<b>(698)</b>	<b>(53,290)</b>	<b>83,318</b>
Other components of net periodic benefit cost	—	—	—	—	395	395
Interest expense	—	—	—	—	(3,339)	(3,339)
Interest income	—	—	—	—	2,061	2,061
<b>Earnings from continuing operations before income taxes</b>	<b>\$ 114,945</b>	<b>\$ 4,659</b>	<b>\$ 17,702</b>	<b>\$ (698)</b>	<b>\$ (54,173)</b>	<b>\$ 82,435</b>
Total assets <sup>(2)</sup>	\$ 908,312	\$ 363,205	\$ 197,670	\$ 63,385	\$ 147,906	\$ 1,680,478
Depreciation and amortization	29,122	11,466	6,091	660	2,235	49,574
Capital expenditures	17,920	4,890	5,540	428	989	29,767

<sup>(1)</sup>Asset Impairments and other includes an \$11.5 million pension settlement expense and a \$3.1 million charge for asset impairments, of which \$1.2 million is in the Johnston & Murphy Group, \$1.2 million is in the Schuh Group and \$0.7 million is in the Journeys Group, partially offset by a \$(0.6) million gain on the sale of the Lids Sports Group headquarters building, a \$(0.4) million gain for lease terminations and a \$(0.2) million gain related to Hurricane Maria.

<sup>(2)</sup>Of the Company's \$973.4 million of long-lived assets, \$174.4 million and \$46.2 million relate to long-lived assets in the United Kingdom and Canada, respectively.

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Notes to Consolidated Financial Statements

**Note 15**  
**Business Segment Information, Continued**

**Fiscal 2019**

(In thousands)	<b>Journeys Group</b>	<b>Schuh Group</b>	<b>Johnston &amp; Murphy Group</b>	<b>Licensed Brands</b>	<b>Corporate &amp; Other</b>	<b>Consolidated</b>
Sales	\$ 1,419,993	\$ 382,591	\$ 313,134	\$ 72,576	\$ 271	\$ 2,188,565
Intercompany sales	—	—	—	(12)	—	(12)
<b>Net sales to external customers</b>	<b>\$ 1,419,993</b>	<b>\$ 382,591</b>	<b>\$ 313,134</b>	<b>\$ 72,564</b>	<b>\$ 271</b>	<b>\$ 2,188,553</b>
Segment operating income (loss)	\$ 100,799	\$ 3,765	\$ 20,385	\$ (488)	\$ (39,481)	\$ 84,980
Asset impairments and other <sup>(1)</sup>	—	—	—	—	(3,163)	(3,163)
<b>Operating income</b>	<b>100,799</b>	<b>3,765</b>	<b>20,385</b>	<b>(488)</b>	<b>(42,644)</b>	<b>81,817</b>
Loss on early retirement of debt	—	—	—	—	(597)	(597)
Other components of net periodic benefit cost	—	—	—	—	380	380
Interest expense	—	—	—	—	(4,115)	(4,115)
Interest income	—	—	—	—	774	774
<b>Earnings from continuing operations before income taxes</b>	<b>\$ 100,799</b>	<b>\$ 3,765</b>	<b>\$ 20,385</b>	<b>\$ (488)</b>	<b>\$ (46,202)</b>	<b>\$ 78,259</b>
Total assets <sup>(2)</sup>	\$ 425,842	\$ 211,983	\$ 128,525	\$ 24,004	\$ 390,727	\$ 1,181,081
Depreciation and amortization <sup>(3)</sup>	28,121	14,193	6,517	637	2,693	52,161
Capital expenditures <sup>(4)</sup>	26,114	7,226	6,526	162	1,752	41,780

<sup>(1)</sup>Asset Impairments and other includes a \$4.2 million charge for asset impairments, of which \$2.4 million is in the Schuh Group, \$1.6 million is in the Journeys Group and \$0.2 million is in the Johnston & Murphy Group, a \$0.3 million charge for legal and other matters and a \$0.1 million charge for hurricane losses, partially offset by a \$(1.4) million gain related to Hurricane Maria.

<sup>(2)</sup> Of our \$277.4 million of long-lived assets, \$44.6 million and \$12.8 million relate to long-lived assets in the United Kingdom and Canada, respectively.

<sup>(3)</sup>Excludes \$24.8 million of depreciation and amortization related to Lids Sports Group. This amount is included in depreciation and amortization in our Consolidated Statements of Cash Flows as we did not segregate cash flows related to discontinued operations.

<sup>(4)</sup>Excludes \$15.4 million of capital expenditures related to Lids Sports Group. This amount is included in capital expenditures in our Consolidated Statements of Cash Flows as we did not segregate cash flows related to discontinued operations.

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**Note 15**  
**Business Segment Information, Continued**

**Fiscal 2018**

(In thousands)	<b>Journeys Group</b>	<b>Schuh Group</b>	<b>Johnston &amp; Murphy Group</b>	<b>Licensed Brands</b>	<b>Corporate &amp; Other</b>	<b>Consolidated</b>
Sales	\$ 1,329,460	\$ 403,698	\$ 304,160	\$ 89,812	\$ 420	\$ 2,127,550
Intercompany sales	—	—	—	(3)	—	(3)
<b>Net sales to external customers</b>	<b>\$ 1,329,460</b>	<b>\$ 403,698</b>	<b>\$ 304,160</b>	<b>\$ 89,809</b>	<b>\$ 420</b>	<b>\$ 2,127,547</b>
Segment operating income (loss)	\$ 74,114	\$ 20,104	\$ 19,367	\$ (299)	\$ (31,141)	\$ 82,145
Asset impairments and other <sup>(1)</sup>	—	—	—	—	(7,773)	(7,773)
<b>Operating income</b>	<b>74,114</b>	<b>20,104</b>	<b>19,367</b>	<b>(299)</b>	<b>(38,914)</b>	<b>74,372</b>
Other components of net periodic benefit cost	—	—	—	—	29	29
Interest expense	—	—	—	—	(5,420)	(5,420)
Interest income	—	—	—	—	8	8
<b>Earnings from continuing operations before income taxes</b>	<b>\$ 74,114</b>	<b>\$ 20,104</b>	<b>\$ 19,367</b>	<b>\$ (299)</b>	<b>\$ (44,297)</b>	<b>\$ 68,989</b>
Total assets ongoing operations	\$ 443,066	\$ 239,479	\$ 127,178	\$ 32,331	\$ 156,919	\$ 998,973
Assets from discontinued operations						316,380
Total assets <sup>(2)</sup>						1,315,353
Depreciation and amortization <sup>(3)</sup>	26,490	13,769	6,418	688	4,168	51,533
Capital expenditures <sup>(4)</sup>	79,532	10,968	6,163	421	1,525	98,609

<sup>(1)</sup>Asset Impairments and other includes a \$5.2 million charge for a licensing termination expense related to Licensed Brands Group and a \$1.7 million charge for asset impairments, of which \$1.0 million is in the Schuh Group and \$0.7 million is in the Journeys Group, and a \$0.9 million charge for hurricane losses.

<sup>(2)</sup>Total assets for the Schuh Group and Journeys Group include \$89.9 million and \$10.4 million of goodwill, respectively. Goodwill for Schuh Group and Journeys Group increased \$10.1 million and \$0.6 million, respectively, from January 28, 2017 due to foreign currency translation adjustments. Of our \$298.5 million of long-lived assets, \$55.2 million and \$14.8 million relate to long-lived assets in the United Kingdom and Canada, respectively.

<sup>(3)</sup>Excludes \$26.8 million of depreciation and amortization related to Lids Sports Group. This amount is included in depreciation and amortization in our Consolidated Statements of Cash Flows as we did not segregate cash flows related to discontinued operations.

<sup>(4)</sup>Excludes \$29.2 million of capital expenditures related to Lids Sports Group. This amount is included in capital expenditures in our Consolidated Statements of Cash Flows as we did not segregate cash flows related to discontinued operations.

**Genesco Inc.  
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Notes to Consolidated Financial Statements

**Note 16****Discontinued Operations**

On December 14, 2018, we entered into a definitive agreement for the sale of Lids Sports Group to FanzzLids Holdings, LLC (the "Purchaser"), a holding company controlled and operated by affiliates of Ames Watson Capital, LLC. The sale was completed on February 2, 2019 for \$93.8 million cash which consisted of a sales price of \$100.0 million and working capital adjustments of \$6.2 million. Because the effective date of closing was a Saturday and the cash proceeds were not received by us until February 4, 2019, the purchase price is reflected in accounts receivable at February 2, 2019. We provided various transition services to the Purchaser for a period of up to six months under a separate agreement after the closing.

During the fourth quarter of Fiscal 2019, we recorded a loss on the sale of Lids Sports Group of \$98.3 million, net of tax, on the sale of these assets, representing the sales price less the value of the Lids Sports Group assets sold and other miscellaneous charges, including divestiture transaction costs, offset by a tax benefit on the loss. Included in the loss on the sale is a \$48.7 million write-off of trademarks. The tax benefit associated with discontinued operations differs from the effective rate due to the mix of earnings and loss in the various jurisdictions, the impact of permanent items and other factors.

As a result of the sale, we met the requirements of ASC 360 to report the results of Lids Sports Group as discontinued operations. We have presented operating results of Lids Sports Group and the loss on the sale of Lids Sports Group in loss from discontinued operations, net in our Consolidated Statements of Operations for Fiscal 2019 and 2018. Certain corporate overhead costs and other allocated costs previously allocated to the Lids Sports Group business for segment reporting purposes did not qualify for classification within discontinued operations and have been reallocated to continuing operations whereas bank fees and certain legal fees related to the Lids Sports Group business segment previously excluded from segment earnings were reclassified to discontinued operations. The costs of the Lids Sports Group headquarters building, which was not included in the sale, was reclassified to corporate and other in segment earnings. In addition, the third quarter Fiscal 2018 goodwill impairment charge of \$182.2 million and the third quarter Fiscal 2019 trademark impairment charge of \$5.7 million related to the Lids Sports Group business segment, that were both previously excluded from the calculation of segment earnings, were reclassified to discontinued operations.

As part of the Lids Sports Group sales transaction, the Purchaser has agreed to indemnify and hold us harmless in connection with continuing obligations and any guarantees of ours in place as of February 2, 2019 in respect of post-closing or assumed liabilities or obligations of the Lids Sports Group business. The Purchaser has agreed to use commercially reasonable efforts to have any guarantees by, or continuing obligations of, the Company released. However, we are contingently liable in the event of a breach by the Purchaser of any such obligation to a third-party. In addition, we are a guarantor for 36 Lids Sports Group leases with lease expirations through October of 2027 and estimated maximum future payments totaling \$20.6 million as of February 1, 2020. We do not believe the fair value of the guarantees is material to our Consolidated Financial Statements.

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**Note 16****Discontinued Operations, Continued**

Components of amounts reflected in loss from discontinued operations, net of tax on the Consolidated Statements of Operations for the years ended February 2, 2019 and February 3, 2018 are as follows (in thousands):

	<b>Fiscal Year</b>	
	2019	2018
Net sales	\$ 723,125	\$ 779,469
Cost of sales	348,038	374,730
Selling and administrative expenses	370,480	391,982
Goodwill and trademark impairment	5,736	182,211
Asset impairments and other, net	2,394	1,068
Loss on sale of Lids Sports Group	(126,321)	—
Other components of net periodic benefit cost	(23)	(128)
Provision for discontinued operations <sup>(1)</sup>	(743)	(552)
Loss from discontinued operations before taxes	(130,610)	(171,202)
Income tax benefit	(27,456)	(22,655)
<b>Loss from discontinued operations, net of tax</b>	<b>\$ (103,154)</b>	<b>\$ (148,547)</b>

<sup>(1)</sup> Expenses primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by us (see Note 14).

The cash flows related to discontinued operations have not been segregated, and are included in our Consolidated Statements of Cash Flows. The following table summarizes depreciation and amortization, capital expenditures and the significant operating noncash items from discontinued operations for each period presented:

(In thousands)	<b>Fiscal Year</b>	
	2019	2018
Depreciation and amortization	\$ 24,778	\$ 26,793
Capital expenditures	15,450	29,244
Impairment of intangible assets	5,736	182,211
Impairment of long-lived assets	1,670	1,007

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**Note 17**  
**Quarterly Financial Information (Unaudited)**

(In thousands, except per share amounts)	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Fiscal Year	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net sales	\$ 495,651	\$ 486,219	\$ 486,573	\$ 487,015	\$ 537,263	\$ 539,828	\$ 677,579	\$ 675,491	\$ 2,197,066	\$ 2,188,553
Gross margin	244,908	238,006	236,533	231,469	264,202	261,918	317,472	315,663	1,063,115	1,047,056
Earnings from continuing operations before income taxes	9,336 <sup>(1)</sup>	2,692 <sup>(2)</sup>	2,708 <sup>(4)</sup>	1	25,433 <sup>(5)</sup>	25,580	44,958 <sup>(7)</sup>	49,986 <sup>(8)</sup>	82,435	78,259
Earnings (loss) from continuing operations	6,470	1,856	793	(25)	18,979	19,694	35,515	29,699	61,757	51,224
Net earnings (loss)	6,346	(2,331) <sup>(3)</sup>	577	(15)	18,899	14,387 <sup>(6)</sup>	35,562	(63,971) <sup>(9)</sup>	61,384	(51,930)
Diluted earnings (loss) per common share:										
Continuing operations	0.36	0.10	0.05	0.00	1.31	1.00	2.49	1.53	3.94	2.63
Net earnings (loss)	0.36	(0.12)	0.04	0.00	1.30	0.73	2.49	(3.29)	3.92	(2.66)

<sup>(1)</sup>Includes a net asset impairment and other gain of \$(0.7) million (see Note 4).

<sup>(2)</sup>Includes a net asset impairment and other charge of \$1.1 million (see Note 4).

<sup>(3)</sup>Includes a loss of \$4.2 million, net of tax, from discontinued operations (see Note 16).

<sup>(4)</sup>Includes a net asset impairment and other charge of \$1.8 million (see Note 4).

<sup>(5)</sup>Includes a net asset impairment and other charge of \$0.8 million (see Note 4).

<sup>(6)</sup>Includes a loss of \$5.3 million, net of tax, from discontinued operations (see Note 16).

<sup>(7)</sup>Includes a net asset impairment and other charge of \$11.5 million (see Note 4).

<sup>(8)</sup>Includes a net asset impairment and other charge of \$2.1 million (see Note 4) and a loss on early retirement of debt of \$0.6 million (see Note 7).

<sup>(9)</sup>Includes a loss of \$93.7 million, net of tax, from discontinued operations (see Note 16).

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**Note 18****Subsequent Events**

On February 10, 2020, we announced plans for our new corporate headquarters in Nashville, Tennessee. We entered into a lease agreement for approximately 199,000 square feet of office space which will replace our current corporate headquarters office lease. The term of the lease is 15 years, with two options to extend for an additional period of five years each.

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which continues to spread throughout the United States. As a result, we temporarily closed our North American retail stores on March 18, 2020, and on March 23, 2020, we closed our stores in the United Kingdom and Ireland. On March 26, 2020, our UK e-commerce business was temporarily closed. These temporary closures will have a negative impact to our sales. While the disruption is currently expected to be temporary, there is uncertainty around the duration. We will continue to evaluate the timing of reopening our stores and our UK e-commerce operations until such time as the stores can be opened safely. Therefore, while we expect this matter to negatively impact our business, results of operations, cash flows and financial position, the related financial impact cannot be reasonably estimated at this time.

On March 19, 2020, Schuh Limited ("Schuh") entered into an Amendment and Restatement Agreement (the "U.K. A&R Agreement") with Lloyds Bank which amended and restated the Amendment and Restatement Agreement dated April 26, 2017. The U.K. A&R Agreement includes only a Facility C revolving credit agreement of £19.0 million, bears interest at 2.2% per annum and expires in September 2020. The U.K. A&R Agreement contains certain covenants at the Schuh level, including a minimum interest coverage covenant of 4.50x and a maximum leverage covenant of 1.75x. The U.K. A&R Agreement is secured by a pledge of all the assets of Schuh and Schuh (ROI) Limited. Pursuant to a Guarantee in favor of Lloyds, Genesco Inc. has guaranteed the obligations of Schuh under the U.K. A&R Agreement on an unsecured basis.

On March 19, 2020, we borrowed \$150.0 million under our Credit Facility and we have subsequently borrowed another \$34.3 million. We did this as a precautionary measure to ensure funds are available to meet our obligations for a substantial period of time in response to the COVID-19 outbreak that caused public health officials to recommend precautions that would mitigate the spread of the virus, including warning against congregating in heavily populated areas such as malls and shopping centers. As of April 1, 2020, our total remaining available liquidity under our Credit Facility was approximately \$50.0 million.

In addition, as of March 24, 2020, we have borrowed £19.0 million under the U.K. A&R Agreement as a precautionary measure to ensure funds are available to meet our obligations in the UK for a substantial period of time in response to the COVID-19 outbreak.

On March 27, 2020, in response to the current business environment as impacted by COVID-19, we announced that we were taking several precautionary measures and adjusting our operational needs, including a significant reduction of expense, capital and planned inventory receipts. As part of these measures we made the decision to temporarily reduce compensation of certain members of senior management and the Board of Directors. In addition, we have furloughed all of our full-time store employees in North America and our store and distribution center employees in the United Kingdom.

As a result of the economic and business impact of COVID-19, we may be required to revise certain accounting estimates and judgments such as, but not limited to, those related to the valuation of goodwill, long-lived assets and deferred tax assets, which could have a material adverse affect on our financial position and results of operations.

**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.*

We have established disclosure controls and procedures to ensure that material information relating to us, including our consolidated subsidiaries, is made known to the officers who certify our financial reports and to other members of senior management and Board of Directors.

Based on their evaluation as of February 1, 2020, the principal executive officer and principal financial officer of the Company have concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), were effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including the principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

*Management's annual report on internal control over financial reporting.*

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our 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.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of our internal control over financial reporting as of February 1, 2020. In making this assessment, management used the criteria set forth in *Internal Control – Integrated Framework (2013)* drafted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of February 1, 2020, our internal control over financial reporting was effective based on those criteria.

Ernst & Young LLP, the independent registered public accounting firm who also audited our Consolidated Financial Statements, has issued an attestation report on the Company's effectiveness of internal control over financial reporting which is included herein. The report by Ernst & Young LLP is included in Item 8.

*Changes in internal control over financial reporting.*

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected or are reasonable likely to materially affect our internal control over financial reporting.

**ITEM 9B, OTHER INFORMATION**

Not applicable.

**PART III****ITEM 10, DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Certain information required by this item is incorporated herein by reference to the sections entitled “Election of Directors,” “Corporate Governance” and “Delinquent Section 16(a) Reports” in our definitive proxy statement for our annual meeting of shareholders to be held June 25, 2020, to be filed with the Securities and Exchange Commission. Pursuant to General Instruction G(3), certain information concerning our executive officers appears under Part I, Item 4A, “Executive Officers of the Registrant” in this report.

We have a code of ethics (the “Code of Ethics”) that applies to all of our directors, officers (including our chief executive officer, chief financial officer and chief accounting officer) and employees. We have made the Code of Ethics available and intend to post any legally required amendments to, or waivers of, such Code of Ethics on our website at <http://www.genesco.com>. Our website address is provided as an inactive textual reference only. The information provided on our website is not a part of this report, and therefore is not incorporated herein by reference.

**ITEM 11, EXECUTIVE COMPENSATION**

The information required by this item is incorporated herein by reference to the sections entitled “Director Compensation,” “Compensation Committee Report” and “Executive Compensation” in our definitive proxy statement for our annual meeting of shareholders to be held June 25, 2020, to be filed with the Securities and Exchange Commission.

**ITEM 12, SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Certain information required by this item is incorporated herein by reference to the section entitled “Security Ownership of Officers, Directors and Principal Shareholders” in our definitive proxy statement for our annual meeting of shareholders to be held June 25, 2020, to be filed with the Securities and Exchange Commission.

The following table provides certain information as of February 1, 2020 with respect to our equity compensation plans:

**EQUITY COMPENSATION PLAN INFORMATION\***

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(2)</sup>
Equity compensation plans approved by security holders	1,800	\$ —	951,120
Equity compensation plans not approved by security holders	—	—	—
Total	1,800	\$ —	951,120

(1) Restricted stock units issued to certain employees at no cost.

(2) Such shares may be issued as restricted shares or other forms of stock-based compensation pursuant to our stock incentive plans.

\* For additional information concerning our equity compensation plans, see the discussion in Note 13 Share-Based Compensation Plans.

**ITEM 13, CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this item is incorporated herein by reference to the section entitled “Election of Directors” in our definitive proxy statement for our annual meeting of shareholders to be held June 25, 2020, to be filed with the Securities and Exchange Commission.

**ITEM 14, PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by this item is incorporated herein by reference to the section entitled “Audit Matters” in our definitive proxy statement for our annual meeting of shareholders to be held June 25, 2020, to be filed with the Securities and Exchange Commission.

## PART IV

### **ITEM 15, EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

#### **Financial Statements**

The following consolidated financial statements of Genesco Inc. and Subsidiaries are filed as part of this report under Item 8, Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets, February 1, 2020 and February 2, 2019

Consolidated Statements of Operations, each of the three fiscal years ended 2020, 2019 and 2018

Consolidated Statements of Comprehensive Income, each of the three fiscal years ended 2020, 2019 and 2018

Consolidated Statements of Cash Flows, each of the three fiscal years ended 2020, 2019 and 2018

Consolidated Statements of Equity, each of the three fiscal years ended 2020, 2019 and 2018

Notes to Consolidated Financial Statements

#### **Financial Statement Schedules**

Schedule 2 — Valuation and Qualifying Accounts, each of the three fiscal years ended 2020, 2019 and 2018

All other schedules are omitted because the required information is either not applicable or is presented in the financial statements or related notes. These schedules begin on page 91.

#### **Exhibits**

- (2)
  - a. [Purchase Agreement dated December 14, 2018, among Hat World, Inc., GCO Canada Inc., Flagg Bros. of Puerto Rico, Inc., Hat World Corporation, Hat World Services Co., Inc., LSG Guam, Inc., Genesco Inc., Fanzzliids Holding, LLC, Fanatics, Inc. and Fanzz Holding, Inc. Incorporated by reference to Exhibit 2.1 to the current report on Form 8-K file December 14, 2018 \(File No. 1-3083\).\\*](#)
  - b. [Asset Purchase Agreement dated December 18, 2019, by and among Genesco Brands NY, LLC, Togast LLC, Togast Direct, LLC, TGB Design, LLC, Quanzhou TGB Footwear Co. Ltd and Anthony LoConte. Incorporated by reference to Exhibit 2.1 to the current report on Form 8-K filed December 18, 2019 \(File No. 1-3083\).](#)
- (3)
  - a. [Amended and Restated Bylaws of Genesco Inc. Incorporated by reference to Exhibit 99.2 to the current report on Form 8-K filed November 12, 2015 \(File No. 1-3083\).](#)
  - b. [Restated Charter of Genesco Inc., as amended. Incorporated by reference to Exhibit 1 to the Genesco Inc. Registration Statement on Form 8-A/A filed with the SEC on May 1, 2003 \(File No.1-3083\).](#)
- (4)
  - a. [Form of Certificate for the Common Stock. Incorporated by reference to Exhibit 3 to the Genesco Inc. Registration Statement on Form 8-A/A filed with the SEC on May 1, 2003 \(File No.1-3083\).](#)
  - b. [Description of Securities.](#)
- (10)
  - a. [Cooperation Agreement dated April 24, 2018, among Genesco Inc., Legion Partners Asset Management, LLC, 4010 Capital, LLC and each of the persons listed on the signature page thereto. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed April 25, 2018 \(File No. 1-3083\).](#)
  - b. [Fourth Amended and Restated Credit Agreement, dated as of January 31, 2018, by and among Genesco Inc., certain subsidiaries of Genesco Inc. party thereto, as other Other Domestic Borrowers, GCO Canada Inc., Genesco \(UK\) Limited, the Lenders party thereto and Bank of America, N.A., as Agent. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed February 3, 2018.](#)

- c. [First Amendment to Fourth Amended and Restated Credit Agreement, dated as of February 1, 2019, by and among Genesco Inc., certain subsidiaries of Genesco Inc. party thereto, as other Other Domestic Borrowers, GCO Canada Inc., Genesco \(UK\) Limited, the Lender party thereto and Bank of America, N.A., as Agent. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed February 5, 2019 \(File No. 1-3083\).](#)
- d. [Amendment and Restatement Agreement, dated March 19, 2020, between Schuh Limited, as Parent, and others as Borrowers and Guarantors and Lloyds Bank PLC, as Arranger, Agent and Security Trustee. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed March 24, 2020 \(File No. 1-3083\).](#)
- e. [Form of Split-Dollar Insurance Agreement with Executive Officers. Incorporated by reference to Exhibit \(10\)a to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 1997 \(File No.1-3083\).](#)
- f. [Genesco Inc. 2005 Equity Incentive Plan Amended and Restated as of October 24, 2007. Incorporated by reference to Exhibit \(10\)d to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2008 \(File No.1-3083\).](#)
- g. [Genesco Inc. Second Amended and Restated 2009 Equity Incentive Plan. Incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K, filed June 28, 2016 \(File No. 1-3083\).](#)
- h. [Genesco Inc. Third Amended and Restated EVA Incentive Compensation Plan.](#)
- i. [Form of Incentive Stock Option Agreement. Incorporated by reference to Exhibit \(10\)c to the Company's Quarterly Report on Form 10-Q for the quarter ended October 29, 2005 \(File No.1-3083\).](#)
- j. [Form of Non-Qualified Stock Option Agreement. Incorporated by reference to Exhibit \(10\)d to the Company's Quarterly Report on Form 10-Q for the quarter ended October 29, 2005 \(File No.1-3083\).](#)
- k. [Form of Restricted Share Award Agreement for Executive Officers. Incorporated by reference to Exhibit \(10\)e to the Company's Quarterly Report on Form 10-Q for the quarter ended October 29, 2005 \(File No.1-3083\).](#)
- l. [Form of Restricted Share Award Agreement for Officers and Employees. Incorporated by reference to Exhibit \(10\)f to the Company's Quarterly Report on Form 10-Q for the quarter ended October 29, 2005 \(File No.1-3083\).](#)
- m. [Form of Restricted Share Award Agreement. Incorporated by reference to Exhibit \(10\)a to the Company's Quarterly Report on Form 10-Q for the quarter ended August 1, 2009 \(File No. 1-3083\).](#)
- n. [Form of Indemnification Agreement For Directors. Incorporated by reference to Exhibit \(10\)m to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1993 \(File No.1-3083\).](#)
- o. [Form of Non-Executive Director Indemnification Agreement. Incorporated by reference to Exhibit \(10.1\) to the current report on Form 8-K filed November 3, 2008 \(File No. 1-3083\).](#)
- p. [Form of Officer Indemnification Agreement. Incorporated by reference to Exhibit \(10.2\) to the Company's Quarterly Report on Form 10-Q for the quarter ended November 1, 2008 \(File No.1-3083\).](#)
- q. [Form of Employment Protection Agreement between the Company and certain executive officers dated as of February 26, 1997. Incorporated by reference to Exhibit \(10\)p to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 1997 \(File No.1-3083\).](#)
- r. [First Amendment to Form of Employment Protection Agreement. Incorporated by reference to Exhibit \(10\)s to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2010 \(File No.1-3083\).](#)
- s. [Form of Employment Protection Agreement between the Company and certain executive officers dated as of October 30, 2019. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed October 31, 2019 \(File No. 1-3083\).](#)
- t. [Genesco Inc. Deferred Income Plan dated as of July 1, 2000. Incorporated by reference to Exhibit \(10\)p to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2005. Amended and Restated Deferred Income Plan dated August 22, 2007. Incorporated by reference to Exhibit \(10\)r to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2008 \(File No.1-3083\).](#)
- u. [The Schuh Group Limited 2015 Management Bonus Scheme. Incorporated by reference to Exhibit \(10\)a to the Company's Quarterly Report on Form 10-Q for the quarter ended July 30, 2011 \(File No.1-3083\).](#)

- v. [Jon Caplan Consulting Agreement dated February 1, 2019. Incorporated by reference to Exhibit \(10\)aa to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2019 \(File No. 1-3083\).](#)
- w. [Basic Form of Exchange Agreement \(Restricted Stock\). Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed April 29, 2009 \(File No. 1-3083\).](#)
- x. [Basic Form of Exchange Agreement \(Unrestricted Stock\). Incorporated by reference to Exhibit 10.2 to the current report on Form 8-K filed April 29, 2009 \(File No. 1-3083\).](#)
- y. [Form of Conversion Agreement. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed November 2, 2009 \(File No. 1-3083\).](#)
- z. [Form of Conversion Agreement. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed November 6, 2009 \(File No. 1-3083\).](#)
- aa. [Transition Agreement, dated as of October 31, 2019, by and between the Company and Robert J. Dennis. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed November 4, 2019 \(File No. 1-3083\).](#)
- bb. [Terms and Conditions to Trademark License Agreement dated December 17, 2019, between Levi Strauss & Co. and Genesco Inc.\\*](#)
- cc. [Schedule to Trademark License Agreement \(Levi's® Brand\) dated December 17, 2019, between Levi Strauss & Co. and Genesco Inc.\\*](#)
- dd. [Schedule to Trademark License Agreement \(Dockers® Brand\) dated December 17, 2019, between Levi Strauss & Co. and Genesco Inc.\\*](#)
- ee. [Amendment No. 1 to Trademark License Agreement, dated December 17, 2019, between Levi Strauss & Co. and Genesco Inc.\\*](#)

(21) [Subsidiaries of the Company](#)

(23) [Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm included on page 89.](#)

(24) [Power of Attorney.](#)

(31.1) [Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

(31.2) [Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

(32.1) [Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

(32.2) [Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

101.INS 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)

Exhibits (10)e through (10)m, (10)q through (10)v and (10)aa are Management Contracts or Compensatory Plans or Arrangements required to be filed as Exhibits to this Form 10-K.

\* Certain portions of this exhibit have been omitted pursuant to a request for confidential treatment.

A copy of any of the above described exhibits will be furnished to the shareholders upon written request, addressed to Director, Corporate Relations, Genesco Inc., Genesco Park, Room 498, P.O. Box 731, Nashville, Tennessee 37202-0731, accompanied by a check in the amount of \$15.00 payable to Genesco Inc.

## **ITEM 16, FORM 10-K SUMMARY**

None.

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration statement (Form S-8 No. 333-08463) of Genesco Inc.,
- (2) Registration statement (Form S-8 No. 333-104908) of Genesco Inc.,
- (3) Registration statement (Form S-8 No. 333-40249) of Genesco Inc.,
- (4) Registration statement (Form S-8 No. 333-128201) of Genesco Inc.,
- (5) Registration statement (Form S-8 No. 333-160339) of Genesco Inc.,
- (6) Registration statement (Form S-8 No. 333-180463) of Genesco Inc., and
- (7) Registration statement (Form S-8 No. 333-218670) of Genesco Inc.

of our reports dated April 1, 2020, with respect to the consolidated financial statements and schedule of Genesco Inc. and Subsidiaries and the effectiveness of internal control over financial reporting of Genesco Inc. and Subsidiaries included in this Annual Report (Form 10-K) of Genesco Inc. for the year ended February 1, 2020.

/s/ Ernst & Young LLP  
Nashville, Tennessee  
April 1, 2020

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENESCO INC.

By:           /s/Melvin G. Tucker

Melvin G. Tucker  
Senior Vice President – Finance and  
Chief Financial Officer

Date: April 1, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 5th day of February, 2020.

          /s/Mimi Eckel Vaughn

Mimi Eckel Vaughn

President, Chief Executive Officer

and a Director

(Principal Executive Officer)

          /s/Melvin G. Tucker

Melvin G. Tucker

Senior Vice President – Finance and

Chief Financial Officer

(Principal Financial Officer)

          /s/Brently G. Baxter

Brently G. Baxter

Vice President and Chief Accounting Officer

(Principal Accounting Officer)

Directors:

Joanna Barsh\*

Marty G. Dickens\*

James W. Bradford\*

Thurgood Marshall, Jr.\*

Robert J. Dennis\*

Kathleen Mason\*

Matthew C. Diamond\*

Kevin P. McDermott\*

\*By           /s/Scott E. Becker

Scott E. Becker

Attorney-In-Fact

**Genesco Inc.  
and Subsidiaries**

Financial Statement Schedule

February 1, 2020

**Genesco Inc.  
and Subsidiaries**  
Valuation and Qualifying Accounts

**Year Ended February 1, 2020**

(In thousands)

Allowances deducted from assets in the balance sheet:

**Accounts Receivable Allowances**

**Markdown Allowance (1)**

	<u>Beginning Balance</u>	<u>Charged to Profit and Loss</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>
	\$ 2,894	\$ 133	\$ (87)	\$ 2,940
	<u>\$ 7,019</u>	<u>\$ 1,579</u>	<u>\$ (3,039)</u>	<u>\$ 5,559</u>

**Year Ended February 2, 2019**

(In thousands)

Allowances deducted from assets in the balance sheet:

**Accounts Receivable Allowances**

**Markdown Allowance (1)**

	<u>Beginning Balance</u>	<u>Charged to Profit and Loss</u>	<u>Reductions</u>	<u>Ending Balance</u>
	\$ 4,593	\$ 40	\$ (1,739)	\$ 2,894
	<u>\$ 6,498</u>	<u>\$ 4,297</u>	<u>\$ (3,776)</u>	<u>\$ 7,019</u>

**Year Ended February 3, 2018**

(In thousands)

Allowances deducted from assets in the balance sheet:

**Accounts Receivable Allowances**

**Markdown Allowance (1)**

	<u>Beginning Balance</u>	<u>Charged to Profit and Loss</u>	<u>Reductions</u>	<u>Ending Balance</u>
	\$ 3,073	\$ 618	\$ 902	\$ 4,593
	<u>\$ 5,416</u>	<u>\$ 3,491</u>	<u>\$ (2,409)</u>	<u>\$ 6,498</u>

(1) Reflects adjustment of merchandise inventories to realizable value. Charged to Profit and Loss column represents increases to the allowance and the Reductions column represents decreases to the allowance based on quarterly assessments of the allowance.

**Exhibit (4)b.**  
**DESCRIPTION OF THE REGISTRANT'S SECURITIES**  
**REGISTERED PURSUANT TO SECTION 12 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

As of February 1, 2020, Genesco Inc. had two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock, par value \$1.00 per share ("Common Stock"), and our Employees' Subordinated Convertible Preferred Stock, without nominal or par value ("Employees' Subordinated Convertible Preferred Stock").

In this Exhibit (4)b, when we refer to the "Company," "we," "us" or "our" or when we otherwise refer to ourselves, we mean Genesco Inc., excluding, unless otherwise expressly stated, our subsidiaries and affiliates.

The following description is a summary of the material terms of our Restated Charter, as amended (the "Charter"), and our Amended and Restated Bylaws (the "Bylaws"), as currently in effect. This description is subject to, and qualified in its entirety by reference to, our Charter and our Bylaws, each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit (4)b is a part. We encourage you to read our Charter, our Bylaws and the applicable provisions of the Tennessee Business Corporation Act ("TBCA"), for additional information.

**Authorized Capital Stock**

As of February 1, 2020, our authorized capital stock consisted of 80,000,000 shares of Common Stock, 5,000,000 shares of Employees' Subordinated Convertible Preferred Stock, 3,705 shares of Cumulative Convertible Preferred Stock, without nominal or par value, 499,610 shares of Subordinated Cumulative Convertible Preference Stock, without nominal or par value, 3,000,000 shares of Subordinated Serial Preferred Stock, without nominal or par value, and 5,000,000 shares of Subordinated Cumulative Preferred Stock, without nominal or par value.

As of February 1, 2020, 14,697,206 shares of Common Stock were issued and outstanding, 34,440 shares of Employees' Subordinated Convertible Preferred Stock were issued and outstanding and no shares of Cumulative Convertible Preferred Stock, Subordinated Cumulative Convertible Preference Stock, Subordinated Serial Preferred Stock or Subordinated Cumulative Preferred Stock were issued and outstanding.

**Common Stock**

*Voting Rights.* The holders of our Common Stock are entitled to one vote per share on all matters to be voted on by shareholders and, if a quorum exists, action on any matter, other than the election of directors and except as otherwise required by our Charter or applicable law, is approved if the votes cast in favor of the action exceed the votes cast opposing the action. Directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at which a quorum is present. The holders of our Common Stock are not entitled to cumulative voting in the election of directors.

*Dividends.* After payment, or declaration and setting aside for payment, of the full cumulative dividends for all prior and then current dividend periods on all outstanding shares of our preferred stock (other than our Employees' Subordinated Convertible Preferred Stock) and after setting aside all stock purchase funds or sinking funds required to be set aside with respect to our preferred stock, cash dividends on our Common Stock may be declared and paid when and as determined by the board of directors, subject to certain restrictions imposed by our Charter and certain other agreements. The holders of our Common Stock are entitled to share equally on a per share basis in any dividends or distributions declared by our board of directors in its discretion from legally available funds, subject to any dividend preferences that may be attributable to our preferred stock. Dividends may be payable in shares of Common Stock.

*Liquidation.* In the event of our liquidation, dissolution, or winding up, holders of Common Stock are entitled to share equally on a per share basis in any assets remaining after all prior claims are satisfied and any liquidation preference on our outstanding preferred stock is paid in full.

*Other Rights and Preferences.* The holders of our Common Stock do not have any preemptive or similar rights to subscribe for shares of our capital stock. Our Charter does not contain any provisions providing for the redemption of our Common Stock or the conversion of our Common Stock into other securities. All of our outstanding shares of Common Stock are fully paid and non-assessable.

*Effect of Issuance of Preferred Stock.* The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of holders of any series of our authorized and issued preferred stock or of any series of preferred stock that we may issue in the future. See “Employees’ Subordinated Convertible Preferred Stock” and “Other Preferred Stock” below.

*Trading Market for Our Common Stock.* Our common stock is listed on the New York Stock Exchange under the symbol “GCO.”

### **Employees’ Subordinated Convertible Preferred Stock**

*Voting Rights.* The holders of our Employees’ Subordinated Convertible Preferred Stock are entitled to one vote per share on all matters to be voted on by shareholders.

*Dividends.* The holders of our Employees’ Subordinated Convertible Preferred Stock are not entitled to receive dividends.

*Liquidation.* In the event of our liquidation, dissolution, or winding up, the holders of Employees’ Preferred Stock are entitled to be paid from the assets (whether capital or surplus) of the Company, before any payment or distribution can be made to the holders of the Common Stock, but subject to and after prior payment of the amounts payable with respect to the Cumulative Convertible Preferred Stock, Subordinated Cumulative Convertible Preference Stock, Subordinated Serial Preferred Stock and Subordinated Cumulative Preferred Stock, an amount per share equal to 88 times the average quarterly per share dividend paid on our Common Stock for the previous eight quarters (if any), but in no event less than \$30 per share; provided, however, that in the event that the Company at any time after December 1, 1967 (i) issues shares of Common Stock as a stock dividend, in a stock split, or otherwise subdivide its outstanding shares of Common Stock; or (ii) combines its outstanding shares of Common Stock into a smaller number of shares, the amount payable will be based upon the aggregate dividends paid on the Common Stock divided by the number of shares of Common Stock which would have been outstanding had such subdivision or combination not taken place. After payment in full of all amounts payable to the holders of the Employees’ Preferred Stock, such shareholders, as such, will have no right or claim to any of the remaining assets of the Corporation, and the same will be distributed among the holders of the Common Stock.

*Other Rights and Preferences.* Holders of our Employees’ Subordinated Convertible Preferred Stock do not have any preemptive or similar rights to subscribe for shares of our capital stock, and Employees’ Subordinated Convertible Preferred Stock are not subject to redemption by the Company. At the option of the holder thereof, each share of Employees’ Preferred Stock may be converted into one fully paid and non-assessable share of either (i) the Subordinated Cumulative Preferred Stock, or (ii) Common Stock. Such option to convert may be exercised at any time, provided, however, that in the event that any share of Employees’ Preferred Stock will be issued partly paid, such share will not be convertible into either Subordinated Cumulative Preferred Stock or Common Stock until it is fully paid. All of our outstanding shares of Employees’ Subordinated Convertible Preferred Stock are fully paid and non-assessable.

## **Other Preferred Stock**

*Series of Preferred Stock.* Our Charter permits our board of directors to issue our Subordinated Serial Preferred Stock in as many series, each with as many shares and such rights and preferences, as the board may designate. Additionally, our Charter permits our board of directors to issue our Subordinated Cumulative Convertible Preference Stock in three separate classes, Subordinated Cumulative Convertible Preference Stock, Series A, Subordinated Cumulative Convertible Preference Stock, Series B, and Subordinated Cumulative Convertible Preference Stock, Series C.

*Rights and Preferences.* The Company has the right to redeem shares of Cumulative Convertible Preferred Stock, Subordinated Cumulative Convertible Preference Stock, Subordinated Serial Preferred Stock and Subordinated Cumulative Preferred Stock (collectively, the “Unregistered Preferred Stock”). Each class of our Unregistered Preferred Stock entitles the holder to receive dividends, participate in distributions and to have the benefit of all other rights of holders of such classes of Unregistered Preferred Stock. Voting rights and other terms of our Unregistered Preferred Stock are governed by our Charter.

## **Certain Anti-Takeover Provisions**

*General.* The provisions of our Charter and Bylaws described in this section may delay or make it difficult to effect acquisitions or changes of control of us that are not approved by our board of directors. We have implemented these provisions to help develop our business in a manner that will foster our long-term growth without the disruptive threat of a takeover that our board of directors believes is not in our best interests or in the best interests of our shareholders.

*Prohibition of Certain Transactions with Interested Shareholders.* Our Charter provides that, in order to effect certain mergers or other business transactions with a beneficial owner of 10% or more of our voting securities (who we refer to as an “interested shareholder”), the proposed transaction must receive affirmative votes at least equal in number to the sum of the votes entitled to be cast by holders of shares beneficially owned by the interested shareholder plus 67% of the votes entitled to be cast by all other holders of voting stock, voting together as one class. This shareholder approval requirement applies unless:

- the transaction is approved by a majority of directors who are not affiliated with the interested shareholder and who either were directors before such person became an interested shareholder or were chosen by a majority of such directors; or
- certain fair price, form of consideration and procedural requirements are met.

*Advance Notice for Shareholder Proposals or Nominations of Directors.* Our Bylaws provide that shareholders who want to bring business before an annual meeting of our shareholders or who want to nominate candidates for election as directors at an annual meeting or special meeting at which directors are to be elected must provide timely notice in writing. Subject to any other applicable requirements, only business that has been brought before the annual meeting by or at the direction of the board of directors or by a shareholder who has given timely written notice of an intention to bring that business before the meeting, in proper form, to our corporate secretary, may be conducted at an annual meeting of shareholders. In addition, the nomination of a person for election as a director at a meeting of shareholders can only be made by the board of directors (or an authorized committee of the board) or by a shareholder who has timely complied with the notice provisions set forth in our bylaws. Our Bylaws also specify requirements as to the content of the notice of a shareholder proposal or shareholder nomination of a director. The presiding officer at a shareholders’ meeting has the authority to make determinations in regard to whether a shareholder has complied with the requisite notice provisions.

*Board of Directors.* The Bylaws provide for a board of directors of not less than five nor more than twenty members, the exact number to be determined from time to time by resolution adopted by the affirmative vote of a majority of the total number of directors then in office. The Bylaws provide that directors will be elected to hold office

for a term expiring at the next annual meeting of shareholders and until a successor is duly elected and qualified or until his or her earlier resignation or removal. Directors are elected by a plurality of the votes cast by shareholders entitled to vote in the election at a meeting at which a quorum is present. Subject to the provisions of the Charter, the board of directors may fill any vacancy occurring on the board of directors, including any vacancy resulting from an increase in the number of directors or from the resignation or removal of a director. If the directors remaining in office constitute fewer than a quorum, the board of directors may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

*Amendment to Bylaws.* The Bylaws provide that the board of directors may amend or repeal the Bylaws, unless (i) the Charter or the TBCA reserves this power exclusively to shareholders or (ii) the shareholders, in amending or repealing a particular bylaw, provide expressly that the board of directors may not amend or repeal that bylaw. Shareholders may amend or repeal any bylaw, even though the bylaws may also be amended or repealed by the board of directors. Action by the board of directors with respect to the Bylaws will be taken by an affirmative vote of a majority of all directors then holding office.

*Special Meetings of Shareholders.* The Bylaws provide that special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by law, may be called by the chairman of the Board or the board of directors pursuant to a resolution adopted by a majority of the entire board of directors and will be called by the chairman of the board of directors or the secretary at the written request of persons holding of record at least 10% of all of the votes entitled to be cast on any issues proposed to be considered at the proposed special meeting.

### **Tennessee Anti-Takeover Law Provisions**

Provisions in Tennessee law could also make it harder for someone to acquire us through a tender offer, proxy contest or otherwise.

*The Tennessee Business Combination Act.* The Tennessee Business Combination Act (the “Combination Act”) provides that any person who is an affiliate or associate of a “resident domestic corporation,” or the beneficial owner, directly or indirectly, of 10% or more of the voting power of any class or series of the then outstanding voting shares of a “resident domestic corporation” is an “interested shareholder.” The Company is currently a resident domestic corporation within the meaning of the Combination Act. For purposes of the Combination Act, a “business combination” includes mergers, share exchanges, sales and leases of assets, issuances of securities, and similar transactions. Under the Combination Act, an interested shareholder cannot engage in a business combination with a resident domestic corporation unless the combination:

- takes place at least five years after the interested shareholder first acquired 10% or more of the voting power of any class or series of the then outstanding voting shares of the resident domestic corporation; and
- either is approved by at least two-thirds of the non-interested voting shares of the resident domestic corporation or satisfies fairness conditions specified in the Combination Act.

These provisions apply unless one of two events occurs:

- the business combination or the transaction that resulted in the acquiring shareholder becoming an interested shareholder is approved by the board of directors of the resident domestic corporation prior to the date that the acquiring shareholder becomes an interested shareholder of the resident domestic corporation; or
- the business combination is exempt from the Combination Act because, among other things:
  - in its original charter or original bylaws, the resident domestic corporation expressly elects not to be governed by the Combination Act; or
  - the resident corporation enacts a charter amendment or bylaw to remove itself entirely from the Combination Act. This charter or bylaw amendment must be approved by a majority of the shareholders who have held shares for more than one year before the vote. In addition, the charter amendment or bylaw cannot become operative until two years after the vote.

The Combination Act further provides an exemption from liability for officers and directors of resident corporations who do not approve proposed business combinations or charter or bylaw amendments removing their corporations from the Combination Act's coverage as long as the officers and directors act with the "good faith belief" that the proposed business combination would adversely affect their corporation's employees, customers, suppliers or the communities in which their corporation operates and such factors are permitted to be considered by the board of directors under the charter.

We have not adopted a provision in our Charter or Bylaws or any amendment to our Charter or Bylaws removing us from coverage under the Combination Act.

*The Tennessee Investor Protection Act.* The Tennessee Investor Protection Act ("TIPA") provides that unless a Tennessee corporation's board of directors has recommended a takeover offer to shareholders, no offeror beneficially owning 5% or more of any class of equity securities of the offeree company, any of which was purchased within the preceding year, may make a takeover offer for any class of equity security of the offeree company if after completion the offeror would be a beneficial owner of more than 10% of any class of outstanding equity securities of the company unless the offeror, before making such purchase: (1) makes a public announcement of his or her intention with respect to changing or influencing the management or control of the offeree company; (2) makes a full, fair and effective disclosure of such intention to the person from whom he or she intends to acquire such securities; and (3) files with the Tennessee Commissioner of Commerce and Insurance (the "Commissioner") and the offeree company a statement signifying such intentions and containing such additional information as may be prescribed by the Commissioner.

The offeror must provide that any equity securities of an offeree company deposited or tendered pursuant to a takeover offer may be withdrawn by an offeree at any time within seven days from the date the offer has become effective following filing with the Commissioner and the offeree company and public announcement of the terms or after 60 days from the date the offer has become effective. If the takeover offer is for less than all the outstanding equity securities of any class, such an offer must also provide for acceptance of securities pro rata if the number of securities tendered is greater than the number the offeror has offered to accept and pay for. If such an offeror varies the terms of the takeover offer before its expiration date by increasing the consideration offered to offerees, the offeror must pay the increased consideration for all equity securities accepted, whether accepted before or after the variation in the terms of the offer.

The TIPA does not apply to any offer involving a vote by holders of equity securities of the offeree company, pursuant to its charter or articles of incorporation or the applicable corporation statute, on a merger, consolidation or sale of corporate assets in consideration of the issuance of securities of another corporation, or on a sale of its securities in exchange for cash or securities of another corporation.

*The Tennessee Greenmail Act.* The Tennessee Greenmail Act applies to a Tennessee corporation that has a class of voting stock registered or traded on a national securities exchange or registered with the SEC pursuant to Section 12(g) of the Exchange Act. Under the Tennessee Greenmail Act, we may not purchase any of our shares at a price above the market value of such shares from any person who holds more than 3% of the class of securities to be purchased if such person has held such shares for less than two years, unless the purchase has been approved by the affirmative vote of a majority of the outstanding shares of each class of voting stock issued by us or we make an offer, of at least equal value per share, to all shareholders of such class.

*The Tennessee Control Share Acquisition Act.* The Tennessee Control Share Acquisition Act strips a purchaser's shares of voting rights any time an acquisition of shares in a Tennessee corporation that has elected to be covered by the Tennessee Control Share Acquisition Act (as we have pursuant to our Bylaws) brings the purchaser's voting power to one-fifth, one-third or a majority of all voting power. The purchaser's voting rights can be restored only by a majority vote of the other shareholders. The purchaser may demand a meeting of shareholders to conduct such a vote. The purchaser can demand a meeting for this purpose before acquiring shares in excess of the thresholds described above, which we refer to as a control share acquisition, only if it holds at least 10% of the outstanding shares and announces a good faith intention to make the acquisition of shares having voting power in excess of the thresholds stated above. If a target corporation so elects prior to the date on which a purchaser makes a control share acquisition, a target corporation may redeem the purchaser's shares if the shares are not granted voting rights.

The effect of these provisions may make a change of control of the Company more difficult by delaying, deferring or preventing a tender offer or takeover attempt that shareholders might consider to be in their best interest, including those attempts that might result in the payment of a premium over the market price for the Company's shares.

### **Limitations on Liability and Indemnification of Officers and Directors**

The TBCA provides that a corporation may indemnify any of its directors and officers against liability incurred in connection with a proceeding if:

- the director or officer acted in good faith;
- in the case of conduct in his or her official capacity with the corporation, the director or officer reasonably believed such conduct was in the corporation's best interest;
- in all other cases, the director or officer reasonably believed that his or her conduct was not opposed to the best interest of the corporation; and
- in connection with any criminal proceeding, the director or officer had no reasonable cause to believe that his or her conduct was unlawful.

In actions brought by or in the right of the corporation, however, the TBCA provides that no indemnification may be made if the director or officer was adjudged to be liable to the corporation. In cases where the director or officer is wholly successful, on the merits or otherwise, in the defense of any proceeding instituted because of his or her status as an officer or director of a corporation, the TBCA mandates that the corporation indemnify the director or officer against reasonable expenses incurred in the proceeding. The TBCA also provides that in connection with any proceeding charging improper personal benefit to an officer or director, no indemnification may be made if the officer or director is adjudged liable on the basis that the personal benefit was improperly received. Notwithstanding the foregoing, the TBCA provides that a court of competent jurisdiction, upon application, may order that an officer or director be indemnified for reasonable expenses if, in consideration of all relevant circumstances, the court determines that the individual is fairly and reasonably entitled to indemnification, notwithstanding the fact that:

- the officer or director was adjudged liable to the corporation in a proceeding by or in the right of the corporation;
- the officer or director was adjudged liable on the basis that personal benefit was improperly received by him or her; or
- the officer or director breached his or her duty of care to the corporation.

Our Charter provides that no director will be liable to us or our shareholders for monetary damages for breach of any fiduciary duty as a director, except to the extent provided by the TBCA. Under the TBCA, this provision relieves our directors from personal liability to us or our shareholders for monetary damages for breach of fiduciary duty as a director, except for liability arising from a judgment or other final adjudication establishing:

- any breach of the director's duty of loyalty;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; or
- any unlawful distributions.

We currently have in effect an executive liability insurance policy which provides coverage for our directors and officers.

We have entered into an indemnification agreement with each of our current directors and executive officers, which require us to indemnify such directors and executive officers, subject to certain limitations, to the fullest extent permitted by law for certain expenses and liabilities incurred in a proceeding by reason of (or arising in part out of) such directors' or executive officers' service to the Company.

### **Transfer Agent and Registrar**

Computershare is the transfer agent and registrar for our Common Stock and our Employees' Subordinated Convertible Preferred Stock.

**Exhibit (10)bb.**  
**TERMS AND CONDITIONS TO TRADEMARK LICENSE AGREEMENT**

These terms and conditions to trademark license agreement and all exhibits referenced herein, dated as of December 17, 2019 (“T&C”) are hereby incorporated by reference into one (1) or more Schedules executed between Levi Strauss & Co. (“LS&Co.”) and Licensee as though set forth in full. The T&C and each Schedule (including its exhibits) constitute a separate trademark license agreement (“Agreement”) between the parties. In the event of a conflict between the T&C and a Schedule (including its exhibits) with respect to the Agreement, the Schedule (including its exhibits) shall govern and control. All capitalized terms are defined in the T&C, Exhibit A attached hereto, or a Schedule. LS&Co. and Licensee agree as follows:

1. Grant of License

1.1 Grant of License. Subject to the terms of this Agreement, LS&Co. grants to Licensee, and Licensee accepts, an exclusive, non-assignable right to use the Trademarks solely as set forth in this Agreement, solely in connection with the manufacture, advertising, distribution and sale of Products to Approved Retailers for resale by those Approved Retailers within the Territory. At all times, the exclusivity described by this grant extends only to those specific forms of trademarks as specifically authorized by this Agreement. Licensee acknowledges and understands that LS&Co. sells products under and licenses other brands and trademarks that may derive from, refer to or include terms that form part of the Trademarks, and sells and licenses other products that may use the Trademarks. For purposes of clarity, subject to LS&Co.’s right to remove exclusivity under Section 13.2 and any Exceptions to Exclusivity, the exclusivity of this license shall apply to the Products manufactured, advertised, distributed, and sold to Approved Retailers only, for resale within the Territory, and LS&Co. and/or its authorized third party partners shall be permitted to manufacture, sell, and market the Products to non-Approved Retailers in the Territory.

1.2 Exceptions to Exclusivity. LS&Co., including its authorized third-party partners, may manufacture, market, distribute and sell in the Territory:

(a) The Products at (i) LS&Co.’s owned Levi’s® stores and Dockers® stores and franchised Levi’s® stores and Dockers® stores, levi.com, dockers.com, e-commerce websites, and outlets operating under the Levi’s® or Dockers® brands, (the “Stores”).

(b) any third-party marketplace website (including without limitation Amazon Marketplace and Facebook Marketplace).

(c) Any other Exceptions to Exclusivity set forth in a Schedule.

LS&Co.’s ability to manufacture, market, distribute, and sell Products under the Exceptions to Exclusivity shall also apply to any subsidiary acquired by LS&Co. and wholly owned by LS&Co. on or after the Effective Date and any such subsidiary’s owned and operated brick and mortar stores and e-commerce site(s) shall be deemed a “Store.”

1.3 Removal of Countries from Licensed Territory. LS&Co. may from time to time remove countries, regions or other geographic designations from the Territory if, (i) based on an assessment of any country, region or other geographic destination under the GSOG by LS&Co. or its authorized representatives, LS&Co. determines that LS&Co.

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and/or Licensee should not conduct its business, or certain elements thereof, in such country, (ii) if Licensee fails to distribute Products in any given region, country, or Approved Retailer, within an Annual Period, then Licensee shall forfeit the rights granted in this Agreement to that region, country, geographic destination, or Approved Retailer; or (iii) if a country becomes prohibited by applicable law, the prohibition shall be automatic as of the effective date of such law without need of any notice from LS&Co. Where LS&Co. removes a country region or other geographic designation from the Territory pursuant to 1.3(i), LS&Co. shall use reasonable efforts to give Licensee reasonable prior notice thereof.

## 2. Term

2.1 Term. The Agreement shall be effective during the Initial Term and any Renewal Term unless earlier terminated in accordance with the terms of this Agreement.

2.2 Renewal Term. The Agreement may be renewed for a Renewal Term in LS&Co.'s sole discretion. If Licensee desires to renew the Agreement, Licensee must submit a written request for renewal to LS&Co. during the Renewal Notice Period. The Agreement shall be eligible for consideration of renewal only if: (i) Licensee is in compliance with all terms and conditions of the Agreement, (ii) there is no outstanding Event of Default as defined in Section 13.1 existing on the date that Licensee delivers its request for renewal or at any time during the balance of the Term, and (iii) with respect to the Renewal Term, Licensee must meet or exceed the Minimum Renewal Sales. Licensee shall include with its renewal request data demonstrating that the renewal conditions are met, along with Licensee's projected Sales Plan during the Renewal Term, and strategies to achieve the projected Sales Plan during the Renewal Term. Within thirty (30) days after receipt of Licensee's renewal request, LS&Co. shall notify Licensee whether or not the Agreement shall be considered renewed. If the Agreement is not renewed, it shall expire and terminate at the end of the Initial Term. Licensee's failure to timely deliver its written request for renewal shall be treated as a final decision by Licensee that it has elected not to renew this Agreement.

2.3 During the Term, except as otherwise approved in writing by LS&Co., Licensee shall not (and shall ensure that its Affiliates shall not), either directly or indirectly, for itself, or through, on behalf of, or in connection with any third party operate a business in direct competition with LS&Co. or its Affiliates. For purposes of clarity, the following shall not be deemed a breach of this Section 2.3: (i) Other Relationships; and (ii) other licensing arrangements approved by LS&Co. in writing pursuant to Section 12.2.

## 3. Royalties

3.1 Guaranteed Minimum Royalty. Subject to Section 3.2 below, Licensee shall pay LS&Co. the Guaranteed Minimum Royalty in equal installments on December 1, March 1, June 1 and September 1 on each Quarter for each Annual Period.

3.2 Earned Royalties. Licensee shall pay to LS&CO. First Quality Earned Royalties, Second Quality Earned Royalties, and any MFO Earned Royalties on Net Sales of all Products (collectively, "Earned Royalties") on each Quarter for each Annual Period.

At the end of each Quarter, if and only if Licensee's cumulative Earned Royalties to date for an Annual Period exceed the Guaranteed Minimum Royalty for that Annual Period Licensee must pay the excess amount ("**Excess Royalty Payment**"). The Excess Royalty

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Payment is due thirty (30) days after the end of the Quarter in which the Licensee exceeds the Guaranteed Minimum Royalty. After an Excess Royalty Payment has been made for any Quarter in an Annual Period, there will be no more obligations for the payment of any remaining Guaranteed Minimum Royalty for that Annual Period and at the end of each remaining Quarter for that Annual Period.

For Net Sales of any Second Quality Products, Licensee shall pay to LS&Co. the Second Quality Earned Royalties and for Net Sales of any MFO Products, Licensee shall pay to LS&Co. the MFO Earned Royalties; provided, however, that in the event Licensee's Net Sales of Second Quality Products and MFO Earned Royalties for any Annual Period exceed the Second Quality Threshold, Licensee shall pay LS&Co. the First Quality Earned Royalties on *all* Products sold that exceed the Second Quality Threshold during that Annual Period. For any such Annual Period, Licensee shall pay LS&CO. at the time it delivers the fiscal year annual statement for that Annual Period as described in Section 9.2, First Quality Earned Royalties on Net Sales of all Products sold (including Second Quality Products) during the Annual Period, less any Earned Royalties that Licensee has previously paid to LS&CO. for such sales.

3.3 No Cross-Collateralization. Any monies paid or payable to LS&Co. under any section of this Agreement shall be accounted for separately and distinctly, and shall not be used to offset any other amount paid or payable to LS&Co. For the sake of clarity, Licensee may not offset gains and losses from a different Territory, Annual Period, geography, sales channel, or other product category as applicable.

3.4 Payment Mechanics.

(a) Licensee shall make royalty and all other required payments to LS&Co. in U.S. Dollars by wire transfer to:

[\*\*\*]:

(i) if Guaranteed Minimum Royalty, then: [\*\*\*]

(ii) if Marketing Contribution, then: [\*\*\*]

(iii) if Excess Royalty Payment, then: [\*\*\*]

All royalty payments shall be received by LS&Co. by the 1<sup>st</sup> day of each Quarter based on Net Sales of the previous Quarter just ended. Licensee shall provide LS&Co. with written documentation of the wire transfer within five (5) days of each such transfer. If a payment is not received when due for any reason, interest shall accrue on the unpaid principal amount of such installment from and after the date on which it became due, at a rate equal to [\*\*\*] percent ([\*\*\*]%) over the base rate (expressed as an annual rate) announced from time to time by Citibank N.A. New York (or its successor) as then in effect. If, upon any examination of Licensee's books and records as provided by Section 9, LS&Co. discovers any royalty underpayment by Licensee, then Licensee shall make, within thirty (30) days after LS&Co.'s demand, all payments required to be made to correct and eliminate the underpayment. In addition, if that examination reveals an underpayment of more than [\*\*\*] percent ([\*\*\*]%) for any Quarter, then Licensee shall reimburse LS&Co. for LS&Co.'s expenses in performing the examination.

(b) Currency Conversion. Payments shall be computed in U.S. Dollars, converted to U.S. Dollars, and then transmitted as noted above. For purposes of calculating any payment that requires conversion from local currency to U.S. Dollars, local currency

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shall be converted to U.S. Dollars according to the exchange rate published by Bloomberg on the date payment is due (or, if that is not a business day, the immediately preceding business day). However, if a payment is transmitted after the date payment was originally due, the currency exchange rate used shall be the rate as of the date payment was originally due or the rate as of the date the payment is transmitted, whichever rate yields the larger amount in U.S. Dollars. Licensee shall bear the cost of conversion and remittance of payments to LS&Co.

3.5 Monthly Selling Report. Within thirty (30) days after the end of each calendar month, Licensee shall prepare and furnish to LS&CO. a monthly selling report in a format provided by LS&Co.

3.6 Quarterly Royalty Statement. A royalty statement for each Quarter shall be prepared and furnished by Licensee to LS&Co. with respect to each quarterly period ended the last business day of February, May, August and November of the Term and shall be furnished to LS&Co. within thirty (30) calendar days of the end of each such period. The quarterly royalty statement shall include Net Sales for First Quality Products by account, Net Sales for Second Quality Products by account, Net Sales for any MFO Products by account, Net Sales for Closeouts by account, net returns by account and a calculation of royalties for the Quarter. All royalty statements shall be transmitted to LS&Co. through MBX, Licensing at [licensingga@levi.com](mailto:licensingga@levi.com) or via such other method as may be designated by LS&Co. from time to time (whether by electronic transmission, fax or mail). Licensee shall include with each quarterly royalty statement a written certification of statement accuracy by Licensee's Chief Financial Officer of accounting firm.

3.7 Annual Royalty Statement. Annually, within 30 days following the close of each Annual Period, Licensee shall submit to LS&Co. a statement in the form provided by LS&Co., certified by Licensee's Chief Financial Officer, showing for the preceding Annual Period:

- (a) aggregate Net Sales in U.S. Dollars and unit volume by country and a calculation of Earned Royalties by country;
- (b) a listing of each retailer and distributor by country to which Licensee sold Products in such period and the sales in dollars and unit volume to each such retailer or distributor in such period; and
- (c) aggregate gross sales, aggregate returns and aggregate Net Sales of all Products by product category by country.

3.8 Reporting Requirements. LS&Co. may, from time to time, revise the report process and format described above. Upon notice from LS&Co., Licensee shall comply with the revised reporting requirements as determined by LS&Co.

#### 4. Marketing and Sales

4.1 Sales Plan. On or before September 1 of each Annual Period, Licensee shall deliver to LS&Co. the Sales Plan for the upcoming Annual Period.

##### 4.2 Marketing Contribution

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

(a) Guaranteed Marketing Contribution. Subject to Section 4.2 (b) below, Licensee shall pay to LS&Co. the Guaranteed Marketing Contribution in equal installments on December 1, March 1, June 1, and September 1 on each Quarter for each Annual Period.

(b) Earned Marketing Contribution. Licensee shall pay to LS&Co. the Earned Marketing Contribution on each Quarter for each Annual Period.

At the end of each Quarter, if and only if Licensee's cumulative Marketing Contributions to date for an Annual Period exceed the Guaranteed Marketing Contribution for that Annual Period, Licensee must pay the excess amount ("Excess Marketing Payment"). The Excess Marketing Payment is due thirty (30) days after the end of the Quarter in which the Licensee exceeds the Guaranteed Marketing Contribution. After an Excess Marketing Payment has been made for any Quarter, there will be no more obligation for the payment of any remaining Guaranteed Marketing Contribution for that Annual Period and at the end of each remaining Quarter for that Annual Period, the Earned Marketing Contribution will be paid on the Net Sales of that relevant Quarter. Earned Marketing Contributions shall be separate from and shall not be subject to credit for expenditures by Licensee for cooperative advertising, trade advertising, fixture programs, trade shows, sampling or any other promotional or sales material. LS&Co. shall use these funds for consumer marketing of the Brand and branded products through the channels of trade and at the times and in the manner as LS&Co. may determine, Licensee acknowledging that it may not receive any direct or pro rata benefit from its Earned Marketing Contributions.

(c) Marketing Spend. During each Annual Period, Licensee shall use the Marketing Spend for that Annual Period on the following activities: (i) in store environment, including but not limited to fixturing costs, and (ii) other approved items, such as merchandise coordinators. Licensee will provide LS&Co. with documentation outlining marketing activities and the actual Marketing Spend with its annual report. If Licensee's actual aggregate Marketing Spend is less than the Marketing Spend set forth on a Schedule (based on actual Net Sales for the applicable Annual Period), Licensee will pay LS&Co. an amount equal to the unspent Marketing Spend. All Marketing Spend must be pre-approved by LS&Co.

Marketing Contribution and Marketing Spend shall be separate from, and shall not be subject to credit for, expenditures by Licensee for cooperative advertising, trade advertising, trade shows, sampling, or any other promotional or sales material not included in the Marketing Plan.

4.3 Showroom. No later than the Effective Date, Licensee at its sole expense shall establish, and then maintain during the Initial Term of this Agreement, and Renewal Term, if any, a showroom in New York dedicated exclusively to Products (the "Showroom"). Design and decor of the Showroom shall be subject to LS&Co.'s approval.

4.4 Business Materials. Licensee shall not use any business materials, including, without limitation, invoices, stationery, advertising, promotional materials, sundries, labels, packaging, fixtures, posters or graphics, bearing any of the Trademarks, unless such materials comply with LS&Co.'s trademark use standards as contemplated by Section 11.8 and unless Licensee shall have first obtained LS&Co.'s approval of the use. Any approval granted by LS&Co. shall be effective until revoked by LS&Co. To the extent LS&Co.'s approval relates only to a seasonal collection of Products, Licensee shall not use such packaging or business materials without LS&Co.'s separate specific approval after completion of the season to which the collection relates. Licensee also agrees not to use any document for HR purposes, labor management matters, or in any other employment-

related context (including paychecks) that make reference to or incorporate any of the Trademarks.

4.5 Retailer-Level Advertising. Licensee shall work directly with the Approved Retailers to plan and execute retailer-level advertising (including cooperative advertising if requested by LS&Co.) and events. LS&Co. shall provide guidelines for such advertising including, without limitation, acceptable trademark and/or logo usage, recommendations of layout, models, styling, size and placement of advertising. Licensee shall use reasonable efforts to ensure Approved Retailer compliance with those guidelines. Licensee shall not use cooperative advertising or other advertising materials prepared by Licensee for Approved Retailers without first obtaining LS&Co.'s approval of such materials. Any cooperative or other advertising developed under this Section 4.5 shall be limited to use during the seasonal collection of Products to which such advertising relates.

4.6 Retail and Visual Presentations

(a) Licensee, at its sole expense, shall develop all visuals used at retail, including packaging, fixtures, point of sale materials and visual merchandising materials. Licensee shall provide LS&Co. with a timetable for the development of such materials. LS&Co. may provide reasonable guidelines for the development of such materials, and use of all such materials shall be subject to LS&Co.'s prior approval. Licensee at its expense may use the vendors and creative agencies used by LS&Co. for similar projects. If Licensee decides not to use such vendors, it shall nonetheless be required to comply with guidelines provided by LS&Co. If LS&Co. reasonably determines that any materials produced by a vendor selected by Licensee do not meet LS&Co.'s quality standards, Licensee shall upon LS&Co.'s request select and use an alternate vendor approved by LS&Co.

(b) Licensee shall use reasonable efforts to secure premium retail locations, custom fixturing and strong image positioning for the Products on the retail floor. Licensee shall work with Approved Retailers to update the location, fixturing and positioning on a regular basis. Licensee shall not provide, both during the Initial Term and Renewal Term, if any, and after its expiration or termination, packaging, fixtures, point of sale, visual merchandising or related materials to any person or entity other than to an Approved Retailer and LS&Co.

4.7 Trade Advertising; Publicity

(a) Licensee shall be responsible for the development, at Licensee's sole expense, of all advertising in trade or industry publications. Licensee shall submit all such advertising to LS&Co. for its approval prior to its submission to the publication. Licensee shall use LS&Co. branded apparel or accessories in all Product advertising whenever a head to toe shot or visual requiring other product categories is required. If LS&Co. or one of its licensees does not have a product category required for the advertisement, then LS&Co. and Licensee shall choose an alternate brand for that product category, it being understood that Licensee shall: (i) be responsible for obtaining appropriate legal advice concerning such use; (ii) cause all trademark or other identifying marks or features visible on the item to be removed from or obscured in the final image prior to publication; and (iii) be responsible in all respects to the maker of the alternative product. If removing or obscuring the mark is impossible because of the nature of the product or is unsatisfactory from an aesthetic or legal perspective, then Licensee and LS&Co. shall select another product.

(b) Licensee shall maintain editorial contacts within its industry and shall use reasonable efforts to gain editorial coverage for Products in relevant industry

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publications. Licensee shall not, however, make any press or other public communications regarding LS&Co., the Brand or Product plans and strategies, sales or earnings of the Products or the status of the relationship between LS&Co. and Licensee, without in each case first obtaining LS&Co.'s approval, it being understood that LS&Co. anticipates that it shall coordinate all major programs to publicize or promote the Products.

4.8 Merchandise Coordinators. Licensee shall provide, at its sole expense, merchandise coordinators as appropriate for the Products. Licensee's merchandise coordinators shall take appropriate actions intended to facilitate Product presentation at retail that is consistent with visual standards and strategic objectives appropriate to products bearing the Trademarks. Licensee shall provide appropriate training to both its coordinators and Approved Retailer sales associates, using LS&Co. provided information to illustrate overall brand strategies and visual standards.

4.9 Marketing Coordination. The senior executives of Licensee responsible for marketing the Products shall attend marketing coordination meetings as requested by LS&Co. These meetings shall include discussion of marketing, publicity, promotion, advertising, visual programs, use of Trademarks, and development of annual and seasonal marketing plans. Representatives from other licensees of the Trademarks and creative vendors of LS&Co. may be present as LS&Co. may decide. LS&Co. shall schedule marketing coordination meetings upon reasonable advance written notice and at times consistent with market calendars.

4.10 Research. LS&Co. may, at its discretion and sole expense, perform research about consumer reaction to advertising or product initiatives involving Products. LS&Co. shall inform Licensee in advance of such research. Licensee shall participate in such research if invited to do so by LS&Co.

## 5. Product Designs

5.1 Design Schedule. All designing of Product, whether by LS&Co. or Licensee, shall be performed in compliance with a design schedule agreed upon at the start of each season's design period (the "Design Schedule"). An example of such a schedule is set forth in a Schedule. Such Design Schedule shall specify (a) deadlines (the "Deadlines"), which shall be strictly observed, and (b) target dates (the "Target Dates"), which the parties shall exercise their best efforts to meet.

5.2 Design Approval. Licensee shall not produce or sell any Product unless LS&Co. approves of the design and the collection therefor under this Section 5. Licensee shall produce at least [\*\*\*] ([\*\*\*)] collections per Annual Period, for the Spring/Summer & Fall/Winter seasons and not less than [\*\*\*] ([\*\*\*)] Styles for each collection (including Styles that have been carried forward from the preceding season). For purposes of this Section 5, a "Style" shall mean a specific shape of a Product in a particular fabrication. Licensee shall submit to LS&Co., for LS&Co.'s approval in accordance with the Design Schedule, all proposed designs and collections, through vehicles and formats acceptable to LS&Co. If LS&Co. approves, but specifies modifications, in any design or collection, then Licensee shall incorporate those modifications in the final form of that design or collection. In addition, LS&Co. may submit proposed designs to Licensee. Licensee shall in good faith consider these designs, and Licensee and LS&Co. shall mutually decide whether to use or adapt for use the proposed designs. LS&Co. shall have the sole right to determine which Trademarks (and which combinations, forms or derivatives of such trademarks) shall be used in connection with each particular Product. Licensee acknowledges and agrees that LS&Co.'s approval in this regard is given only as to branding

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considerations, and does not indicate LS&Co.'s approval that a given design, collection, or Product is legal or that it does not infringe the rights of any third party. Licensee shall at all times ensure that any and all designs provided by it to LS&Co. shall be legally available for use by LS&Co. without liability to a third party. Licensee shall fully indemnify LS&Co. from all claims, loss, expenses or damages incurred as a consequence of its liability. Design approval granted by LS&Co. shall remain in effect for the season for which it was granted. For the sake of clarity, Licensee must seek LS&Co. design approval for each new season.

## 6. Products; Quality Control

6.1 High Quality of Products; Submission of Samples. All Products shall be of highest quality and consistent with that associated with Trademarks, and that all Products shall be free of defects in design, materials, and workmanship. Licensee shall not market or sell any Products without first obtaining LS&Co.'s approval of the Products through the process described herein. Licensee shall submit to LS&Co., at Licensee's sole expense, [\*\*\*] Samples of each different style of a Product prior to any commercial production of that Product. Samples shall be delivered for the fall and spring seasons, twice each Annual Period. The Samples shall comprise every Style in the line, delivered by December 1, (for Fall Samples), and June 1 (for Spring Samples). LS&CO. shall pay for any additional Samples it requests at a price equal to Licensee's first factory cost for the item. If LS&CO. rejects a Sample, whether on the basis of Trademark use, style, design, dimensions, details, colors, materials, workmanship, quality or otherwise, it shall give Licensee a brief explanation of the reasons for the rejection, and may make suggestions for modifying the Sample. Licensee shall promptly correct such Sample and resubmit it for LS&Co.'s approval through the same process. "Sample" means a prototype or actual sample of a Product from which commercial production shall be made; a Sample shall reflect key product attributes including, without limitation, the type and quality of materials, colors and workmanship. LS&Co. shall have no obligation to approve, review or consider any Sample the submission of which did not comply with the required submission procedure. Licensee shall either destroy Samples or dispose of them through methods (for example, deposit in a sample archive or an employee sample sale) which do not involve placement into the marketplace.

6.2 Compliance with Sample. Licensee shall present for sale, through the showing of each seasonal collection to the trade, Products identical in all respects to approved Samples. Licensee shall ensure that all Products manufactured and sold by Licensee adhere in all respects (including, without limitation, use of Trademarks, materials, colors, workmanship, dimensions, styling, detail and quality) to Samples approved by LS&Co. If any Product is, in the sole discretion of LS&Co., not being manufactured or sold in adherence to the Trademark uses, styles, designs, dimensions, details, colors, materials, workmanship and quality embodied in the Samples or otherwise approved by LS&Co., LS&Co. shall notify Licensee in writing and Licensee shall immediately stop selling the Product, and either (i) change the Product to so conform as confirmed by LS&Co. or (ii) dispose of remaining inventory by selling the Products as Seconds to those Approved Retailers approved under this Agreement or by destroying the Products.

6.3 Withdrawal of Approval. LS&Co. shall have the right, in its sole discretion, to withdraw its approval of a Product, whether or not the Product is complying. Upon receipt of written notice from LS&Co. of its decision to withdraw approval, Licensee shall immediately stop selling the Product as a First Quality Product and instead sell the Product as a Second Quality Product only to those Approved Retailers of Second Quality Products. Licensee may, however, complete work in progress and utilize materials on hand

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provided that it submits proof of that work in progress to LS&Co. and sells those Products as Closeouts to Second Quality Approved Retailers.

6.4 Production Line. Upon written request by LS&Co., Licensee shall provide to LS&Co., at Licensee's expense, one full production line of the initial season's collection of Products, including each different Style of a Product. Licensee shall provide to LS&Co. additional production lines or portions of lines of Products at LS&Co.'s written request upon payment by LS&Co. of an amount equal to Licensee's first factory cost for the Products.

6.5 Second Quality Products. In the case of Seconds, Licensee, if possible given the nature of the Product, shall remove the Trademarks from the Product or prominently mark all such Products with the legend "second" or "irregular," or a red-line. Licensee may then sell such Seconds only to the Second Quality Approved Retailers. Licensee shall not sell any Products incorporating any labels or other identification bearing any of the Trademarks as seconds, damaged or defective merchandise without first obtaining LS&Co.'s approval.

6.6 Other Product Characteristics; Product Safety Standards; Animal Welfare. Licensee shall ensure that (i) all Products shall be suitable for their intended purposes; that no injurious, unlawfully flammable, poisonous, deleterious, or toxic substances or materials relating to hazardous substances ("Hazardous Substances") or any of the chemicals identified in the LS&Co. Restricted Substance List available, as updated from time to time, at <https://www.levistrauss.com/how-we-do-business/sustainability-resources-and-commitments/> (the "RSL"), shall be used in or on the Products; (ii) the Products in normal or foreseeable use shall not harm the user; and (iii) and that the Products shall be manufactured, advertised, labeled, sold and distributed in compliance with all applicable laws and regulations, including but not limited to the U.S. Consumer Product Safety Act, Consumer Product Safety Improvement Act of 2008 and any related legislative updates, and in accordance with LS&Co. standards relating to flammability, detachable hardware, the Youthwear Product Safety Process, if applicable, and other matters. In addition, Licensee shall ensure that all Products are sourced in compliance with LS&Co.'s Animal Welfare Policy, as updated from time to time, at <https://www.levistrauss.com/how-we-do-business/sustainability-resources-and-commitments/>.

Licensee shall not sell any Product that does not meet the requirements of this section. Should Licensee become aware (or receive notice from LS&Co.), that any Product does not or no longer meets the requirements of this section, Licensee shall immediately cease selling or in any way distributing that Product. Upon request from LS&Co. from time to time, Licensee or its subcontractor shall verify that no Hazardous Substances or restricted substances are contained in the Products, and that products sourced from animals comply with LS&Co.'s Animal Welfare Policy. Licensee will maintain sufficient quality control standards to ensure compliance with the above and will provide documentation to LS&Co. demonstrating, to LS&Co.'s satisfaction, the effectiveness of such standards. For the sake of clarity, Licensee shall be responsible for maintaining compliance at all times with LS&Co. standards, as described in this Agreement, the RSL, and within the Animal Welfare Policy, which may be updated from time to time.

## 7. Personnel and Cooperation

7.1 Designation of Managerial Personnel. Licensee shall at all times employ a senior manager ("Manager"), reasonably satisfactory to LS&Co., who shall be responsible for oversight of the production, merchandising, distribution and promotion of the Products. The initial Manager may be designated on a Schedule.

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7.2 Designation of Design Personnel. Licensee shall at all times employ designer(s) ("Designer(s)"), reasonably satisfactory to LS&Co., who shall be responsible for oversight of Product design, direction and development. The initial Designer(s) may be designated on a Schedule.

7.3 Approval Right as to Certain Personnel. LS&Co. will have the ongoing right to approve or reasonably disapprove of the service of individuals who serve as Licensee's senior manager and designer(s) as to the role that such individuals play in Licensee's business. If at any time LS&Co. disapproves of such an individual, Licensee agrees to remove him/her from the role that LS&Co. disapproves.

7.4 Consultation. Licensee and LS&Co. shall make their respective personnel, and shall use reasonable efforts to make the personnel of any of their contractors, sub-licensees, suppliers and other resources, available for consultation with the other party during normal business hours. When requested by LS&Co., Licensee shall make available senior executives of Licensee to discuss matters arising under this Agreement.

7.5 LS&Co. Management Personnel. Upon Licensee's reasonable request, LS&Co. shall attempt to make key management personnel available to participate in Licensee retailer visits, trade shows, or similar events.

7.6 Computer Network. Upon LS&Co.'s reasonable request, Licensee will enable itself to use and shall use, with LS&Co. and other LS&Co. licensees, an extranet or other electronic linkage reporting system as specified by LS&Co. Licensee shall at its expense (not to exceed [\*\*\*] in any Annual Period) acquire and maintain appropriate enabling hardware, software and enhancements.

7.7 Non-Solicitation. During the Term and for a period of twelve (12) months thereafter, neither party shall, directly or indirectly, on its own behalf or on the behalf of or in conjunction with any other party, attempt to or actually recruit, solicit, engage in prospective employment discussions, or hire any employee or former employee of the other party that is (a) on the team directly supporting performance under this Agreement or (b) a vice president or higher ranking executive of the other party. Nothing herein shall prevent a hiring party from engaging in any general solicitations for employees or public advertising of employment opportunities not directed at such employees and hiring an employee or former employee responding thereto, provided that such searches are not targeted at the other's employees.

## 8. Distribution

8.1 Overview. The retail distribution of products bearing the Trademarks is of critical importance to LS&Co. Such distribution affects the ability of LS&Co. to, among other things, reach the target consumers of the Brand, maintain the reputation and integrity of the Trademarks, enhance the image of the Brand and facilitate consistency in product presentation and assortment. Those concerns, and LS&Co.'s commercial need to maintain flexibility in its distribution strategies and policies, underlie the provisions of this Section 8. Accordingly, Licensee shall market, sell, and distribute Products in the Territory in accordance with its provisions. Retailers approved by LS&Co. as First Quality Approved Retailers and Second Quality Approved Retailers (including any MFO Retailers) and identified as such on a Schedule, respectively are referred to as "Approved Retailers." Sales of Products through e-commerce websites maintained by Approved Retailers that are already authorized by LS&Co. to sell the Products on their e-commerce platform as of

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

the Effective Date shall be deemed approved and a Permissible Website under Section 8.7(b); provided, however, that LS&Co. shall have the right at any time to disapprove such e-commerce sales. All other e-commerce sales of Products require the prior written approval of LS&Co.

8.2 First Quality Products. Licensee may market, sell and distribute First Quality Products only to: (i) First Quality Approved Retailers and (ii) LS&Co. and its Affiliates. Licensee shall not market, sell or distribute First Quality Products to Second Quality Approved Retailers or MFO Retailers without LS&Co.'s prior written approval in each instance. In the event that, with LS&Co.'s advance written approval, Licensee sells First Quality Products to a Second Quality Approved Retailers or any MFO Retailers, unless otherwise agreed in writing by LS&CO, Licensee must pay to LS&Co. the First Quality Earned Royalties on such Products. Licensee acknowledges that LS&Co. may at its sole discretion, during discussion of the Sales Plan or otherwise, determine that certain Products may be sold by Licensee only to First Quality Approved Retailers.

8.3 Second Quality Products & MFO Products, if applicable. Licensee may market, sell and distribute Second Quality Products only to: (i) Second Quality Approved Retailers and (ii) LS&Co. and its Affiliates. Licensee may market, sell and distribute MFO Products only to: (i) MFO Retailers, if any, and (ii) LS&Co. and its Affiliates. Licensee shall not market, sell or distribute Second Quality and MFO Products to any First Quality Approved Retailer without LS&Co.'s prior written approval in each instance.

8.4 Additional Approved Retailers. Licensee may ask LS&Co. at any time to add additional retailers as First Quality Approved Retailers or as Second Quality Approved Retailers or any MFO Retailers. Licensee shall make any such requests in writing to LS&Co. in which Licensee shall include all relevant information and any additional information that LS&Co. may request. LS&Co. may approve or reject the request in its sole discretion. If LS&Co. approves an additional retailer, then LS&Co. shall prepare and distribute a new version of the applicable exhibits designating the First Quality Approved Retailers and/or Second Quality Approved Retailers and/or MFO Retailers in a Schedule, as the case may be, which shall supersede any previous exhibit in such Schedule. Such approvals and distribution of updated exhibits may be made via email.

8.5 Withdrawal of Approval. LS&Co. may in its sole discretion withdraw approval of any Approved Retailer by giving written notice to Licensee. After Licensee's receipt of such notice, Licensee may ship Products to the retailer for a period of thirty (30) days. If Licensee has executed supply contracts with a disapproved retailer which require Licensee to ship beyond thirty (30) days, Licensee shall provide LS&Co. with a copy of any such contract for LS&Co.'s consent to ship beyond the thirty (30) day period, and Licensee may fulfill any non-cancelable portion of that supply contract or, at LS&Co.'s option, LS&Co. may pay Licensee any cancellation penalty amounts due under the supply contract, in which case Licensee shall not fulfill the contract. Licensee recognizes that LS&Co. may from time to time change its distribution profile and account policies, or take actions in implementing and enforcing its account policies, and that such actions may result in the withdrawal of approvals. If LS&Co. withdraws approval of a retailer, then LS&Co. shall prepare and distribute a new exhibit to a Schedule, which shall be effective going forward.

8.6 Accommodation Sale. Licensee may make accommodation sales of Products to its employees. Licensee shall pay LS&Co. the First Quality Earned Royalties on the Net Sales of such accommodation sales.

8.7 Prohibited Sales and Internet.

(a) Licensee shall not market, sell or distribute any Products through or to any person or entity except as expressly provided in this Section 8. For example, Licensee shall not sell Products (i) to any wholesaler, jobber or exporter or (ii) directly to consumers except through a Licensee-owned brick-and-mortar retail store approved under Section 8.2 or 8.3, or Permissible Website as described in Section 8.7(b). For the avoidance of doubt, if LS&Co. permits Licensee to sell the Product through a Licensee-owned e-commerce platform, then Licensee will comply with LS&Co.'s Retail Policies, as updated from time to time. LS&Co. may withdraw its approval for such e-commerce sales at any time upon written notice to Licensee. Licensee shall not, without LS&Co.'s prior approval, sell any Products to any third party (including an Approved Retailer) which, directly or indirectly, sells or, Licensee knows or has reason to know, proposes to sell, such Products outside the Territory, or sell or proposes to sell Products through the Internet unless such third party has been approved by LS&Co. to sell Products through the Internet. Licensee shall use reasonable efforts to prevent any such resale outside the Territory or through an unauthorized vehicle and shall, immediately upon receiving notice from LS&Co. or otherwise learning that an Approved Retailer is selling Products outside the Territory or through an unauthorized vehicle, cease all sales and deliveries to that Approved Retailer.

(b) Licensee shall not market or offer for sale the Products on or through any publicly accessible website, including, without limitation, any third-party marketplace website (including without limitation Amazon Marketplace and Facebook Marketplace), without the prior written consent of LS&Co., which shall approve the same on a case-by-case basis. Any third-party marketplace website approved by LS&Co. must be operated and controlled by Licensee. Once approved by LS&Co., such websites shall be referred to as "Permissible Websites". In its online sales, Licensee shall comply with any and all applicable laws, rules, regulations, and policies related to the advertising, sale and marketing of the Products of such Permissible Website.

(c) In marketing the Products on the Permissible Websites, Licensee shall only use images of Products either supplied by or authorized by LS&Co. and shall keep all Product descriptions up to date. Licensee's use of the Trademarks on the Permissible Websites shall be in conformance with any guidelines that may be provided in writing by LS&Co. and must be commercially reasonable as to the size, placement, and other manners of use.

(d) Licensee shall notify LS&Co. immediately in writing in the event of the Licensee becoming aware of any sales of Products online by unauthorized third-party sellers or credible allegation thereof. Upon such notification, LS&Co. shall have the sole right to determine whether or not any action shall be taken on account of such infringement or imitations. Licensee shall not make any statement or compromise, institute any suit nor take any action on account of any such infringement or imitations without first obtaining the written consent of LS&Co. to do so. Licensee shall cooperate with LS&Co. in relation to any action or proposed remedial action to combat such infringing or passing off activity, including providing information, cooperation and assistance, and, if requested by LS&Co., at Licensee's expense, filing or supporting removal requests under the procedures of a Permitted Website, "Take Down" requests under the Digital Millennium Copyright Act, or any other such request or demand LS&Co. deems necessary to protect any Intellectual Property of LS&Co.

8.8 Sales to LS&CO. At the request of LS&Co., Licensee shall make available for purchase, Products to LS&Co. or any of its Affiliates. The terms of such sales to LS&Co. or its Affiliates shall be made in accordance with the terms of the Addendum to

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Trademark License Agreement, attached hereto as Exhibit B, which the parties shall execute to govern such sales. For the avoidance of doubt, there shall be no royalty owed on any sales of Products to LS&CO. and its Affiliates and such sales will not count towards the Guaranteed Minimum Royalty described in Section 3.1.

8.9 Approved Distributors. Licensee shall have the right to subcontract the distribution of Products to Approved Distributors (but only within the Territory and subject to the terms of this Agreement) so long as (a) Licensee has given prior written notice of such proposed subcontract arrangements to LS&Co., including the name, address and such other information concerning the proposed Approved Distributors as may be requested by LS&Co. (which shall include, without limitation, information regarding any affiliation or other relationship between the proposed Approved Distributor and Licensee) and (b) LS&Co. has given Licensee its prior written approval of each proposed Approved Distributor. The Approved Distributors as of the Effective Date are identified in a Schedule.

(a) Licensee acknowledges that approval of each proposed Approved Distributor shall not impose upon LS&Co. any liability for error, omissions, negligence, fraud or other acts of Approved Distributor. Licensee shall ensure that the terms of such agreement do not conflict with the terms of this Agreement, and where necessary or expedient, shall impose upon Approved Distributor any obligations which Licensee is required to abide by, and which may require assistance or cooperation of Approved Distributor(s) to fulfill, including but not limited to compliance with LS&Co.'s GSOG. Licensee shall provide LS&Co. with a copy of each executed agreement with any Approved Distributor.

(b) Licensee's Responsibility for Approved Distributors. Licensee shall be fully responsible for all work and activities of any Approved Distributor, including but not limited to ensuring the Approved Distributor acts in accordance with this Agreement, and in particular, Licensee shall not be entitled to limit or deny responsibility for any breach of this Agreement on the basis that the breach was or may have been caused directly or otherwise by the work or activities of the Approved Distributor.

(c) Licensee shall pay royalties on the Net Sales to Approved Distributors at a royalty rate to be agreed upon by the parties.

## 9. Inspection; Statements and Records

9.1 Inspection Rights. LS&Co. and its representatives (including independent monitors) may during normal business hours without notice inspect all facilities used by Licensee and its subcontractors, sublicensees and suppliers in connection with Licensee's performance of its obligations under this Agreement including compliance with Section 10. These facilities shall include, without limitation, those used for preparation of Samples and for manufacture, sale, storage or distribution of Products in the process of manufacture and when offered for sale. LS&Co. and its representatives may observe, inspect and audit inventory, production processes, working conditions and environmental functions and interview employees of Licensee on or off facility premises. The presence of LS&Co.'s representatives shall not limit or affect in any way Licensee's obligations under this Agreement. This Section 9.1 does not impose any duty of LS&Co. to inspect any Licensee facility, report to Licensee the results of any inspection or assume any liability of any kind arising from inspecting or not inspecting any facility.

9.2 Accounting and Audit Rights. Licensee shall at all times keep an accurate account of all operations and transactions within the scope of this Agreement. Within thirty (30) days after the end of each Quarter, Licensee shall give to LS&Co. a

statement presenting: (i) a listing of each retailer to which Licensee sold Products in such period and the sales to each such retailer in such period expressed in both units of each Product sold and aggregate Net Sales for each Product sold, and (ii) aggregate gross sales, aggregate trade discounts, aggregate merchandise returns and aggregate Net Sales of all sales of Products by product category. These statements shall be in sufficient detail to be audited from the books of the Licensee and shall be certified by the chief financial officer of Licensee. No later than forty five (45) days after the end of Licensee's fiscal year, Licensee shall give to LS&Co.: (i) a statement, certified by the chief financial officer of Licensee, showing aggregate gross sales, aggregate trade discounts, aggregate merchandise returns and aggregate Net Sales of Products made by Licensee; and (ii) copies of Licensee's audited balance sheet, income statement, statement of cash flows and statement of stockholders' equity, and the notes to those statements, as of the year-end and for the twelve-month period then ended. During the Initial Term of this Agreement, the Renewal Term, if any, and for a period of five (5) years after its termination or expiration, LS&Co. or its agents, at LS&Co.'s sole expense and upon reasonable notice, may inspect and audit all the books of account of Licensee relating to performance by Licensee of its obligations under this Agreement, including, without limitation, those relating to computation of Net Sales and the sale and distribution of Products.

9.3 Records. Licensee shall provide to LS&Co., in the form requested by LS&Co., such information as LS&Co. may reasonably request with respect to the manufacture, distribution and sale of Products and Licensee's compliance with the provisions of this Agreement. Licensee shall retain all books and records relating to its performance of this Agreement during the Initial Term of this Agreement, the Renewal Term, if any, and for a period of three (3) years after its termination or expiration.

9.4 Notice of Insolvency. Licensee shall provide LS&Co. with immediate written notice if at any time during the term of this Agreement Licensee is, or reasonably believes that it may become, insolvent in that Licensee is unable to pay its debts as they become due, or balance sheet insolvent in that the value of Licensee's assets are less than the amount of its liabilities.

#### 10. Global Sourcing and Operating Guidelines

10.1 LS&CO. Reputation. Licensee acknowledges that its conduct, and the conduct of any subcontractor, must reflect positively on LS&Co.'s reputation. LS&Co. has maintained, and is determined to maintain, a worldwide reputation for ethical business conduct. To that end, LS&Co. adopted its "GSOG" setting forth standards of conduct it requires from, among others, its licensees, including Licensee. LS&Co. strives for continuous improvement with respect to the GSOG, and shall update the GSOG from time to time. Licensee shall be responsible for maintaining compliance with the GSOG and any updates to the GSOG at all times. Additionally, Licensee understands and agrees that LS&Co. may, from time to time, disclose Licensees' customers and suppliers, along with LS&Co.'s customers and suppliers, in governmental or public filings, on LS&Co.'s corporate website or otherwise in line with the goal of maintaining transparency and high standards of ethical business conduct.

10.2 Ethical Responsibility. Licensee agrees that Licensee shall, and shall cause its subcontractors to follow the highest standards of business ethics in conducting all aspects of its operations under this Agreement.

#### 10.3 Global Sourcing and Operating Guidelines.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

(a) Licensee represents and warrants that its key officers and managers have read and understand the GSOG, including but not limited to its Business Partner Terms of Engagement (“TOE”) and the Country Assessment Guidelines, included in the Social and Environmental Sustainability Guidebook, located at: <https://www.levistrauss.com/how-we-do-business/sustainability-resources-and-commitments/>.

(b) Licensee agrees that it shall, and shall cause its permitted subcontractors to, comply with the requirements of the GSOG at all times.

10.4 Effect on Compliance with Laws. Licensee shall be fully responsible for compliance with all local laws and regulations applicable to Licensee's operations. If the requirements of the GSOG are stricter than the requirements of applicable law, the requirements of the GSOG shall control.

10.5 TOE Assessment. Licensee acknowledges that LS&Co. requires official, approved TOE assessments (“TOE Assessments”) to be performed from time to time to ensure TOE compliance on all manufacturing facilities or subcontractors used by Licensee to produce any Products, including branded samples. Licensee shall, at Licensee's sole expense, conduct all TOE Assessments required by LS&Co. through a LS&Co. approved third-party monitoring company.

(a) For the purposes of monitoring compliance with this Section Licensee shall provide LS&Co. with a complete list of all the manufacturing facilities, subcontractors and suppliers it intends to use, including details of the purposes of the proposed use of such manufacturing facilities, subcontractors and suppliers. Licensee represents that it is presently using the Approved Manufacturers to manufacture Products, and that it is not subcontracting with a third party beyond those listed Approved Manufacturers. Licensee shall, within thirty (30) days after completion of a manufacturing facility TOE Assessment, deliver a copy of the assessment to LS&Co. Licensee shall not begin production at any manufacturing facility until LS&Co. reviews and approves, as specified under Section 19, the TOE Assessment.

(b) It is understood and agreed that LS&Co. makes no representations or warranties with respect to the GSOG, including the TOE and the TOE Assessments, and that LS&Co. shall not be liable to Licensee or its subcontractors or its suppliers for any failure to comply with the GSOG, the TOE or the LS&Co. Restricted Substances List. Any verification or monitoring shall not relieve Licensee from its obligation to strictly comply with the GSOG, the TOE, the LS&Co. Restricted Substances List and all applicable laws and regulations.

10.6 Anti-Bribery and Anti-Corruption. Licensee agrees to conduct its activities under this Agreement in accordance with the highest standards of business ethics and represents and warrants that it has received, read and understands LS&Co.'s Anti-Bribery and Anti-Corruption Policy (“ABAC Policy”) attached as Exhibit C hereto. Licensee agrees not to make any payments that will violate or cause LS&Co. to violate that policy. Licensee shall ensure that its and its Licensee Partner's senior management and other relevant employees participate in any training sessions on said policy that LS&Co. may provide.

(a) Licensee represents, warrants and agrees that Licensee and its shareholders, partners, officers, directors, agents, senior management, accounting staff and employees have not and shall not, directly or indirectly, make, authorize, offer, or promise to make, authorize or offer, any payments or gifts or things of value, to (i) any

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official or employee of any national, state, or local government or any agency or instrumentality thereof; (ii) any candidate for public office; or (iii) any political party or any officer or employee thereof, or to any other party in violation of anti-bribery laws or LS&Co.'s ABAC Policy. Licensee shall provide prompt written notice to LS&Co. if any shareholder, partner, officer, director, agent, senior manager, or employee of Licensee or any Affiliate company of Licensee is or becomes an official or employee of any governmental body during the term of this Agreement.

(b) Licensee represents and certifies that it has not been convicted of or pleaded guilty to a criminal offence, including one involving fraud, corruption, or moral turpitude, that it is not now, to the best of its knowledge, the subject of any government investigation for such offences, and that it is not now listed by any government agency as debarred, suspended, proposed for suspension or debarment, or otherwise ineligible for government programs. Licensee shall provide prompt written notice to LS&Co. if any circumstance arises that would violate this provision.

(c) During the Term and for a period of twenty-four (24) months following expiration or termination, LS&Co. shall have the right to conduct an audit of Licensee's books and records that reasonably relate to compliance with this section. Such audit shall include the right to interview Licensee's employees, representatives, contractors and agents with respect to such records. Licensee will fully cooperate in any investigation, including making employees available for interviews.

(d) For as long as this Agreement remains in effect, Licensee agrees to provide LS&Co. with an annual certification stating that it did not make payments that would cause LS&Co. to violate its ABAC Policy ("Annual Certification"). The Annual Certification must be in the form set out in Exhibit C and returned to LS&Co. by February 1 following the end of the preceding Annual Period.

10.7 Covenant as to Anti-Terrorism Laws. Licensee agrees to comply with and/or to assist LS&Co. to the fullest extent possible in its efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Licensee certifies, represents, and warrants that none of its respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither Licensee nor any of its principals, owners, shareholders or employees are in violation of any of the Anti-Terrorism Laws. Licensee also agrees not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations applicable in the Territory addressing or in any way relating to terrorist acts and/or acts of war.

10.8 Effect of Breach. This Section 10 is of the essence of this Agreement. Any failure by Licensee or any of its subcontractors to comply with the items thereof shall be grounds for declaration of an Event of Default by LS&Co. under Section 13.

## 11. Intellectual Property Matters

11.1 Permitted Use. The license granted under this Agreement applies only to the use of the Trademarks or other Intellectual Property by Licensee in connection with the manufacture, advertising, distribution and sale of Products to retailers approved under Section 8. Licensee is not authorized to use any other trademark or Intellectual

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Property of LS&Co. or any of its Affiliates or to use any Intellectual Property, including any Trademarks in connection with the manufacture and sale of any other products, the sale of Products to any person or entity other than a retailer approved under Section 8 or for any purpose other than as expressly provided in this Agreement.

11.2 Reservation of Rights. Except as provided herein, rights in and to all Products and any other item furnished to Licensee under this Agreement will be the sole and exclusive property of LS&Co. The parties agree that, if applicable, any Intellectual Property created during the performance of this Agreement will be "works made for hire". Alternatively, Licensee hereby assigns to LS&Co. all right, title and interest, and all Intellectual Property rights, in and to such Products. If any such Products are not assignable to LS&Co., Licensor hereby grants to LS&Co. an exclusive license to use such Products, including the Intellectual Property rights therein. If requested by LS&Co., Licensor will execute a written assignment and any other documents reasonably necessary for LS&Co. to establish or protect its Intellectual Property rights therein. Additionally, Licensee irrevocably and unconditionally grants to LS&Co. the power and interest to act as Licensee's attorney-in-fact to execute any and all documents necessary to effectuate or perfect the assignments by Licensee and other rights of LS&Co. under the Agreement. Licensor waives, any and all "moral rights" or equivalent rights in and to the Products and hereby assigns to LS&Co. all such rights.

11.3 Trademarks. LS&Co. owns the Trademarks and any related registrations or applications. Except as specifically provided in this Agreement, LS&Co. reserves all right, title and interest in and to the Trademarks for its own use or for the use of any other licensee, whether within or outside the Territory, in connection with any and all products and services. By way of example and not of limitation, Licensee understands and agrees that: (i) LS&Co. may manufacture, or authorize third parties to manufacture, in the Territory, Products for ultimate sale outside the Territory; and (ii) LS&Co. may grant licenses to others in the Territory in connection with products similar to the Products except for Products bearing the Trademarks manufactured and sold to Approved Retailers.

11.4 No Sublicense. Licensee shall not grant to any third party any right, permission, license, or sublicense with respect to any of the rights granted under this Agreement. Licensee may enter into a sublicense agreement or purchase order arrangement with a third party with whom Licensee contracts for the manufacture of Products (but only for sale within the Territory and subject to the terms of this Agreement), provided that that sublicense or purchase order limits use of the Trademarks to only those uses as may be necessary for the manufacture of Products for Licensee under this Agreement. Use of contractors shall in no way limit or otherwise affect Licensee's obligations under this Agreement; Licensee shall be responsible for all contractors and shall take all steps necessary to ensure that contractors maintain the level of quality required under this Agreement and otherwise comply with its terms. Licensee shall ensure that all sundry items and other materials bearing the Trademarks used by Licensee or any contractor are used only for purposes of manufacture of Products, that Licensee and any contractors take appropriate steps to prevent the loss, duplication or improper use of these sundries and materials and that Licensee or any contractor not use these sundries and materials in making products for Licensee other than the Products or for the account of any party other than Licensee

11.5 Other Uses; No Derivatives. Licensee shall not use, nor permit any other person or entity in its control to use, the words "Levi Strauss & Co." "Dockers", or "Levi's" any of the Trademarks or any combination, form or derivative of a Trademark, as part of a corporate or division name or trade name, or in any domain name, URL, social

media account, or as part of any other form or method of identifying or linking to any internet site whatsoever, or in a way that creates the impression that Licensee and LS&Co. are related parties. Licensee shall not use any Trademarks in such a way so as to give the impression that the names "Levi Strauss & Co." "Dockers" or "Levi's" or such Trademarks, or any combination, form or derivative of a Trademark, is the property of Licensee. Neither the Products nor any labeling or packaging shall bear any of Licensee's marks or other identifiers except for the Trademarks or except as required by law, except as may be specifically directed by LS&Co. with respect to disclosure of Trademark ownership and existence of the licensing relationship (for example, "this product is manufactured under license from Levi Strauss & Co."). Licensee shall not leverage the reputation and goodwill of the Trademarks or LS&Co. in connection with or otherwise to influence the sales or distribution of any other brand it manufactures or sells.

11.6 No Use for Publicity. Except as requested by LS&Co., Licensee shall not manufacture, sell or distribute Products for use for publicity purposes (other than publicity of Products), in combination sales, as premiums or giveaways, or to be disposed of through similar methods of merchandising. LS&Co. reserves the right to authorize the manufacture and sale of Products as part of a combination sale, premium or giveaway with products (other than Products) bearing the LS&Co. name or Trademarks. These Products, however, shall not: (i) be substantially similar to Products distributed by the Licensee or (ii) unreasonably interfere with Licensee's distribution of Products. If LS&Co. desires to authorize the manufacture of Products for these purposes, LS&Co. shall provide Licensee notice and a first right of negotiation for the manufacturing work. If LS&Co. and Licensee fail to reach a mutually acceptable agreement within ten (10) days after such notice is given, LS&Co. may negotiate and enter into an agreement with a third party for the manufacture of those Products.

11.7 Rights to Trademarks. Licensee acknowledges and agrees that its use of the Trademarks shall at all times be in its capacity as a licensee of LS&Co. and all such use shall inure to the benefit of LS&Co. Uses of the Trademarks shall not vest in Licensee any right or title to the Trademarks or any right to use or continue use except as provided in this Agreement. For purposes of trademark registrations, sales by Licensee or LS&Co. shall be considered to have been made by LS&Co. Licensee shall not, during the Initial Term of this Agreement, the Renewal Term, if any, or after its expiration or termination: (i) challenge LS&Co.'s title or rights in and to the Trademarks in any jurisdiction, or challenge the validity of this license or of the Trademarks, or (ii) contest the fact that Licensee's rights under this Agreement (x) are solely those of a licensee entitled to produce and sell products under contract and (y) terminate upon termination or expiration of this Agreement. Licensee acknowledges that only LS&Co. may file and prosecute a trademark application or applications to register any of the Trademarks, and that decisions regarding any official filing, prosecution, maintenance, or any other such assertion or protection of rights in the Trademarks may be made by LS&Co. in its sole discretion.

11.8 Standards. Licensee shall maintain the high standards associated with the Trademarks in all marketing, packaging and promotion of the Products. LS&Co. may issue uniform rules and regulations relating to the manner of use of the Trademarks. Licensee shall comply with these rules and regulations. Licensee shall take all appropriate actions, and all actions reasonably requested by LS&Co., to prevent improper use of the Trademarks, in advertising, point of sale presentations, online or otherwise by Approved Retailers and any others who come into possession of the Products, and by subcontractors, vendors and any other entities or persons engaged by Licensee in connection with this Agreement.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

#### 11.9 [\*\*\*]

11.10 Design Ownership and Assignment. Subject to Section 11.13, LS&Co. shall own, and Licensee either agrees all such are “works for hire” or assigns to LS&Co., all right, title and interest in any copyrightable works, trademarkable, or patentable designs or inventions and know-how embodied in or comprising (i) the artwork on or the exterior shapes or designs of the Products, (ii) the artwork on the designs of the advertising, packaging and other ancillary materials (tags, labels, and the like) accompanying the Products, as well as (iii) the trade-fixtures designed and developed for Licensee's showrooms and any in-store shops or in-store areas for the sale of articles within the stores of Approved Retailers. Licensee shall cause any third parties LS&Co. designates (which may include Licensee's employees and independent contractors) to sign copyright, patent or design assignments to LS&Co. for these aforementioned materials, in the form LS&Co. requires or approves, and deliver to LS&Co. original copies of such assignments. All patent, trademark and copyright registrations in respect thereof, whether created or furnished by Licensee or LS&Co., shall only be applied for by LS&Co., at LS&Co.'s discretion and expense, with the applications designating LS&Co. as the owner, as the case may be. LS&Co. may use these designs and other materials in any manner it desires, so long as the use does not conflict with rights granted to Licensee under this Agreement. Licensee shall cause to be placed on all Products and packaging, when necessary, appropriate notices (reviewed and approved in advance by LS&Co.) designating LS&Co. as the trademark, copyright or design patent owner, as the case may be. Licensee shall own all right, title and interest in any copyrightable works, patentable or trademarkable designs or inventions and know-how embodied in or comprising (i) the technical features of the Products, including their components and movements and (ii) any proprietary technology, design, invention, or otherwise that Licensee had developed prior to the commencement of this Agreement (“Licensee Intellectual Property”). Upon Licensor's request, Licensee shall cooperate with Licensor in promptly providing artwork, designs, concepts, tech packs, or any other such creative documentation in the format requested by LS&Co. Notwithstanding the foregoing, nothing in this Agreement shall prevent use by Licensee of basic or standard designs or styles, during the Initial Term of this Agreement, and Renewal Term, if any, or after its termination or expiration.

11.11 Design License. LS&Co. grants to Licensee the right, license and privilege to use the designs furnished or approved by LS&Co. under this Agreement and all related copyrights and design patents, if any, solely in connection with Products sold to Approved Retailers in the Territory. LS&Co. shall execute and deliver to Licensee all documents and instruments necessary to document that license. Licensee shall have no right to use the licensed designs under any other trademark or label or for any other product without first obtaining the prior approval of LS&Co., including, without limitation, any unique, signature design element or technical feature for the Products

#### 11.12 Infringement.

(a) Licensee shall promptly notify LS&Co. in writing of any use it learns of which may be infringements or imitations by others of the Trademarks on articles similar to Products, and of any uses which may be infringements or imitations by others of the related designs, design patents and copyrights or any Intellectual Property of LS&Co. LS&Co. shall have the sole right to determine whether or not any action shall be taken on account of infringements or imitations of its Intellectual Property. Licensee shall not institute any suit or take any action unless LS&Co. in its sole discretion authorizes Licensee to do so. Licensee shall not attempt to register any infringing or confusingly similar trademark or corporate name, and shall use reasonable efforts to ensure that no third party infringes

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or registers confusingly similar trademarks or the LS&Co. corporate name. Licensee shall take all appropriate actions, and all actions reasonably requested by LS&Co., to prevent or avoid any misuse of the Trademarks or licensed designs, including any Intellectual Property rights therein, by any of its customers, contractors, sublicensees, suppliers or other resources.

(b) LS&Co. shall promptly notify Licensee in writing of any goods or activities which may infringe the Licensee Intellectual Property rights. LS&Co. shall provide complete information, cooperation and assistance to Licensee concerning each such infringement (including, without limitation, cooperation and assistance in any further investigation or legal action). Upon learning of such infringement, Licensee shall have the right, but not the obligation, at its expense, to take such actions as Licensee considers necessary or appropriate to enforce its rights.

11.13 Innovations. Licensee agrees to disclose to LS&CO. all inventions, discoveries, ideas, concepts, methods, techniques and products conceived, developed, or reduced to practice by Licensee and Licensee's Affiliates, owners, and/or employees during the term of this Agreement relating to the development, manufacture or distribution of Products and other materials related to Products (collectively, "Innovations"). Except for Innovations that existed before the Agreement Date, all such Innovations, including developed in collaboration with LS&Co., its Affiliates and/or its partners, will be and hereby are deemed to be LS&CO.'s sole and exclusive property ("LS&Co. Innovations"). To the fullest extent permitted by law, LS&Co. will own all right, title, and interest in and to all LS&Co. Innovations. The LS&Co. Innovations will be works made for hire to the maximum extent permitted by law. If any of the LS&Co. Innovations do not qualify as works made for hire, Licensee assigns to LS&Co. all right, title and interest in and to such LS&Co. Innovations and all extensions and renewals thereof. If requested by LS&Co., Licensee will execute a written assignment of such rights to LS&Co. and any other documents necessary for LS&Co. to establish or protect its rights in and to such LS&Co. Innovations. If Licensee has any rights to the LS&Co. Innovations that cannot be assigned to LS&Co., Licensee unconditionally and irrevocably assigns the enforcement of such rights to LS&Co. and grants LS&Co., its affiliates, subcontractors, agents and assignees, an exclusive, irrevocable, perpetual, universal, fully paid up, royalty-free license (with the right to sublicense through multiple levels of sublicensees), under all intellectual property rights, to make, sell, use, execute, reproduce, modify, adapt, display, perform, distribute, make derivative works of, export, disclose, market, promote, sell and otherwise disseminate or transfer any and all rights in and to the LS&Co. Innovations.

11.14 Cooperation. Licensee shall, at LS&Co.'s expense (provided that LS&Co. shall not be responsible for Licensee's internal cost of the time and effort expended by Licensee's officers and employees in connection with furnishing such assistance), assist and cooperate with LS&Co. in securing and preserving LS&Co.'s rights in and to the Trademarks and in and to the designs, design patents or copyrights described in Section 11.10. LS&Co. may commence or prosecute any claims or suits in its own name and may join Licensee as a party in these proceedings.

## 12. Diligence; Other Relationships

12.1 Diligence. Licensee shall use its best efforts to exploit throughout the Territory the license granted and to maintain the established prestige and goodwill of the Trademarks and the reputation, standards and image of LS&Co. Licensee shall maintain adequate design, sourcing, marketing, sales and customer service resources, inventories

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

and distribution facilities for Products to ensure exploitation of the license and timely and complete performance of its obligations under this Agreement.

12.2 Other Licenses. Licensee's and its Affiliates' Other Relationships are designated in a Schedule. During the Term, Licensee and its Affiliates shall not, except as approved in writing by LS&Co. in its sole discretion, become a party to any additional license, sublicense or similar agreement giving Licensee or its Affiliates the right to manufacture or sell, and Licensee and its Affiliates shall not manufacture or sell, any Competitive Products bearing trademarks of or otherwise on behalf of National Branded Trademarks and Private Label-Captive Trademarks without prior written approval from Licensor, provided, however, that Licensee and its Affiliates shall have rights to manufacture and sell products as a supplier for those Private Label-Captive Trademarks. In addition, if Licensee or its Affiliates intend to enter into any license or sublicense agreement giving Licensee the right to manufacture and sell any Competitive Products, Licensee shall notify LS&Co. in writing of its intention as soon as practicable, but in no event less than thirty (30) days prior to Licensee or its Affiliates executing or entering into that license or sublicense agreement. LS&Co. reserves the right to modify any exhibit in a Schedule designating National Branded Trademarks and Private Label-Captive Trademarks in its sole discretion once per Annual Period upon thirty (30) days written notice to Licensee.

### 13. Default; Termination

13.1 Event of Default. Each of the following shall constitute an event of default ("Event of Default"):

(a) Licensee fails to make any payment of royalties (including Guaranteed Minimum Royalties) or other amounts to LS&Co. when due;

(b) Licensee files a petition in bankruptcy, is adjudicated of bankruptcy or files a petition or otherwise seeks relief under any bankruptcy, insolvency or reorganization statute or proceeding, or a petition in bankruptcy is filed against it and is not dismissed within sixty (60) days, or it becomes insolvent or makes an assignment for the benefit of its creditors or a custodian, receiver or trustee is appointed for it or a substantial portion of its business or assets or admits in writing its inability to pay its debts as they become due;

(c) Licensee, after achieving distribution and sale of Products throughout the Territory, fails for a period of at least two (2) months to continue the bona fide distribution and sale of Products;

(d) Licensee sells Products to any entity or person other than an Approved Retailer or other than as provided in Section 8;

(e) Licensee's Net Sales of Second Quality Products and MFO Products are greater than the Breach Threshold during any Annual Period;

(f) Licensee commits any breach of its obligations set forth in Section 2.3;

(g) Licensee fails in any Annual Period to achieve enough sales to generate Earned Royalties under Section 3.2 equal to or exceeding the Guaranteed Minimum Royalty specified in Section 3.1 for that Annual Period;

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(h) Licensee uses the Trademarks in a manner not authorized under this Agreement or uses any other trademarks of LS&Co. on Products or otherwise;

(i) Licensee sells any Product Designs and Samples which were not approved by LS&Co. as provided by Sections 5 and 6 or for which the approval was withdrawn as provided in Sections 6.1, 6.2, or 6.3.

(j) Licensee commits any breach of its obligations in respect of Confidential or Proprietary Information as specified in Section 17;

(k) Licensee sells Products not meeting product quality standards as contemplated by Section 6;

(l) Licensee or any of its subcontractors commits any breach of its obligations under Section 10;

(m) Licensee assigns or attempts to assign this Agreement (including any deemed assignment resulting from a Change of Control as contemplated by Section 18) in breach of its obligations under Section 18;

(n) any representation or warranty made by Licensee in this Agreement is false in any material respect;

(o) Licensee commits any breach of its obligations in respect of Compliance with Law and Business Conduct/Anti-Bribery as specified in Section 10.6;

(p) Licensee fails to comply with the Global Sourcing and Operating Guidelines referred to in Section 10.3 within the time specified therein or to the satisfaction of LS&Co.;

(q) Licensee commits any breach of its obligations set forth in Section 12.2;

(r) Licensee or its subcontractors commit any breach of applicable data security and privacy obligations, including obligations set forth in a Schedule;

(s) Licensee commits a material breach of any of its other obligations under this Agreement; and

(t) Licensee commits a breach of its obligations under the terms of any other trademark license agreement or other contract between Licensee (and/or Licensee's Affiliates) and LS&Co. (and/or LS&Co.'s Affiliates).

13.2 Effectiveness and Cure. If any Event of Default specified in Sections 13.1 (a), (b), (c), (e), (f), (g), (h), (j), (l), (o), (p), (r), or (t) occurs, then LS&Co. may immediately terminate this Agreement, with that termination effective upon delivery of notice to Licensee. If any other Event of Default occurs, or if LS&Co. decides not to terminate immediately the Agreement in respect of an Event of Default specified in Sections 13.1 (a), (b), (c), (e), (f), (g), (h), (j), (l), (o), (p), (r), or (t) then Licensee, upon written notice from LS&Co. to Licensee describing the circumstances giving rise to that Event of Default, shall promptly and at its expense cure the Event of Default to the satisfaction of LS&Co. at its sole discretion. If Licensee fails to cure such Event of Default within thirty (30) days, or such Event of Default is incurable, then LS&Co. may, in its sole option and discretion, either (1) remove the

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exclusivity of the license granted under Section 1.1 or (2) terminate this Agreement upon delivery to Licensee of a written notice to that effect, with that termination effective upon delivery of notice to Licensee. It is understood and agreed that Licensee shall not have a right to cure if there occurs a second Event of Default under the same subsection of Section 13.1 within two (2) years of a prior Event of Default that did not, because of cure or otherwise, result in termination of this Agreement. For purposes of clarity, upon removing exclusivity under this Section 13.2, LS&Co. shall be permitted to manufacture, advertise, distribute or sell Products to Approved Retailers for resale by those Approved Retailers within the Territory or designate other third parties to do the same. Notwithstanding anything to the contrary herein, if LS&Co. opts to remove exclusivity under this Section 13.2 and another Event of Default occurs thereafter, then LS&Co. shall have the right to immediately terminate this Agreement, with that termination effective upon delivery of notice to Licensee.

#### 14. Consequences of Termination

14.1 No Stockpiling. During the last six (6) months of the Term, Licensee shall not manufacture a quantity of Products that is more than [\*\*\*] percent ([\*\*\*]%) of the quantity manufactured of each Licensed Product SKU for the six (6) month period preceding the final six (6) months of the Term.

14.2 Option to Purchase. Licensee shall give LS&Co., no later than ten (10) days following the termination of this Agreement (including by reason of expiration), a listing of all Products on hand or in process. LS&Co. may conduct a physical review of all finished and unfinished Products and roll goods, labels, raw materials, sundries, embellishments, packaging, transparencies, films and echtachromes that are used in connection with the manufacture and packaging of the Products, artwork and negatives or transparencies previously used or to be used in connection with the designs for the upcoming season and prototypes and samples of the Products (collectively, the "Termination Inventory"). LS&Co. or its designee shall have the option (but not the obligation) in its sole discretion to purchase from Licensee either or both of: (i) all or a portion of the finished Products and Samples and (ii) all or a portion of the other Termination Inventory. If LS&Co. wishes to make a purchase, LS&Co. shall notify Licensee of its or its designee's intention to exercise the option within thirty (30) days of delivery after receipt of the Termination Inventory listing. LS&Co. shall pay Licensee for any finished Products and Samples at a price equal to actual manufacturing cost for those Products and Samples. LS&Co. shall pay an amount equal to Licensee's book value for any remaining items other than labeling and packaging materials bearing the Trademarks, which Licensee shall turn over to LS&Co. without payment by LS&Co. Licensee shall at its expense deliver the purchased items to LS&Co. within fifteen (15) days after receipt of LS&Co.'s exercise notice, with LS&CO. to pay the purchase price to Licensee within ten (10) days after delivery of the purchased items. LS&Co. shall be entitled to deduct from the purchase price any amounts owed it by Licensee.

14.3 Disposal of Termination Inventory. If LS&Co. chooses not to purchase all of the Products included in the Termination Inventory, then Licensee, for a period of ninety (90) days after expiration or exercise of LS&Co.'s option, may dispose of Products which are on hand or in the process of being manufactured at the time of termination, to persons approved to purchase Products under Section 8 and otherwise in accordance with this Agreement. If, however, LS&Co. notifies Licensee that LS&Co. or a new licensee is selling Products during that ninety (90) day period, or if the termination is by reason of an Event of Default described in Section 13.1 (h) or (j), then Licensee shall dispose of Products only to those Approved Retailers approved under Section 8.3. Licensee shall pay Earned Royalties on such sales as provided in Section 3. Licensee shall have

no right to so dispose of Products unless it has complied with the provisions of this Section 14.

14.4 Termination of Licenses. Upon termination of this Agreement, all rights granted to Licensee under this Agreement, including, without limitation, all license rights under Section 11.10 with respect to designs, artworks, sketches and other materials, together with rights to use the Trademarks, shall automatically and without consideration or further action terminate and revert to LS&Co. Licensee shall, except as required in connection with disposal of Products included in the Termination Inventory as provided in Section 14.3: (i) stop and refrain from all use of the Trademarks or any marks specified by LS&Co. in its sole discretion as being similar to the Trademarks; (ii) stop and refrain from further use of any of Product designs; (iii) stop and refrain from manufacturing, selling or distributing any products (whether or not they bear the Trademarks) which are similar to, or derived from, the Products or designs; and (iv) dispose of all sundries, labels, packaging and other materials bearing the Trademarks in a manner approved by LS&Co. Licensee shall cause all distribution and/or sublicense agreements or arrangements that Licensee has entered into in connection with this Agreement to immediately terminate upon termination of this Agreement.

14.5 Certain Events. No assignee for the benefit of creditors, custodian, receiver, trustee in bankruptcy, sheriff or any other officer of the court or official charged with responsibility for taking custody of Licensee's assets or business may continue this Agreement or exploit or use any of the Trademarks following the termination of this Agreement. Notwithstanding the provisions of Sections 13 and 18, if, under the bankruptcy code or successor similar law, a trustee in bankruptcy of Licensee, or Licensee, as debtor, is permitted to assume this Agreement and does so and, thereafter, desires to assign this Agreement to a third party in accordance with the bankruptcy code, the trustee or Licensee, as the case may be (in either case, the "Debtor"), shall notify LS&Co. The notice shall set out the name and address of the proposed assignee, the proposed consideration for the assignment and all other relevant data about the proposed assignment. The giving of this notice shall constitute the grant to LS&Co. of an option to have this Agreement assigned to LS&Co. or to LS&Co.'s designee for the consideration, or its equivalent in money, and upon the terms specified in the notice. The option may be exercised only by notice given by LS&Co. to the Debtor no later than thirty (30) days after LS&Co.'s receipt of the notice from the Debtor unless a shorter period is deemed appropriate by the court in the bankruptcy proceeding. If LS&Co. does not exercise its option in a timely manner, then the Debtor may complete the assignment, but only if the assignment is to the entity named in the notice and for the consideration and upon the terms specified in the notice. Nothing in this Section 14.5 is intended to impair any rights which LS&Co. may have as a creditor in the bankruptcy proceeding.

14.6 Transition Cooperation; Other Licenses. Licensee shall cooperate with LS&Co. during the transition period following a termination of this Agreement, including, for example, signing any documents requested by LS&Co. to accomplish or confirm the outcomes (for example, reversions or assignments of license or other intellectual property rights) contemplated by Section 14. The right of Licensee to sell items of Termination Inventory is non-exclusive and shall not limit LS&Co.'s rights to sell such items of Termination Inventory or to enter into other licenses or transactions.

14.7 Remedies; Other Licenses; No Other Obligations

(a) Notwithstanding any other provision of this Agreement (including, without limitation, Section 13), LS&Co. shall have all the rights and remedies which it may

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have, at law or in equity, with respect to the termination of this Agreement, removing exclusivity of the license, the collection of royalties or other amounts payable by Licensee under this Agreement, the enforcement of all rights relating to the establishment, maintenance or protection of the Trademarks and the designs created or used under this Agreement or in respect of damages or equitable relief in connection with breach of this Agreement by Licensee, it being understood that termination under Section 13 shall not be considered an exclusive remedy or in any way limit LS&Co. from enforcing other rights or remedies, and that all decisions under Section 13 by LS&Co. may be made by LS&Co. in its sole discretion.

(b) Licensee shall under no circumstance be entitled, directly or indirectly, to any form of compensation or indemnity from LS&Co. or to obtain an injunction, specific performance or other equitable remedy as a consequence of the termination or expiration of this Agreement for any reason, including, without limitation, the circumstances contemplated by Section 13. Licensee waives any claims it may have against LS&Co. arising from any alleged goodwill created by Licensee for the benefit of Licensee or LS&Co. or from the alleged creation or increase of a market for Products or other items bearing the Trademarks.

(c) Notwithstanding anything to the contrary in this Agreement, LS&Co. shall have the right, exercisable at any time, to negotiate and enter into agreements with third parties under which it may grant a license to use the Trademarks in connection with the manufacture, distribution and sale of Products in the Territory, or to enter into whatever other transactions it desires for the use of the Trademarks on Products without any obligation of any kind to Licensee, if under such agreement the Products shall be sold after the date of expiration or termination of the Agreement. Nothing in this Agreement shall be construed to prevent any such third party licensee from showing these Products and accepting orders prior to the termination or expiration of this Agreement.

(d) It is understood and agreed that: (i) neither Licensee nor LS&Co. shall be, as a result of entry into or performance under this Agreement obligated to renew or extend this Agreement (other than as provided by Section 2.2 or a Schedule) or business relationship in any respect, or to negotiate any such renewal or extension, or, on the part of LS&Co., to offer a "first right of negotiation" or "right of refusal" for a renewed or new license; and (ii) subject to Section 12.2, Licensee shall be free to engage in negotiations and to enter into agreements with other licensors or otherwise committing Product-devoted resources, to commence upon expiration of this Agreement.

## 15. Indemnity

15.1 LS&Co. Indemnity. Except for matters as to which Licensee is required to indemnify LS&Co. under Section 15.2, LS&Co. shall indemnify and hold harmless Licensee and its Affiliates, directors, officers, employees and agents against any and all liability, claims, causes of action, suits, damages and expenses (including reasonable attorney's' fees and expenses in disputes or proceedings involving third parties or between LS&Co. and Licensee) which Licensee is or becomes liable for, or may incur solely by reason of its use within the Territory, in accordance with the terms and conditions of this Agreement, of the Trademarks or the designs furnished to Licensee by LS&Co., to the extent that such liability arises through infringement of another's trademark rights (collectively, "LS&Co. Indemnified Claim"). If any LS&Co. Indemnified Claim shall be brought or asserted against Licensee in respect of which indemnity may be sought from LS&Co. under this Section 15.1, Licensee shall notify LS&Co. in writing not later than the earlier of ten (10) days before a response is due or thirty (30) days after Licensee receives

notice of the LS&Co. Indemnified Claim, and LS&Co. shall assume and direct the defense thereof. A failure or delay by Licensee in giving this notice shall not reduce or otherwise affect LS&Co.'s indemnification obligations except to the extent that the failure or delay shall have materially prejudiced LS&Co.'s ability to defend or settle the Indemnified Claim. Licensee may, at its own expense, be represented by its own counsel in such action or proceeding.

15.2 Licensee Indemnity. Except for matters as to which LS&Co. is required to indemnify Licensee under Section 15.1, Licensee shall defend, indemnify and hold harmless LS&Co. and its Affiliates, directors, officers, employees and agents against any and all liability, claims, causes of action, suits, damages and expenses (including reasonable attorneys' fees and expenses in disputes or proceedings involving third parties or between LS&Co. and Licensee), which LS&Co. is, or becomes liable for, or may incur, or be compelled to pay by reason of any acts, whether of omission or commission, that may be committed or suffered by Licensee or any of its servants, agents, or employees in connection with Licensee's performance of this Agreement, including without limitation, Licensee's use of Licensee's own designs, advertising and promotional material used by Licensee, manufacture, sale, and consumer use of Products or otherwise in connection with Licensee's business, including the European Union Directives on product liability or any national regulation related thereto whether that claim is based on laws relating to product liability, consumer protection, environmental protection, tort, contract, trademark, patent, copyright, trade secret, tax, employment, advertising, customs or any other applicable law or basis (collectively, a "Licensee Indemnified Claim"). If any Licensee Indemnified Claim shall be brought or asserted against LS&Co. in respect of which indemnity may be sought from Licensee under this Section 15.2, LS&Co. shall notify Licensee in writing not later than the earlier of ten (10) days before a response is due or thirty (30) days after LS&Co. receives notice of the Licensee Indemnified Claim. A failure or delay by LS&Co. in giving this notice shall not reduce or otherwise affect Licensee's indemnification obligations, except to the extent that the failure or delay shall have materially prejudiced Licensee's ability to defend or settle the Licensee Indemnified Claim. LS&Co. may, at its own expense, be represented by its own counsel in such action or proceeding.

15.3 Licensee Indemnified Claim Notification and Handling. Licensee authorizes LS&Co. to act on its behalf to administer the initial consumer claims notification, assessment and processing payment of a claim not to exceed \$500 per incidence. Licensee shall reimburse LS&Co. in accordance with the Licensee Indemnity requirements of the Agreement. LS&Co. shall notify Licensee in writing within ten (10) business days after receiving a consumer claim with a potential cost to exceed \$500. The election by LS&Co. or its insurance carrier(s) to administer the claim directly or in conjunction with Licensee shall not in any way reduce or otherwise affect Licensee's or its insurance carrier's indemnification obligations.

## 16. Insurance

16.1 Required Coverage. During the Term (and, for claims made coverages, for three years thereafter), Licensee shall maintain the following insurance policies:

(a) Commercial General/Public Liability insurance, \$5 million per occurrence, including ongoing operations, products and completed operations (extending coverage to all products utilizing any of the Trademarks or related marks), personal and advertising injury, and contractual liability, on an ISO form CG 00 01 or the equivalent at least as favorable to all insureds in all respects.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

(b) Cyber/E&O/Media Liability appropriate to Licensee's business, with limits of at least \$5 million per occurrence and which at a minimum provides coverage for claims arising from:

(i) a wrongful act, breach of duty, error or omission;

(ii) infringement of copyright, copyrighted software, domain name, trademark, trade name, trade dress, service mark, or service name;

(iii) invasion of privacy, breach of privacy, or unauthorized disclosure of private information, including costs of notification and identity monitoring expense;

(iv) unauthorized disclosure of confidential personal or commercial information;

(v) Hacking into a computer or system, causing damage to such computer or system or damage to or theft of data or information;

(vi) Wrongful collection, use, transfer, or storage of personal data;

(vii) Wrongful failure to destroy, delete, or return personal data;

(viii) Cyberextortion; and

(xi) Regulatory defense and liability coverage, including fines or penalties, against any of the matters set forth in (iii) through (vii) above.

(c) Commercial Automobile insurance, \$1 million per occurrence, including owned and non-owned vehicles, on ISO form CA 00 01 or the equivalent at least as favorable to all insureds in all respects.

(d) Workers Compensation (statutory limits) and Employers' Liability (\$1 million).

(e) Umbrella/Excess insurance, sitting over the Commercial General/Public Liability and Automobile insurance with coverage at least as broad as the underlying cover (including without limitation Products and Completed Operations for all products utilizing any of the Trademarks or related marks), \$5 million per occurrence and in the aggregate, for all coverage thereunder.

## 16.2 General Insurance Provisions.

(a) Each insurer shall be rated at least A-VII or better by A.M. Best.

(b) All insurance policies shall be maintained during the period of this Agreement and, with regard to claims made policies, for three years following expiration of its term or termination, with full continuity in all cases.

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(c) All policies shall have a retention or deductible that is both a) less than \$50,000 for all related claims in the aggregate and b) either erodes from defense costs or provides a defense outside of the retention/deductible.

(d) A complete copy of any policies shall be provided to LS&Co. on demand.

### 16.3 Certificates of Insurance and Additional Insured Endorsements.

(a) Within fifteen (15) days of the execution of this Agreement and at time of renewal, Licensee shall furnish (i) a Certificate of Insurance evidencing all coverages described herein, and (ii) additional insured endorsements attached thereto, listing LS&Co. (on a named or blanket basis) as an additional insured on all the insurance required by this Agreement. The Certificate Holder and Additional Insured shall read:

#### LS&CO. AND ITS AFFILIATED ENTITIES AND THEIR RESPECTIVE AFFILIATED INDIVIDUALS

Should Licensee's insurance expire during the term of this Agreement or an extension thereof, Certificates of Insurance evidencing the renewal of Licensee's required insurance including required special provisions, along with copies of additional insured endorsements as noted, must be received by LS&Co. five (5) days post the expiration of Licensee's insurance.

(b) All insurance policies shall provide that coverages afforded under the policies will not be cancelled for any reason without thirty (30) days' written notice to LS&Co. by the insurer at the above location. The Certificate of Insurance evidencing each policy must state in the Remarks or Cancellation Section of the Certificate that the policy(s) provide for thirty (30) days' written notice of cancellation to LS&Co. A standard Acord Form 25 with thirty (30) days' notice will be deemed to satisfy this provision.

16.4 Waiver of Subrogation. On behalf of themselves and their insurers, to the extent allowed by their insurance policies and applicable law, Licensee and LS&Co. hereby waive their rights of recovery for loss or damage against each other, their affiliates, and each of their and their affiliates' respective directors, officers and employees to the extent of any payment of such loss or damage by their own insurance.

16.5 No Limitations. LS&Co. does not represent that the insurance coverages required hereunder, whether in scope of coverage or amounts of coverage, are adequate to protect the obligations of Licensee, and Licensee shall be solely responsible for any deficiencies. Nothing in this Exhibit shall be construed as to limit Licensee's liability under this Agreement. Any limitation of liability in this Agreement shall not apply to the extent that a loss or event is covered by Licensee's insurance. The failure of LS&Co. to enforce any term herein shall not act as a waiver or estoppel to do so at any future time unless LS&Co. modifies the provisions of this Agreement in writing in the manner required herein.

## 17. Confidential Information

17.1 Confidential Information. Except as otherwise provided in this Agreement, all information disclosed by one of the parties (the "Discloser") to the other party (the "Recipient") is considered confidential and: (i) shall remain the exclusive property of the Discloser; (ii) shall be used by the Recipient only in connection with its performance under this Agreement; and (iii) shall be maintained in confidence by Recipient as described

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in this Section 17. "Confidential Information" means any formula, pattern, program, method, marketing programs, profitability, corporate strategy, technique, process, design, sketch, color card, color story, artwork, know-how, specifications, procedures, development plans, methods of production, use, operation and application, material, business plan, customer or personnel list or financial statement or any other information which is not available to the general public. LS&Co. Confidential Information shall include Proprietary Information (as described below). Confidential Information shall include, without limitation, information disclosed in connection with this Agreement, but shall not include information that: (i) is now or subsequently becomes generally available to the public through no wrongful act or omission of Recipient; (ii) Recipient can demonstrate to have had rightfully in its possession prior to disclosure to Recipient by Discloser; (iii) is independently developed by Recipient without use, directly or indirectly, of any Confidential Information; or (iv) Recipient rightfully obtains from a third party who has the right to transfer or disclose it.

17.2 Proprietary Information. "Proprietary Information" means any and all information disclosed by LS&Co. to Licensee related to any LS&Co. design, design schedule, line-strategy, marketing program, business plan, technology, any Sales Plan, and any other information clearly marked "LS&Co. Proprietary Information".

17.3 Limits on Use and Disclosure. Except as necessary for performing obligations under this Agreement or as specifically authorized by Discloser in writing, and except as required by law, Recipient shall not reproduce, use, distribute, disclose or otherwise disseminate Confidential Information. Upon expiration or termination of this Agreement or upon request by Discloser, Recipient shall promptly cease use and disclosure of Confidential Information, and deliver to Discloser, or upon Discloser's request destroy, all Confidential Information (including copies) then in its custody, control or possession, and shall deliver within five (5) days after such termination or request a written statement to Discloser certifying compliance with this Section 17.3.

17.4 Access. Licensee and LS&Co. shall use reasonable efforts to ensure that access to Confidential Information is limited to those employees or other authorized representatives of Recipient who need to know such information for the purposes contemplated by the Agreement, who are informed of its confidential nature, and who are subject to written confidentiality obligations no less restrictive than those contained in this Agreement. In no event shall Licensee disclose LS&Co. Confidential Information to any Affiliate manufacturing, marketing, or selling Competitive Products without LS&Co.'s prior written consent in each instance.

17.5 Confidentiality of Agreement. Except as may be required under applicable securities law and stock exchange regulations, Licensee shall not issue any press release or other public announcements relating to this Agreement in any respect or to the business relationship between LS&Co. and Licensee without first obtaining the approval of LS&Co. If such disclosure is required under applicable securities law or stock exchange regulations, Licensee agrees to use its best efforts to notify LS&Co. of such disclosure in advance of its publication.

17.6 Data Security and Privacy. Licensee will implement and maintain administrative, physical and technical safeguards meeting good industry standards designed to prevent the accidental or unauthorized access, collection, receipt, transmission, storage, disposal, use, alteration, processing, disclosure, destruction or loss of LS&Co. Confidential Information in Licensee's possession. Licensee will, and will cause its subcontractors that receive, process, collect, use, store, disclose, handle, or access Data

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(as defined in a Schedule) to, comply with any data security and privacy obligations set forth in a Schedule.

#### 18. Assignment; Change of Control of Licensee

18.1 LS&Co. Assignment. Nothing in this Agreement limits LS&Co.'s ability to sell or otherwise transfer the Trademarks to a third party or to engage in any merger, consolidation, sale of assets, reorganization, sale of stock or other transaction. LS&Co. may assign its rights and delegate its duties under this Agreement in its sole discretion, including, without limitation, in connection with such a transaction.

18.2 Licensee Assignment. The rights granted to Licensee are personal in nature. Licensee may not assign this Agreement or any rights granted under this Agreement, or delegate any of its obligations under this Agreement, without first obtaining the written approval of LS&Co., and any such approval shall be in all cases conditioned on payment of a transactional fee to LS&Co. equal to [\*\*\*] percent ([\*\*\*]%) of the total royalties paid by Licensee during the twelve month period leading up to the request for approval (the "Transactional Fee"). Any such assignment without the prior approval of LS&Co. shall be null and void and of no force or effect. Under no circumstances shall Licensee assign or sublicense this Agreement, or the rights granted hereunder to an entity that makes, sells, or offers for sale Competitive Products. Any "Change in Control" of Licensee shall be considered an assignment of this Agreement by Licensee. "Change in Control" means the occurrence of any of the following events: (i) any transaction or series of related transactions (including, without limitation, any reorganization, merger, consolidation, or any such transactions in bankruptcy) in which a person, entity, group, or seller obtains (whether by transfer, assignment, sale, lease, loan, joint venture, investment, or other means) all, or substantially all, or any material portion of the tangible or intangible assets of the Licensee; (ii) any consolidation or merger of Licensee in which Licensee is not the continuing or surviving corporation or after which the shareholders of Licensee on the date of the consolidation or merger cease to hold at least fifty percent (50%) or more of the combined voting power of Licensee; (iii) any event or transaction which causes another person, entity, or group to control the composition of Licensee's board of directors or to hold more than half of the issued share capital of the Licensee; or (iv) any other event which takes from the Licensee as currently constituted the capacity to direct the outcome of a Licensee's financial or operational decision-making. In addition, any transaction or event in which the Licensee itself acquires control of (i) an entity selling Competitive Products, or (ii) a product line, brand or component of a business selling Competitive Products, in any manner (including those set forth above) shall be treated as a Change in Control for the purposes of this Agreement. Licensee shall notify LS&Co. in writing of any contemplated Change in Control at least sixty (60) days prior to the expected date the Change in Control occurs and actual Change in Control within three (3) days after its occurrence. If the prior approval of LS&Co. is not obtained with respect to any Change of Control of Licensee or the Transactional Fee is not paid, LS&Co. shall be entitled, in addition to any other remedies available under this Agreement, in its sole discretion, to terminate this Agreement at any time during the ninety (90) day period after the date upon which LS&Co. receives from Licensee notice of the Change in Control or otherwise learns of the Change in Control.

#### 19. Approvals

This Agreement contains a number of provisions in which Licensee must obtain LS&Co.'s approval of a particular item or matter. All requests for these approvals must be made in writing by Licensee. Unless otherwise expressly stated in the relevant provision, approval procedures shall be as described in this Section 19. All approvals or

disapprovals may be made by LS&Co. in its sole discretion and must be communicated by LS&Co. in writing. If LS&Co. fails to affirmatively approve or disapprove of an item or matter within ten (10) days after submittal to LS&Co., then Licensee shall contact LS&Co. and confirm LS&Co. receipt. Any request for which approval is not given by LS&Co. within twenty-one (21) days after confirmed receipt shall be considered disapproved. LS&Co. shall have no obligation to review items or matters the submission of which did not comply with this submission procedure. It is understood and agreed that LS&Co.'s approval decisions under Sections 4, 5, 6 and 8 of this Agreement may be based solely upon LS&Co.'s subjective standards as to aesthetics and image based upon its requirements for and the reputation and prestige of products bearing the Trademarks, retail distribution of products bearing the Trademarks and its commercial judgment generally. It is understood that Product quality, style of packaging, shipping, customer service, promotion, selling tools, creation and introduction of new products and service and presentation at retail all may bear upon "image" as contemplated by this Section 19.

## 20. Dispute Resolution

20.1 Definitional Disputes. Licensee recognizes that LS&Co. has granted, and may in the future grant, licenses to other parties to use the Trademarks or one or more of LS&Co.'s other trademarks in connection with the manufacture, promotion and sale of apparel, accessories or other items. If Licensee notifies LS&Co. of what it believes is an existing or potential conflict in the definition of Products contained in this Agreement with the definition of merchandise covered by, or the rights of the licensee under, a third-party license agreement, LS&Co. shall consider and resolve the issue by giving Licensee a written notice of its decision. LS&Co.'s decision shall be final and binding upon Licensee. In addition, Licensee acknowledges that due to the nature of the marketplace, the definition of Products may change over time or may not be amenable to precise delineation, whether or not there exists a potentially conflicting second license. Licensee agrees that if there is a dispute with LS&Co. regarding the definition of Products, LS&Co. shall have authority to resolve the dispute in its sole discretion; that decision shall be final and binding upon Licensee.

20.2 Mediation. If there is any controversy, dispute or claim arising out of or relating to interpretation or breach of this Agreement (except controversies, disputes or claims relating to or affecting in any way the ownership of or the validity of the Trademarks or any related registration or application for registration, or fraud by either party), then Licensee and LS&Co. promptly shall use best efforts to settle it. If the dispute cannot be resolved, Licensee and LS&Co. promptly shall initiate and participate in mediation of the dispute, with a mediator to be selected jointly by Licensee and LS&Co., or, if they cannot agree upon a mediator, by the Regional Vice President of the San Francisco-based division of the American Arbitration Association ("AAA-SF") or his or her designee. If the dispute is not resolved within five (5) days after completion of mediation, then Licensee and LS&Co. promptly shall submit it to binding arbitration as provided in Section 20.3.

20.3 Agreement to Arbitrate. The arbitration shall be conducted in San Francisco or other location mutually chosen by Licensee and LS&Co. in accordance with the then existing Rules of Commercial Arbitration of the American Arbitration Association ("AAA"). There shall be a single arbitrator, who shall be selected in accordance with the procedures of the AAA. He or she shall be a retired or former judge of any federal court appointed under Article III of the United States Constitution who presided in a court located in the state in which the arbitration is conducted, or a retired or former judge of a trial court of general jurisdiction or a higher court of the state in which the arbitration is conducted. Judgment upon any award rendered by the arbitrator may be entered by any State or

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Federal court having jurisdiction. Any controversy concerning whether a dispute is an arbitrable dispute shall be determined by the arbitrator. Licensee and LS&Co. intend that this agreement to arbitrate be valid, specifically enforceable and irrevocable. The designation of a site or a governing law for this Agreement or the arbitration shall not be deemed an election to preclude application of the Federal Arbitration Act, if it would be applicable. The decision of the arbitrator shall be binding and shall not be subject to judicial review.

20.4 Injunctive Relief; Other Actions. Notwithstanding the other provisions of this Section 20, both Licensee and LS&Co. may request a court of competent jurisdiction to grant provisional injunctive relief solely for the purpose of maintaining the status quo until an arbitrator can render an award on the matter in question and the award can be confirmed by a court having jurisdiction. It is understood and agreed that LS&Co. may seek injunctive relief in matters involving use of the Trademarks or other trademarks of LS&CO. or disclosure of confidential information. It is further understood and agreed that nothing in Sections 20.1, 20.2, 20.3 or 20.4 shall in any way limit LS&Co.'s rights under Sections 13 and 14 to terminate the Agreement upon the occurrence of an Event of Default.

20.5 Expenses. The arbitrator shall award to the prevailing party in any arbitration, and the court shall include in its judgment, if any, for the prevailing party in any claim arising under this Agreement, the prevailing party's costs and expenses (including, without limitation, expert witness expenses and reasonable attorneys' fees and expenses for mediation) of investigating, preparing and presenting such claim or cause of action. LS&Co. and Licensee shall each bear their own expenses incurred in a mediation that does not result in arbitration.

## 21. Brokers

Each of LS&Co. and Licensee represents and warrants to the other that it has not employed or dealt with any broker or finder in connection with this Agreement or the transactions contemplated by this Agreement. Each of LS&Co. and Licensee agrees to indemnify the other and hold it harmless from any and all liabilities (including, without limitation, reasonable attorneys' fees and disbursements paid or incurred in connection with those liabilities) for any brokerage commissions or finders' fees in connection with this Agreement or the transactions contemplated by this Agreement, insofar as those liabilities shall be based on any arrangements or agreements made by, or purported or alleged to be made by, it or on its behalf.

## 22. Taxes

22.1 Payment of Taxes. All amounts payable to LS&Co. pursuant to this Agreement are exclusive of all applicable taxes, excise or customs duties, fees, levies, or similar government charges, however designated, including penalties and interest ("taxes") imposed by any competent jurisdiction, including but not limited to those taxes based on gross revenue, payments under this Agreement, or otherwise Provided, however, if Licensee is required by applicable law or administration thereof to withhold or deduct any amount on account of any withholding taxes imposed, levied, collected, assessed, or withheld by any governmental authority of competent jurisdiction by virtue of any payment due under this Agreement, then Licensee shall (i) make such withholding or deduction and remit the full amount withheld or deducted to the relevant government or taxation authority in accordance with applicable law and (ii) provide to LS&Co., within fifteen (15) days of the end of each Quarter, official tax receipts or other acceptable evidence of the payment of any tax required to be withheld by Licensee. The Licensee will also provide all reasonable

assistance necessary for LS&Co. to receive a United States foreign tax credit with respect to all such taxes withheld by Licensee. Licensee will be responsible for reimbursing LS&Co. for any lost foreign tax credits due to the failure to provide such official tax receipts or other acceptable evidence after Licensee has been given a reasonable opportunity to cure such failure. If any payments hereunder may be entitled to a reduced or nil rate of withholding tax by virtue of any local tax law or applicable Double Tax Treaty, the parties shall exert their best efforts to qualify for such reduced or nil rate of withholding tax, including providing any documents required by relevant tax authorities. For the avoidance of doubt, the parties agree that payments made pursuant to section 4.2 are to be reported as royalties for all tax purposes.

22.2 Failure to Withhold Taxes or Provide Documentation. If at any time Licensee fails to fulfill any of its obligations pursuant to Section 24.1 hereof to the satisfaction of LS&Co. and fails to remedy its default within thirty (30) days of the date of a written notice from LS&Co. of such failure, Licensee shall pay to LS&Co., within 30 days of receipt of a written demand by LS&Co. a sum equal to the amount of all taxes properly payable (as specified in Section 24.1 hereof) which (i) Licensee failed to withhold or pay, or (ii) in respect of which Licensee has failed to provide to LS&Co. official tax receipts or other acceptable evidence of the payment of such taxes, and all penalties and interest payable as a result of Licensee's failure to withhold such taxes.

### 23. Representations and Warranties

23.1 By LS&Co. LS&Co. represents and warrants to Licensee that: (i) LS&Co. holds various registrations for, and/or common law rights in and to, the Trademarks in the Territory; (ii) LS&Co. has full legal right, power and authority to grant the license described in Section 1, to enter into this Agreement, to perform all of its obligations under this Agreement and to consummate all of the transactions contemplated by this Agreement; (iii) this Agreement has been duly executed and delivered by LS&Co. and constitutes the legal, valid and binding obligation of LS&Co., enforceable against it in accordance with its terms; and (iv) LS&Co. is not a party to, subject to or bound by any agreement, contract, license, indenture, law, regulation or commitment of any kind or any judgment, order, writ, prohibition, injunction or decree of any court or other governmental body that would prevent, or that would be breached or violated by, the execution and delivery of this Agreement or the consummation of the transactions contemplated by this Agreement.

23.2 By Licensee. Licensee represents and warrants to LS&Co. that: (i) Licensee has full legal right, power and authority to enter into this Agreement, to perform all of its obligations under the Agreement and to consummate all of the transactions contemplated by this Agreement; (ii) this Agreement has been duly executed and delivered by Licensee and constitutes the legal, valid and binding obligation of Licensee, enforceable against it in accordance with its terms; (iii) Licensee is not a party to, subject to or bound by any agreement, contract, license, indenture, law, regulation or commitment of any kind or any judgment, order, writ, prohibition, injunction or decree of any court or other governmental body that would prevent, or that would be breached or violated by, the execution and delivery of this Agreement or the consummation of the transactions contemplated by this Agreement; and (iv) except for Other Relationships, Licensee and its Affiliates are not a party to any license, sublicense or similar agreement or arrangement giving Licensee or its Affiliates the right to manufacture or sell any Competitive Products; (v) Licensee has obtained all licenses, authorizations, approvals, consents and permits required by applicable laws to exercise its rights and to perform its obligations under this Agreement; and (vi) Licensee shall comply with all laws, rules, regulations and requirements of any governmental body of competent jurisdiction that are applicable to the manufacture,

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distribution, sale or promotion of Products or otherwise to the performance of its obligations under this Agreement, including but not limited to, the California Consumer Privacy Act of 2018, Canada's Anti-Spam Law and the Personal Information Protection and Electronic Documents Act.

23.3 No Other Representations and Warranties. Licensee and LS&Co. recognize that there are many uncertainties in the business of Licensee contemplated by this Agreement. Licensee and LS&Co. agree and acknowledge that other than those representations expressly made in this Agreement, no representations, warranties, commitments or guarantees of any kind have been made to either party by the other, or by anyone acting on its behalf, including, without limitation, representations concerning the value of the Products or the prospects for the level of their sales or profits. Licensee and LS&Co. each have made its own independent business evaluation in deciding to license Licensee to manufacture and distribute the Products on the terms described in this Agreement.

#### 24. General Provisions

24.1 Notice. All notices, approvals requests, consents and other communications under this Agreement shall be in writing and shall be considered properly given or sent: (i) on the date when the notice, request, consent or communication is personally delivered and acknowledged; or (ii) on the date when sent by confirmed facsimile or electronic transmission if a business day or on the first business day following if not; or (iii) five (5) days after transmission by certified or registered mail; or (iv) the first business day after transmission by overnight courier delivery, to the notice address set forth in a Schedule. The notice addresses may be changed by delivery of a notice to that effect to the other party.

24.2 Relationship of the Parties. Licensee and LS&Co. are and shall remain independent commercial contracting parties; the arrangements contemplated by this Agreement shall not create a partnership, joint venture, employment, fiduciary or similar relationship for any purpose. This Agreement is not intended to and does not create any direct relationship between LS&Co. and any employee, contractor, subcontractor or other person in a relationship with Licensee. Neither Licensee nor LS&Co. shall have the power to obligate or bind the other to a third party or commitment in any manner whatsoever, except as expressly provided in Section 15 of this Agreement. LS&Co. shall not be responsible, to Licensee or to any person, in any way for wages, benefits, compensation, taxes or any other liability in respect of persons employed or retained by Licensee in connection with performance of its obligations under this Agreement or otherwise. LS&Co. shall not be responsible to Licensee, to Licensee's landlord or to any other person, in any way for lease obligations, environmental compliance, personal injuries, timely handling of Indemnified Claims, or otherwise in respect of Showroom, sales office, manufacturing facility, distribution facility or other space used by Licensee in connection with performance of its obligations under this Agreement or otherwise.

24.3 Compliance with Laws. Licensee shall comply with all laws, rules, regulations and requirements of any governmental body which may be applicable to the manufacture, distribution, sale or promotion of Products or otherwise to the performance of its obligations under this Agreement.

24.4 Entire Agreement; Modifications. This Agreement contains the entire agreement between LS&Co. and Licensee for the matters set forth therein, and represent the final, complete and exclusive statement of LS&Co. and Licensee and supersede all

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

prior or contemporaneous agreements, communications, arrangements or understandings between LS&Co. and Licensee, including, without limitation, any letter of intent. For purposes of clarity, this T&C and each Schedule constitute a separate trademark license agreement. This Agreement may not be explained or supplemented by any course of dealings between LS&CO. and Licensee or by usage or trade and shall not be considered modified by provisions contained in other documents prepared by LS&Co. and Licensee including, without limitation, royalty statements, Sales Plans, retailer approvals and the like. This Agreement may be modified only as stated in and by a writing signed by both LS&Co. and Licensee which refers specifically to this Agreement and states that it is amending this Agreement.

24.5 Remedies. All rights and remedies provided for in this Agreement shall be cumulative and in addition to any other rights or remedies LS&Co. and Licensee may have at law or in equity. LS&Co. and Licensee may employ any of the remedies available to it with respect to any of its rights without prejudice to the use by it in the future of any other remedy. Except as expressly provided in Section 15 of this Agreement, no person, other than LS&Co. and Licensee, shall have any rights under this Agreement, it being understood that the respective Affiliates, directors, officers, employees and agents of each of them are direct and intended beneficiaries of indemnification promises as provided in Section 15. Licensee's obligation to pay royalties shall be absolute notwithstanding any claim Licensee may assert against LS&Co. Licensee may not set off, compensate or make any deduction from any royalty payment for any reason whatsoever.

24.6 Submission to Jurisdiction. LS&CO. AND LICENSEE CONSENT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE CITY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IRREVOCABLY AGREE THAT ALL ACTIONS OR PROCEEDINGS RELATING TO THIS AGREEMENT OR ANY RELATED MATTER, OTHER THAN ANY ACTION OR PROCEEDING REQUIRED BY SECTION 20 TO BE SUBMITTED TO MEDIATION AND ARBITRATION, SHALL BE LITIGATED IN THOSE COURTS AND LICENSEE EACH WAIVE ANY OBJECTION WHICH IT MAY HAVE BASED ON IMPROPER VENUE OR FORUM NON CONVENIENS TO THE CONDUCT OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT AND WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT, AND CONSENTS TO SERVICE OF PROCESS MADE IN THE MANNER DESCRIBED IN SECTION 24.1. Nothing contained in this Section 24.6 shall affect the right of either LS&Co. or Licensee to serve legal process on the other in any other manner permitted by law. Nothing contained in this Section 24.6 shall affect the rights and obligations of LS&Co. and Licensee under Section 13 or in respect of mediation and arbitration of disputes under Section 20.

24.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of LS&CO. and Licensee.

24.8 Governing Law. This Agreement is to be governed by and construed in accordance with the laws of the State of California, United States, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of California choice-of-law rules).

24.9 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

24.10 Survival. Unless otherwise stated, all terms, conditions, obligations and provisions capable of surviving the termination or expiration of this Agreement shall so survive.

24.11 Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

24.12 Force Majeure. Neither LS&Co. nor Licensee shall be liable for any failure of or delay in the performance of its obligations under this Agreement for the period that the failure or delay is due to acts of God, public enemy, war, strikes or labor disputes, or any other cause beyond the party's reasonable control, it being understood that lack of financial resources shall not be deemed a cause beyond a party's control. Each of LS&Co. and Licensee shall notify the other promptly of the occurrence of any such cause and carry out the affected performance as promptly as practicable after the cause of the problem is alleviated. It is understood, however, that the occurrence of a force majeure event shall not in any case work an extension of the Initial Term of this Agreement, and Renewal Term, if any.

24.13 Days. Unless expressed stated in a particular provisions, references in this Agreement to "days" means calendar, not business, days.

24.14 Counterparts. This Agreement may be signed in one or more counterparts.

24.15 Irreparable Harm. Licensee acknowledges that the breach or threatened breach of this Agreement may result in irreparable injury to LS&Co. and that LS&Co. shall be entitled to seek injunctive relief to restrain threatened or continued breach of this Agreement.

24.16 Authorization. Each party executing this Agreement on behalf of Licensee and LS&Co. is duly authorized to do so and all entity action necessary for the making of this Agreement has been duly taken.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

\* \* \* \*

IN WITNESS WHEREOF, the duly authorized representatives of LS&Co. and Licensee signed this Terms and Conditions to Trademark License Agreement on the date set forth below.

LEVI STRAUSS & CO. Licensee

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: Thomas Berry Name: Parag Desai  
Title: SVP, Business Development Title: SVP, Strategy and Shared  
Services  
Date: \_\_\_\_\_ Date: \_\_\_\_\_

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

## **EXHIBIT A**

### DEFINITIONS

**"Affiliate(s)"** means any entity that, directly or indirectly through one or more intermediaries, controls, is controlled by, or shares common control with a party hereto, where such control arises from either (a) a direct or indirect ownership interest of more than 50%, or (b) the power to direct or cause the direction of the management and policies, whether through the ownership of voting stock, by contract, joint venture, or otherwise, equal to that provided by a direct or indirect ownership of more than 50%.

**"Agreement Date"** means the date of the last party's signature of the T&C.

**"Annual Period"** means the period beginning December 1 (or other time period set forth in a Schedule) and ending November 30 of the following year.

**"Approved Manufacturers"** means third-parties approved by LS&Co. to manufacture the Products in accordance with Section 10.5(a), as designated on a Schedule.

**"Approved Retailers"** means retailers approved under Section 8 to purchase Products from Licensee, as designated on a Schedule, including First Quality Approved Retailers, Second Quality Approved Retailers (including any MFO Retailers).

**"Approved Distributor"** means a reseller of goods operating at the wholesale level, whose primary business is to resell goods to retailers, and who has been approved under Section 8.9 to sell Products only to Approved Retailers, as designated on a Schedule.

**"Brand"** means the specific LS&Co. brand designated on a Schedule.

**"Breach Threshold"** means the percentage threshold of total Product Sales (measured in units or U.S. Dollars) in an Annual Period, as designated on a Schedule.

**"Closeouts"** means (i) Products for which approval has been withdrawn by LS&Co., or (ii) in the case of seasonal Products, Products which are no longer part of the current season's collection, or (iii) Products constituting excess inventory that Licensee desires to move at the end of the season that is sold at a discount of more than [\*\*\*] percent ([\*\*\*]%) off of the regular wholesale price with the prior written approval of LS&Co.

**"Competitive Products"** means any goods that are similar to or compete with goods made, offered for sale, or sold by LS&Co. by itself or through its Affiliates or licensees, including the Products.

**"Earned Marketing Contribution"** means a marketing contribution on Net Sales of all Products sold in an Annual Period as designated on a Schedule.

**"Effective Date"** means the date specified on a Schedule on which the Initial Term commences.

**"Exceptions to Exclusivity"** means those exceptions to the exclusivity of the license granted under Section 1.1 as set forth in Section 1.2 and on a Schedule.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

**“First Quality Approved Retailers”** means those retailers permitted to sell the Products under Section 8 and designated as First Quality Approved Retailers on a Schedule.

**“First Quality Earned Royalties”** means the royalties paid by Licensee to LS&Co. on Net Sales of First Quality Products and any other sales as required by this Agreement on each Quarter for an Annual Period, at the rate designated on a Schedule.

**“First Quality Products”** means Products which are free from defects and are identical in all material respects to approved Samples.

**“GSOG”** refers to LS&Co.’s Global Sourcing and Operating Guidelines, as described in Section 10.

**“Guaranteed Marketing Contribution”** means the non-recoupable guaranteed marketing contribution in respect of each Annual Period as set forth on a Schedule.

**“Guaranteed Minimum Royalty”** means the non-recoupable guaranteed minimum royalty payable to LS&Co. in respect of each Annual Period for each Territory as set forth on a Schedule.

**“Initial Term”** means the period of time designated on a Schedule as the initial term of the Agreement .

**“Intellectual Property”** means any and all rights in and to all U.S. and foreign (i) patents and patent applications, (ii) copyrights, (iii) unpatented information, trade secrets, data, or materials, (iv) Trademarks, and (v) any other intellectual or other proprietary rights of any kind now known or later recognized in any jurisdiction.

**“Marketing Spend”** means the amount that Licensee shall spend on marketing activities pursuant to Section 4.2(c) and as designated on a Schedule for each Annual Period.

**“Minimum Renewal Sales”** means the minimum Net Sales for the Annual Period immediately preceding the Renewal Notice Period, as set forth in a Schedule, that Licensee must meet in order to be eligible for consideration for renewal of the Agreement.

**“MFO Earned Royalties”** means the royalties paid by Licensee to LS&Co. on Net Sales of MFO Products on each Quarter for an Annual Period, at the rate designated on a Schedule.

**“MFO Products”** means items produced in connection with a forward-looking production order for MFO Retailers.

**“MFO Retailers”** means those retailers approved by LS&Co. to sell MFO Products and designated as a MFO Retailer on a Schedule.

**“National Branded Trademarks and Private Label-Captive Trademarks”** means those trademarks or entities referenced in Section 12.2 designated as such on a Schedule.

**“Net Sales”** means the gross invoice price billed to Approved Retailers, Approved Distributors or other customers, if any, less actual and customary discounts which are merchandise returns, allowances for vendor re-tagging and markdowns, and separately listed applicable taxes, as each of which is reasonably documented and verified to LS&CO. No other deduction or

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recoupment shall be allowed of any kind, including, without limitation and by way of example, cash discounts, early payment discounts, year-end rebates, costs incurred in manufacturing, selling, distributing, shipping and handling costs, advertising (including cooperative and promotional allowances, fixturing, merchandising guides, displays, or the like), uncollectible accounts, commissions, or any other amounts, nor shall such deductions or recoupment be netted against the sales price to arrive at the gross invoice price or any reduced gross invoice price. A Product shall be considered "sold" on the earlier of the date when the Product is billed or invoiced, shipped, consigned or paid for. The terms of payment or credit concerns relating to Approved Retailers or otherwise shall not affect Licensee's royalty payment obligations.

**"Other Relationships"** means those arrangements where Licensee or its Affiliates is a party to, or presently plans to become a party to, certain licenses, sublicenses or similar arrangements giving Licensee or its Affiliates the right to manufacture or sell Competitive Products, as designated on a Schedule.

**"Permissible Websites"** means those publicly accessible website(s) approved in writing by LS&Co. under Section 8.7(b).

**"Products"** means those items designed and produced pursuant to this Agreement and identified by category on a Schedule, all bearing or incorporating one or more of the Trademarks.

**"Quarter"** means the following three (3) month periods during each Annual Period: December 1 to February 28; March 1 to May 31; June 1 to August 31; and September 1 to November 30.

**"Renewal Notice Period"** means the period of time when Licensee can submit a request for renewal of the Agreement as designated on a Schedule.

**"Renewal Term"** means the period of time designated as the renewal term of the Agreement on a Schedule.

**"Sales Plan"** means a sales plan describing Licensee's proposed line plan, retailers for the relevant Annual Period, marketing activities, delivery dates and projected Net Sales by month, it being understood that the line plan, list of retailers and specific marketing materials and plans are subject to LS&Co.'s approval as provided elsewhere in this Agreement and that actual sales performance may vary from that contemplated by the Sales Plan in view of market conditions, customer relations and other factors. The proposed Sales Plan for the Initial Term shall be included in a Schedule.

**"Second Quality Approved Retailers"** means those retailers permitted to sell the Products under Section 8 and designated as Second Quality Approved Retailers on a Schedule.

**"Second Quality Earned Royalties"** means the royalties paid by Licensee to LS&Co. on Net Sales of Second Quality Products and any other sales as required by this Agreement on each Quarter for an Annual Period, at the rate designated on a Schedule.

**"Second Quality Products"** are defined as Seconds and Closeouts. **"Seconds"** means Products produced that are (i) merchantable but not suitable for sale at list price because they contain minor production or material flaws not affecting proper usage of the Trademarks, or (ii) in any respect not identical to the Sample approved by LS&Co.

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“**Term**” means the Initial Term and any Renewal Term.

“**Territory(ies)**” means the countries, regions, or other geographic designations specified in a Schedule in which Licensee may sell Products to Approved Retailers.

“**Trademarks**” means: (i) all of the trademarks in the form shown on a Schedule; (ii) any combination, form or derivative of those trademarks which LS&Co. may, from time to time at its sole discretion, specifically authorize for use by Licensee in a writing showing the combination, form or derivative of the mark and referring to Section 1; and (iii) any other trademark LS&Co. may, from time to time at its sole discretion, specifically authorize for use by Licensee in a writing, showing the mark and referring to Section 1, it being understood that LS&Co. may from time to time remove or substitute individual trademarks from a Schedule in its sole discretion.

## **EXHIBIT B**

### **ADDENDUM TO TRADEMARK LICENSE AGREEMENT**

THIS ADDENDUM TO TRADEMARK LICENSE AGREEMENT (this "Addendum") is entered into and effective on [REDACTED], 201 [REDACTED] (the "Effective Date"), by and between LEVI STRAUSS & CO., a Delaware corporation, located at 1155 Battery Street, San Francisco, California 94111 ("LS&CO"), and [REDACTED] ("Licensee").

LS&Co. and Licensee are parties to a Schedule related to the [insert Product Summary] effective as of [REDACTED], 2019] and the Terms and Conditions to Trademark License Agreement ("T&C") executed [REDACTED], 2019] (collectively, the "License Agreement"). Section 8 of the T&C permits Licensee to market, sell and distribute Products to LS&Co. and its Affiliates. This Addendum is being executed by LS&Co. and Licensee to provide the terms and conditions for the sale and delivery Products by Licensee to LS&Co. under Section 8 of the T&C and supplements and amends the License Agreement. Capitalized terms used but not defined in this Addendum have the meanings given to them in the License Agreement. References to this Agreement are references to the License Agreement as amended and modified by this Addendum.

Licensee and LS&Co. agree as follows:

#### **1. Orders.**

1.1 Orders. Each purchase and sale of goods, including all packaging, components, material, containers and labels in connection with such goods, and related services, ordered or intended to be ordered by LS&Co. from Licensee or Licensee's Designee shall be initiated by LS&Co.'s, or any Affiliates' issuances to Licensee or such Licensee's Designee of an order for Products (a "Purchase Order"). All Purchase Orders are governed solely by the terms of this Agreement and the terms of the Purchase Order, including, but not limited to quantity, product description, and delivery terms. Any different terms are rejected without further notification by LS&Co. or Licensee. Each Purchase Order will be separate and individual, and not part of an installment agreement. If Licensee cannot accept a Purchase Order, Licensee shall provide notice to within three (3) business days of receipt of the Purchase Order specifying the reasons why Licensee cannot accept the Purchase Order. Any Purchase Order not rejected by Licensee within three (3) business days of receipt by Licensee shall be deemed accepted by Licensee. Unless otherwise expressly agreed by the parties in writing, LS&Co. shall not be obligated to order any Products from Licensee or any of Licensee's Designee(s).

1.2 Pricing. The purchase price for each Product shall be inclusive of all as specified in the Purchase Order, applicable taxes, excises, duties and any other charges related to the manufacture, delivery and sale of Products. The pricing shall be as set forth in Exhibit A hereto and the pricing shall be negotiated annually in good faith by the parties. Once negotiated, pricing will remain unmodified for such year, except that Licensee may request an increase during such year, to reflect an amount necessary to cover any of the increased costs of the raw materials used by Licensee to manufacture the Products. At no point shall the price charged to LS&Co. be greater than the amount previously agreed to in the License Agreement.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

1.3 Projections. Licensee agrees that Projections provided by LS&Co. are not binding on LS&CO, and any action taken or omitted by Licensee on the basis of a Projection will be at its own risk and cost.

1.4 Modification or Cancellation of Purchase Order. LS&Co. is entitled to modify a Purchase Order if such change is necessitated by business factors. Licensee agrees to accept LS&CO's requests for changes in the quantities specified in the relevant Purchase Order so long as those changes fall within Licensee's production planning possibilities. LS&Co. will notify Licensee of any modification as soon as practicable. Additionally, LS&Co. is entitled to cancel any Purchase Order submitted to the Licensee or Licensee's Designee, without incurring any liability, by giving notice of such cancellation to the Licensee or Licensee's Designee at least four (4) weeks before the exit factory date. Licensee may be paid an equitable amount of compensation with respect to such cancellation, provided that the amount paid will not exceed the cost of the Products requested under the relevant Purchase Order. If Products have been manufactured prior to the cancellation, LS&Co. will direct the Licensee about the disposal of such Products.

1.5 Strict Compliance with Purchase Order. Licensee is required to manufacture and deliver the Products specified in the corresponding Purchase Order in strict conformity with its instructions (except for quantities and Seconds, which are addressed in Section 2.4). If the Licensee fails to strictly comply with any delivery instructions, the Products do not meet the standards required under this Agreement, or at any time a representation or warranty made by Licensee in this Agreement is found to be materially incorrect, LS&Co. reserves the right to immediately reject or cancel any and all outstanding Purchase Orders for such Products. Upon such cancellation or rejection, Licensee will: (x) indemnify LS&Co. fully with respect to all losses and expenses incurred in connection with the cancellation, including, without limitation, loss of business, and loss of profits to LS&Co. and/or any of its Affiliates' commercial images; (y) bear all manufacturing and delivery costs incurred in relation to the cancelled Purchase Order; and (z) at Licensee's expense, return to LS&Co. or dispose of (as directed by LS&Co.) any raw materials, equipment supplied by LS&Co., and any cancelled or rejected Products, whether shipped or not. If rejected or cancelled Products have been shipped to LS&Co., LS&Co. may send the rejected or cancelled Products back to Licensee at the Licensee's expense, and instruct Licensee as provided above. Notwithstanding the foregoing, Licensee shall not sell rejected Products in any market.

## **2. Delivery.**

2.1 The Delivery Method (as set forth in each Purchase Order), the Shipping Procedures and the Packaging Guidelines will be binding upon the parties for each Purchase Order, unless otherwise expressly agreed in writing by the parties. Products will be packed at an optimal fill rate, unless otherwise directed by LS&Co. Licensee agrees to indemnify LS&Co against all losses, fees, claims and damages suffered by LS&Co and/or its Affiliates as a result of Licensee's or Licensee's Designee's non-compliance with the Shipping Procedures, Delivery Method or Packaging Guidelines.

2.2 If indicated by the Delivery Method, Licensee must deliver Products to LS&Co or to the party specified in the relevant Purchase Order only by Designated Carriers and Designated Customs Brokers (as specified by LS&Co.). A list of Designated Carriers and Customs Brokers may be provided to Licensee by LS&Co. from time to time. If none is provided, then Licensee: (a) must obtain LS&Co.'s consent to use a specific carrier or broker; (b) must only use carriers

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and brokers who possess the requisite skills and experience; and (c) shall be solely responsible for managing and communicating to LS&Co. the status of the shipment's movement up until the agreed-upon point of title transfer, including, without limitation, providing exception management and transmission of shipment data in the required format to an LS&Co. event management application.

2.3 LS&Co. may change the scheduled delivery date(s) of any Products ordered by notifying Licensee in writing no less than 30 days before the delivery date(s) specified in the relevant Purchase Order. Notwithstanding the foregoing, LS&Co. may provide less than 30 days' notice for air freight delivery and any other special circumstances including direct shipping and/or DC bypass shipments based on updated demand triggers. Any variation and the associated change in price agreed between the parties will be effective on Licensee's receipt of the written variation notice from LS&Co. Early deliveries must be consented to in advance by LS&Co. Under no circumstances will any approved early delivery affect the originally agreed upon price and payment terms.

2.4 (a) Quantities: Variations in Product quantity (up or down) at delivery in an amount greater than [\*\*\*]% of the total quantity specified in the Purchase Order, must be approved in advance in writing by LS&Co. Only First Quality Products are considered when calculating the allowed percentage. Any delivery where the quantity of First Quality Product is less than the quantity specified in the relevant Purchase Order after the allowed percentage variation may be rejected by LS&Co. in its sole discretion. Further, LS&Co. may require that Licensee provide additional Product on an expedited basis to cure for any under supply of [\*\*\*]% or more. All Products delivered in excess of the quantity specified in the relevant Purchase Order, in excess of the allowed percentage for over shipment, may be rejected by LS&Co. in its sole discretion. After three or more Purchase Orders with over-shipments or under-shipments in any six month period, regardless of whether the [\*\*\*]% threshold is met, LS&Co. may reduce the [\*\*\*]% threshold to as low as [\*\*\*]%, or authorize a third- party to purchase excess Products resulting from over shipment from Licensee at [\*\*\*]% of the agreed FOB price.

(b) Seconds: Seconds that are not accepted for delivery by LS in accordance with the terms of this Addendum must be properly marked, recorded and stored at a secure location, shall be subject to inspection and audit by LS&Co. representatives, and disposed/distributed by Licensee only in accordance with LS&Co.'s instructions, which may include, without limitation, selling them to an LS&Co. Affiliate or agent nominated by LS&Co. Licensee shall refer to and comply with LS&Co. Seconds & Thirds Policy available on the Supplier Portal, as updated from time to time.

(1) Licensee is only allowed a certain NAS by Purchase Order. If Licensee does not exceed the NAS for a Purchase Order, then Seconds delivered under that Purchase Order will be invoiced by Licensee at [\*\*\*]% of the applicable per unit price.

(2) In case Licensee, for any given Purchase Order, exceeds the NAS, LS&Co. shall be entitled, at its full discretion, to either reject all such Seconds exceeding the NAS or to receive all such Products exceeding the NAS at a discount to be decided at LS&Co.'s discretion.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

(3) Notwithstanding this Section 2.4(b), Licensee must use best efforts to deliver only First Quality Products in each Purchase Order.

(4) Thirds will not be invoiced by Licensee and will be disposed of according to LS&CO's instructions.

2.5 If Products will be shipped internationally, Licensee will provide LS&Co. with all documentation required by the country of destination's customs service, and will provide all necessary documents required for LS&Co. to be exempt from import duties and tariffs in the country of destination. All shipping documents required by law or requested by LS&Co. will be presented by Licensee. The Licensee will indemnify LS&Co. for any costs or expenses associated with any errors or omissions in the documentation caused by Licensee's negligence or willful misconduct.

2.6 Licensee will immediately notify LS&Co. of any event or delays likely to affect delivery dates and will use its best efforts to avoid or mitigate the effects of any delays.

2.7 **Time is of the essence for each Purchase Order created under this Agreement.** If Products are delivered more than ten (10) business days after the delivery date set forth in the relevant Purchase Order (the "Delivery Date") for any reason other than a Force Majeure Event, the Total PO Price will be reduced by [\*\*\*]%. If Products are delivered more than fifteen (15) business days after the Delivery Date for any reason other than a Force Majeure Event, the Total PO Price will be reduced by [\*\*\*]%. LS&Co. has the right to reject Products (in whole or in part) and cancel any Purchase Order if all or part of the Products ordered thereby are delivered more than twenty (20) business days after the relevant Delivery Date. Alternatively, LS&Co. may accept delivery with a Total PO Price discounted in an amount greater than [\*\*\*]%, as agreed between the parties.

2.8 In addition and without prejudice to Section 2.8 above, should Licensee experience delays in supplying Products under any Purchase Order, Licensee shall, at its own expense, take all appropriate expedited shipping measures (e.g. air freight or express courier service) in order to comply with the relevant Delivery Date or to minimize the delay and, where applicable, indemnify LS&Co. for all expenses and damages incurred as a result of a late delivery. Alternatively, LS&Co. may, at its option, take actions to expedite delivery and LS&Co. may reduce the amount payable to Licensee under the relevant Purchase Order in an amount equal to the cost of such measures.

2.9 In the event of a Deficient Delivery (whether from Licensee or Licensee's Designee), LS&Co. shall notify Licensee and Licensee will promptly take all necessary steps to correct the Deficient Delivery and shall, at all times, be fully liable for all costs and charges arising thereto including without limitation, the cost of re-delivery, replacement of Products and any shipping/packaging/handling charges and the cost of any corrective actions to remedy the Deficient Delivery where VCOM Charges are incurred, LS&Co. reserves the right to deduct such charges from Licensee's invoices.

### **3. Loss; Risk of Loss.**

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

3.1 Licensee assumes the risk of loss of Products and Raw Materials from the time such Products and Raw Materials are in the possession, custody or control of Licensee or Licensee's Designee, until the time the risk of loss of such Raw Materials and Products is transferred to LS&Co. in accordance with Sec. 4.4 below.

3.2 Licensee acknowledges and agrees that any loss, damage or pilferage of Products or Raw Materials bearing the Trademarks used for the Products will inevitably cause direct or indirect loss and damage to LS&Co. and its Affiliates because of the value of the Trademarks affixed onto the Products and Raw Materials.

3.3 Licensee agrees to use its best efforts to prevent any loss, damage or pilferage of Products or Raw Materials or any other items bearing the Trademarks, whether in the Licensee's premises, Licensee's Designees' premises or in the Manufacturing Facilities, including by: (a) keeping or causing to be kept all Products, Raw Materials and other items used in the making of the Products and bearing the Trade Marks secure and in safe custody and with utmost care; and (b) limiting access to such items, molds, mats, matrices or mastering materials to only persons authorized by it and who have a need for such access.

3.4 In the event there is any loss or pilferage of Products, Raw Materials or other items (for whatever reason and whether through the fault or negligence of Licensee or otherwise), Licensee must immediately report such loss or pilferage to LS&Co. and will fully indemnify LS&Co. and/or its Affiliates for all losses, liabilities, damages, costs and expenses incurred by LS&Co. and/or its Affiliates as a result of or in connection with such loss or pilferage (including all losses and damages caused by reason of any unauthorized production, sales or counterfeiting of Products).

#### **4. Title, Storage and Risk**

4.1 Title to the Products shall pass to LS&Co. or to the party specified in the relevant Purchase Order in accordance with the transfer of risk point described in INCO with respect to the Delivery Method specified in the Purchase Order.

4.2 Subject to Section 4.3 below, all risk in the Products will pass to LS&Co. on acceptance of the Products by LS&Co. following inspection in accordance with LS&CO's garment inspection procedure or on delivery to LS&Co. in accordance with this Agreement, whichever is the later.

4.3 All risk in Products that have been returned to Licensee for repair will pass to LS&Co. only upon acceptance of the Repaired Products by LS&Co. following inspection in accordance with LS&Co. garment inspection procedure or on delivery to LS&Co. of the Repaired Products in accordance with this Agreement, whichever is the later.

#### **5. Payment**

5.1 The Total PO Price for the Products will be invoiced by Licensee to LS&Co. on delivery of the Products in accordance with Section 2.

5.2 Payment of invoices will be made by LS&Co. in US Dollars (or any other currency agreed between parties for each relevant country) and in accordance with payment terms specified in the relevant Purchase Order.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

5.3 The parties acknowledge that LS&Co. may from time to time pay the Total PO Price prior to the inspection or quality control or audit of the Products delivered under a particular Purchase Order. The parties agree that such payment will not affect any rights of LS&Co. under this Agreement, including, without limitation, the right to cancel a Purchase Order, reject Defective Products and/or its entitlement to a price reduction or refund when applicable.

5.4 Licensee warrants that the payment terms set forth herein for Licensee and Licensee's Designees (as applicable) are legal and binding under the laws of the countries where services are/were performed and no consent of or notice to any government entity, or any agency thereof, is required, except as Licensee may otherwise advise LS&Co. in writing.

5.5 LS&Co. reserves the right to reduce payment of Licensee's or Licensee Designee's invoice(s) in the event LS&Co. or its Affiliates incur a financial loss, damage or additional expenses due to Licensee's or Licensee Designees' non-compliance with this Agreement or any specific instruction provided by LS&Co. LS&Co. and/or its Affiliates shall notify Licensee of the reason(s) and expected invoice(s) reduction prior to taking this action.

## **6. Warranty.**

6.1 Products. In addition to, and not in lieu of, all representations and warranties set forth in the License Agreement and all warranties expressed or implied by law, Licensee hereby represents and warrants that all Products, whether manufactured, supplied or sold by Licensee or Licensee's Designees will be: (a) new, unused, manufactured and packed in strict conformity with the Specifications and all such other written or verbal directions and instructions as may be communicated by LS&CO, or its authorized representative, to Licensee or Licensee's Designee(s) from time to time; (b) free from defects in materials, workmanship, manufacture, labeling, packaging, shipping and handling; (c) fit for the particular purposes or uses specified by LS&Co. or otherwise known to Licensee; (d) able to pass without objection in the trade; (e) of first quality (unless otherwise specifically requested by LS&Co.) and otherwise in compliance with normal retailing standards; (f) in conformance with all certifications or other statements made by Licensee or its agents or contained in Licensee's advertising or promotional material; and (g) manufactured by Licensee or Licensee's Designees only in those facilities approved by LS&Co. Licensee has obtained, or prior to the time it commences supply of Products will have obtained, and has caused the Licensee's Designees to obtain, any licenses, permits or other governmental approvals required in connection with the supply and sale of Products, and upon request of or its agents will promptly furnish copies or other information or evidence satisfactory to LS&Co. of all such approvals and in order for LS&Co. to verify compliance with the foregoing provisions of this Section.

6.2 Repair. At LS&Co.'s request, Licensee agrees to repair without charge any Products which within twelve (12) months of delivery to the end-user: (a) are found to be defective Products at the time of delivery, or (b) fail to comply with the representations set forth in Section 6.1 above, and Licensee will reimburse LS&Co. for the labor costs and expenses incurred by LS&Co. as a result of the defective manufacture of the Products by Licensee or Licensee's Designees, including any repairs which LS&Co. may engage a third-party to perform on its behalf. Products must be repaired within twenty-one (21) days or replaced within ninety (90) days from Licensee's receipt of the defective Product. Licensee will mark the Product on the exterior packaging in such a way as to distinguish repaired/replacement Products from new Products. The warranties given under this Section 6 will apply equally to any such replacement or Repaired Products. Defective and/or

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Repaired Products will be at Licensee's risk while in transit between Licensee and LS&Co., and Licensee will reimburse LS&Co. for all costs and expenses incurred by LS&Co. in connection with any damage to or destruction of such items while in transit.

6.3 **Authorization.** Each party executing this Agreement on behalf of Licensee and LS&Co. is duly authorized to do so and all entity action necessary for the making of this Agreement has been duly taken.

**7. Indemnification.** In addition to any indemnification provided by Licensee to LS&Co. and its Affiliates and related parties in the License Agreement, Licensee hereby unconditionally and irrevocably indemnifies LS&Co. (its officers, employees and agents), and/or its Affiliates, from and against all claims and actions and all liabilities, loss, expense, including costs and expenses of Product recall from the market, injury and damage (whether or not on the basis of negligence and including legal costs and disbursements on a solicitor and client basis) suffered or incurred directly or indirectly as a result of, or in connection with, Licensee's performance or Licensee's Designees' performance under this Agreement, a breach of any of its warranties or obligations under this Agreement, or arising in connection with the design, manufacture, possession, supply, or use of the Products, whether under the laws of the country of origin or the country of destination or otherwise, or any negligence, fraud, willful default, or breach of statutory duty of or by Licensee, its officers, employees, agents or contractors or Licensee's Designees. The Licensee agrees to comply with all applicable laws in respect of this Agreement and to indemnify and hold harmless LS&Co. from and against all claims, damages, losses, expenses, fines and penalties incurred by, or asserted against, LS&Co. which arise as a result of the Licensee's violation, alleged violation, Licensee's Designees' violation, alleged violation, or either Licensee or Licensee's Designees causing LS&Co.'s violation of any such laws.

**8. Use of Subcontractors.** Licensee's use of Licensee's Designees to provide services required hereunder shall in no way limit or otherwise affect Licensee's obligations and liabilities under this Agreement. Licensee shall be responsible for all actions of Licensee's Designees, including, without limitation, those consented to be LS&CO. Licensee shall take all steps necessary to ensure that Licensee's Designees maintain the level of quality required under this Agreement, and shall ensure that they otherwise comply with all requirements of the Licensee under this Agreement. Additionally, any sale, manufacture or supply of Products by Licensee's Designees shall be governed by the terms of this Agreement and LS&Co. will be entitled to bring a claim against Licensee and Licensee's Designee for any loss or damage suffered by LS&Co., or any Affiliate of LS&Co. in connection with the Products manufactured, marketed or sold by Licensee's Designee(s). Licensee shall be responsible for ensuring that specific Product, transportation, packaging and delivery requirements including delivery dates as communicated by LS&Co. are met by Licensee's Designees. Licensee shall be responsible for any losses incurred (including but not limited to customer charge backs) that may apply due to Licensee's or Licensee's Designees' failure to meet such requirements.

**9. Term.** This Addendum shall be in effect for the Term of the License Agreement and shall automatically terminate upon termination of the License Agreement.

**10. Limitation of Liability.** In no event and at no time shall LS&Co. be liable to Licensee or Licensee's Designees under this Agreement, any Purchase Order or otherwise for indirect, special, incidental or consequential damages of any kind, including, without limitation, any loss of present

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or prospective profits, loss of expenditures, investments or commitments made in connection with the establishment of the business relationship with LS&Co. or the performance of obligations under this Agreement or any Purchase Order.

**11. Amendment.** Except as stated herein, this Addendum may not be amended, superseded or altered, except by an agreement in writing duly executed and delivered by or on behalf of LS&Co. and Licensee; provided, however, that this Section shall not preclude LS&Co. from including additional terms on LS&CO's Purchase Orders provided such terms are not inconsistent with this Addendum.

**12. Conflict Between Documents.** This Addendum is incorporated into and made a part of the License Agreement. If any conflict arises between the terms of this Addendum and the terms of the License Agreement, this Addendum will control.

**13. Definitions.** The following terms when used herein shall have the following definitions:

"Affiliates" means, in relation to either party, any entity which directly or indirectly Controls, or is directly or indirectly Controlled by or in common Control with, such party.

"Control" means, in relation to either party the right of a person or persons acting together, whether in law or in fact, to secure by means of the holding of shares bearing more than 50% of the voting rights attaching to all the shares in that party (or by having the power to control the composition of the board of directors of that party) that all or a substantial proportion of the affairs of that party are conducted in accordance with the wishes of that person or persons, and "Controlled" will be construed accordingly.

"Deficient Delivery" means any delivery of the Products by Licensee which do not meet the requirements set forth in this Agreement or the relevant Purchase Order including but not limited to unapproved under or over shipment, pricing errors, failure to comply with Shipping Procedures, quality issues, incorrect data, late or wrong delivery.

"Delivery Method" means the terms of delivery for the Products under INCO, such method being either FCA, FOB, , DAP, DAP-Freight Collect, DDP (each as defined under INCO) or any other INCO method adopted by LS&Co. as set out in the Purchase Orders issued by LS&Co. from time to time pursuant to this Agreement.

"Designated Carrier" means transportation carriers and shippers expressly approved by LS&Co. for delivery of the Products, which may be varied by notice by LS&Co. to Licensee from time to time.

"Designated Customs Broker" means the customs brokers expressly approved by LS&Co. for delivery of the Products, which may be varied by notice by LS&Co. to Licensee from time to time.

"INCO" means Incoterms 2010.

"Licensee's Designee" means any Affiliate of Licensee or third-party entity contracted by Licensee and approved by LS&Co. in writing to manufacture Products or perform any other services or responsibilities of Licensee under this Addendum.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

“NAS” or “Number of Allowed Seconds” means the percentage of Seconds allowed to be delivered by Licensee for any given Purchase Order. The NAS shall be determined by LS&Co. in the relevant Purchase Order.

“Packaging Guidelines” means the procedures Licensee must comply with when packaging the Products to LS&CO. A copy of the Packaging Guidelines can be found in the Supplier Portal.

“Projection” means a non-binding document which indicates estimated quantities of Products which may be required by LS&Co. in the future.

“Raw Materials” means any fabric, raw materials and sundry items (buttons, zippers, trims etc.) required to manufacture the Products and accessories required to produce the final product.

“Repaired Products” means Products that have been repaired by LS&Co. or Licensee pursuant to this Agreement.

“Seconds” means a functional Product that does not meet LS&Co.’s quality standards due to a blemish or a defect that is not repairable.

“Shipping Procedures” means the procedures Licensee must comply with when shipping the Products to LS&CO. A copy of the Shipping Procedures can be found in the Supplier Portal.

“Specifications” mean LS&CO’s design, manufacturing, performance, safety and quality specifications in accordance with LS&Co. Social and Environmental Sustainability Standards and Product Safety Requirements (including the RSL) for Products, Raw Materials and their packaging and shipment, as communicated to Licensee by LS&Co. from time to time, including any works created by Licensee and approved by LS&Co.

“Supplier Portal” means the online portal at the following web link: <https://teamx.levi.com/global/SUPPLIERPORTAL/default.aspx> where certain documents referred to this Agreement are stored and maintained by LS&Co. and accessible by Licensee. The Licensee shall be eligible to access the Supplier Portal upon signing of this Agreement.

“Thirds” means Products that contain one or more defects in workmanship or material that renders the Product unusable for its designed purpose or totally unsellable as a garment at any price.

“Total PO Price” shall mean the total price to be paid by LS&Co. to the Licensee for the entire quantity of Products ordered under a Purchase Order, delivered in due time and complying with the Specifications.

“VCOM Charges” means any charge backs or other expenses borne on behalf of LS&Co. and related to Deficient Delivery (including but not limited to cost of re-delivery or alternative delivery methods and any claims relating to quality issues or settlement).

Licensee and LS&Co. have read, and by signing below, agree to be bound by the terms and conditions contained in this Addendum. The parties have caused this Addendum to be executed by their duly authorized representatives.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

**LEVI STRAUSS & CO.:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**LICENSEE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Exhibit A

("Pricing")

**EXHIBIT C**  
**LEVI STRAUSS & CO.**  
**GLOBAL ANTI-BRIBERY & ANTI-CORRUPTION POLICY**

REVISED 2.4.13

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## Introduction

Our success as a company is built upon a foundation of integrity – a longstanding commitment to act with the highest ethical standards and to conduct business honestly and legally. Our Worldwide Code of Business Conduct reflects this commitment, offering guidelines and standards that define how we run our business.

The Global Anti-Bribery and Anti-Corruption Policy focuses on two of the Worldwide Code of Business Conduct standards: “Compliance with Laws, Rules and Regulations” and “Government Officials”. Its purpose is to help LS&CO. employees worldwide identify and avoid situations that could potentially violate anti-bribery and anti-corruption laws.

Understanding anti-bribery and anti-corruption laws is not always easy. Employees must be familiar with the rules described in this policy and regularly refresh their understanding of these rules. If this policy does not give you enough guidance on how to proceed in a particular situation, consult your Regional Compliance Officer or the Chief Compliance Officer whose contact details are in Section K.

Bribery is illegal and will expose both you and LS&CO. to fines and other penalties including imprisonment. It is also against our company values. For these reasons, compliance with this policy is mandatory for all employees of LS&CO. worldwide.

If you are aware of any employee who is involved in acts of bribery, you must report such conduct without delay to your Regional Compliance Officer or the Chief Compliance Officer. LS&CO. strictly prohibits retaliation against anyone for raising or helping to address this type of issue.

LS&CO. is committed to complying with such laws in all countries where it operates or where its products are sold or sourced. We all share responsibility for complying with this policy. I count on your support.

Thank you,

Chip Bergh

President and  
Chief Executive Officer  
Levi Strauss & Co.

## A. Policy Statement and Scope

### 1. Overall Statement of Policy

**LS&CO. will only conduct business in compliance with the law. This means that we will not authorize, pay, promise or offer to give anything to a government official or to any private party in order to improperly influence that individual to act favorably towards LS&CO. We will not request or authorize any third party to make any such payment, promise or offer. This policy thus prohibits promising, offering, or giving anything of value to any party, including a customer, potential customer, business provider, or potential business provider, with the intention or appearance of improperly influencing its business decisions. Such behavior constitutes bribery and is unacceptable business conduct wherever LS&CO. operates or wherever its products are sold or sourced.**

**Failure to comply with any provision of this policy or other related company policy is a serious violation, and may result in disciplinary action, up to and including termination, as well as civil or criminal charges.**

### 2. Scope of the Policy

This policy defines the minimum standards that all LS&CO. employees worldwide must observe when dealing with government officials and also with private parties. If you are in a situation that may raise anti-bribery concerns or if you are uncertain about how to proceed, consult your manager, Regional Compliance Officer or the Chief Compliance Officer before acting. Additionally, if you suspect or have reason to suspect that an employee or business partner is even using his or her own funds to make improper payments, you must report your suspicions to your manager, Regional Compliance Officer or the Chief Compliance Officer. If you are uncomfortable raising the issue internally, you can also report your suspicions anonymously through the Ethics and Compliance Reportline.

Laws prohibiting commercial bribery (i.e., bribery of private individuals) also exist in many countries where LS&CO. operates or where its products are sold or sourced. This policy [therefore prohibits both](#) commercial bribery, as well as bribery of government officials. Additionally, you should consult the relevant sections of LS&CO.'s Worldwide Code of Business Conduct (see, for example, Conflicts of Interest, Family Members and Gifts), the Chief Compliance Officer or your Regional Compliance Officer. In case of doubt, you should assume that the bribery laws of the country where you work prohibit improper payments or gifts to employees of both government officials and private persons with whom LS&CO. does business.

### 3. Overview of Applicable Anti-bribery Laws

Applicable anti-bribery laws prohibit payments and offers of things of value to government officials and private persons for an improper purpose. LS&CO. complies with the requirements and restrictions of applicable anti-bribery laws. These laws apply to the worldwide conduct of LS&CO. and its officers, employees and agents, regardless of nationality. Generally, applicable anti-bribery laws prohibit LS&CO. and its officers, employees, agents, contractors and all others who perform services for or on its behalf from:

- promising, authorizing, giving, or offering payment
- of money or anything of value (including gifts, means and entertainment and non-cash gifts and other benefits, such as offers of employment, educational placement, and charitable donations to entities related to such individuals)
- or providing
- any other benefit
- directly or indirectly (i.e. through third parties)
- to a government official or to a private person
- corruptly to induce the recipient to misuse his or her position or to obtain any
- improper advantage
- to win or retain business for LS&CO., or direct business to any person.

Violations of applicable anti-bribery laws can subject both LS&CO. and individual employees to civil and criminal penalties. The penalties for violation of applicable anti-bribery laws include fines and/or imprisonment. Applicable anti-bribery laws may also prohibit a company from reimbursing a director, officer, employee, or consultant for the amount of the fine involved. Individuals may be subject to criminal liability under applicable anti-bribery laws regardless of whether the company has been found guilty or prosecuted for a violation.

In addition, applicable anti-bribery laws and other rules also contain accounting provisions that prohibit the submission of false or misleading records (e.g. misstating the number of guests at a business dinner in an employee expense report). All expenditures must be recorded with sufficient detail to accurately and fairly reflect the transaction and/or disposition of the assets.

Regardless of the customs of a particular country, you must be careful to follow LS&CO. policies, local laws, and U.S. laws regarding doing business with government officials.

## **B. Who is a Government Official?**

A government official includes anyone, regardless of rank, who [holds a legislative, administrative or judicial position, whether appointed or elected or anyone who exercises a public function on behalf of any public agency or public enterprise anywhere where in the world, as well as officials or agents of public international organizations. It includes:](#)

- § An officer or employee of any local, provincial or national government; (for example, members of parliament, police officers, firefighters, members of the military, tax authorities, customs inspectors, etc.)
- § A director, officer, representative, agent or employee of any government-owned or controlled business or company (meaning that the government owns at least 30% of the stock or business, or is its largest shareholder, or controls the entity through its management, board membership or other means);
- § An officer or employee of a public international organization (for example, the United Nations, International Olympic Committee, International Red Cross, World Bank, etc.);
- § Any person acting in an official capacity or on behalf of any government or public international organization (for example, an official advisor to a government);
- § Any officer or employee of a political party;
- § Any candidate for political office; and
- § A close relative (for example, parent, sibling, spouse or child) of any of the above.

## **C. What Are Some Examples of Bribery, Influencing Government Officials, and Improper Actions or Conduct in Favor of LS&CO.?**

### **1. Some examples of bribery include, but are not limited, to the following:**

- § Cash, cash equivalents (e.g., gift checks) or loans to government officials, an employee of a client, business partner, (Making such payments to related persons, such as family members or intermediaries may also constitute bribery);
- § Payments for travel or entertainment or other hospitality of any person, their family members or associates, except those allowed under Section D.1 below;

- § Favors, including offers of employment or internships to any person, their family members or associates in circumstances where it might create a sense of obligation on the part of the recipient;
- § Gifts (e.g. perfume, jewelry, use of club membership) to any person, their family members or associates, except those allowed under Section D.2 below;
- § Donations to a charity affiliated with or sponsored by any person, his/her family members or associates; and
- § Political contributions to political parties or candidates.

**2. Examples of improperly influencing a person to act favorably towards LS&CO. include, but are not limited to, offering a gift, no matter how small in value where:**

- § The person would not act if you did not make the gift, and you give a gift to increase the chances that the person will take such action; and
- § The person has the choice to act or not and makes a decision based on the gift.

**3. Examples of providing improper business advantage include, but are not limited to, when a government official:**

- § Overlooks a violation or tolerates non-compliance with relevant laws (e.g., environmental or worker safety laws) or company policies;
- § Does not perform a task that should otherwise be performed in accordance with that person's duties (e.g., does not conduct a required inspection prior to issuing a permit);
- § Reduces customs duties; or
- § Grants a favorable tax treatment.

**REMEMBER:**

- § The mere appearance of influencing a government official or a private party may be sufficient to trigger an allegation that bribery has been committed.
- § Even an attempt to bribe a government official or a private party is unacceptable. It is still illegal even if the offer is not accepted or the payment does not achieve the desired outcome.
- § Even if there is no intent to exert improper influence over a government official or a private party, there is still a risk if the recipient is unduly influenced, or if the recipient perceives a gift as an attempt to influence him/her to act favorably towards LS&CO.
- § Even the perception of impropriety can cause embarrassment to LS&CO., damage its reputation and force the company to pay exorbitant litigation fees in its defense.

**D. Travel, Entertainment and Gifts: Are They Bribes?**

[You should consult LS&CO's Global Gifts Policy for our policies in respect of entertainment and gifts to private person, including a customer, potential customer, business provider, or potential business provider. The remainder of this section deals with travel and entertainment in respect of Government Officials.](#)

**1. Travel and Entertainment**

The nature of LS&CO.'s business makes it unlikely that travel will be required by a government official in the course of legitimate business dealings with LS&CO. In rare instances where travel may be required, you MUST OBTAIN WRITTEN APPROVAL of the Regional Compliance Officer or Chief Compliance Officer before such travel is authorized.

In instances where business entertainment may be required, the following guidelines MUST be followed:

- a. The entertainment expenses must be permitted under local government rules, regulations or policies that apply to the government official(s) in question.
- b. Entertainment must be directly related to a government official's participation in a business meeting with LS&CO.
- c. Entertainment must be reasonable, measured against (a) the prevailing market rates for similar expenditures; (b) the amount of the expenditure compared to the government official's salary; and (c) custom, both locally and within the industry. Lavish or expensive travel or entertainment is prohibited.
- d. Entertainment should be limited to no more than \$50 per event and no more than \$200 total in one calendar year to the same person. In exceptional circumstances, the Regional Compliance Officer or Chief Compliance Officer may authorize an exception to the entertainment limit.
- e. Entertainment should be reasonable and not cause embarrassment to LS&CO. or damage its reputation.
- f. Entertainment, other than routine moderately-priced meals and refreshments, must be provided in an open and transparent manner (for example, by providing the supervisor(s) of the invited party with a formal written invitation that lays out the nature of the expenses and requires a written response); otherwise, it may be viewed as an attempt to influence an official act.
- g. No entertainment can be provided to any family member of a government official.
- h. Do not provide cash allowances or per diems; pay vendors directly for entertainment expenses. In the exceptional circumstance where a person needs to be reimbursed for such expenses, obtain original receipts which should contain itemized descriptions of the expenses incurred; this will ensure that s/he is not also seeking reimbursement from the government.
- i. Book all expenditures accurately in LS&CO. books and maintain records pursuant to section H below.
- j. Do not use personal funds to do something that would be prohibited under this Policy.

Examples of reasonable entertainment	Examples of prohibited entertainment
<ul style="list-style-type: none"> <li>• Moderately-priced meals or tickets to events (no more than \$50 USD per event/meal and not more than \$200 total per calendar year to the same government official) during which an LS&amp;CO employee is present and substantial legitimate business matters are discussed. If no LS&amp;CO employee is present at the event or meal, such entertainment is NOT allowed.</li> <li>• This limit includes entertainment such as karaoke, concerts, or sporting events, as well as coffee, tea, snacks and meals.</li> <li>• For example, if an employee took a government official to a baseball game and later that evening decided to take the same official to dinner, the baseball game and dinner would be considered one "entertainment event". Therefore, the total cost for both dinner and baseball game should not exceed \$50 USD for that person.</li> </ul>	<ul style="list-style-type: none"> <li>• Lavish and costly dinners</li> <li>• Adult entertainment</li> <li>• Frequent entertainment</li> </ul>

2. Gifts

Gifts to government officials and private parties are acceptable as long as they comply with the following guidelines:

- Gifts must conform with local laws.
- Gifts must be of nominal value (maximum value U.S.\$50 or local equivalent), and the maximum amount for giving gifts to the same government official per calendar year is U.S.\$200. In exceptional circumstances, the Regional Compliance Officer or Chief Compliance Officer may authorize a gift exceeding this limit, provided it is reasonable in value.
- Gifts must be given in an open and transparent manner and not to influence a government official's or a private person's action or conduct.
- Gifts must be infrequent and exclude family members of persons.
- All gifts must be properly recorded in LS&CO.'s books and records pursuant to Section H below.
- x Gifts must never be in cash or in cash equivalents.
- x Examples of gifts that typically meet the above requirements and are normally unproblematic include:
  - o Small mementos and sales promotional items (e.g., mugs, pens or calendars) bearing LS&CO.' s trademarks.
  - o Customary or seasonal gifts of modest value not exceeding U.S. \$50 and applicable under local law (e.g., congratulatory flowers or fruit baskets).

### E. Charitable Donations: Are They Bribes?

*Bona fide* donations made pursuant to LS&CO.'s policies on donations are not bribes because they are made for a purely charitable purpose.

To ensure that no donation is used to camouflage a bribe, and that no donation can be misconstrued as a bribe, any donation given on behalf of LS&CO. should comply with the following guidelines:

- § Any request for a donation must be made in writing and must sufficiently describe the charitable purpose of the donation, any business reason for the donation, and all details about the recipient.
- § The recipient must be screened to ascertain that it is an organization capable of receiving charitable donations under local law.
- § The recipient must be screened to determine that it has no connection to a government official or private person who is in a position to act or make a decision in favor of LS&CO.
- § In case of doubt, a local lawyer of good standing approved in advance by the Legal Department should confirm that the donation is lawful under the written laws and regulations of the country where the donation will be made.
- § The donation must be approved in writing and in advance by the general/country manager or finance director.
- § The recipient must issue a written receipt of the donation specifying the amount and certifying that the donation will not benefit, directly or indirectly, any government official or private person. See Attachment A for the certification form to be signed by the recipient charitable organization.
- § The donation must be accurately recorded in the company's books and records pursuant to Section H below.

### E. Facilitating Payments: What Are These and Are They Allowed?

In some countries, it may be the local practice for businesses to make payments of small amounts to low-level government officials in order to expedite or "facilitate" routine government actions over which such officials have no discretion. Examples of routine, non-discretionary actions include providing police protection, granting visas or utility services, or clearing customs. Such payments are called "facilitating payments".

**Facilitating payments, whether legal or not in a country, are prohibited under this policy.**

In extremely limited circumstances, however, LS&CO. may permit facilitating payments. You must consult the Regional Compliance Officer or Chief Compliance Officer **BEFORE** making or authorizing such a payment. Specific approval for each payment is required. If any such payments are approved, they must be accurately documented in the company's books and records.

LS&CO. recognizes that its personnel operating outside of the U.S. may confront situations where payment is demanded to avoid physical harm. In these very limited circumstances, "Personal Safety Payments" may be made. Examples of such circumstances include:

- Being stopped by persons claiming to be police, military, or paramilitary personnel, who demand payment as a condition of passage of persons;
- Being threatened with imprisonment for a routine traffic or visa violation unless a payment is made; and

- Being asked by persons claiming to be security personnel, immigration control, or health inspectors to pay for (or to avoid) an allegedly required inoculation or similar procedure.

Only under these or similar circumstances, and only where there is an imminent threat to the health or safety of LS&CO. personnel, may a Personal Safety Payment be made without prior approval.

If the need for a Personal Safety Payment can be anticipated, or if circumstances permit, the Regional Compliance Officer should be consulted before making any payment.

After a Personal Safety Payment is made, and as soon as possible (but no more than seven days) after the danger has passed, the payment must be reported to the Regional Compliance Officer, and on an expense report, reflecting accurately the amount paid, the recipient, the means of payment, and the circumstances under which the payment was made. The Regional Compliance Officer will investigate and document the circumstances surrounding the Personal Safety payment and work with LS&CO. finance department to ensure that the payment is promptly and accurately recorded in LS&CO.'s books and records. A copy of the report documenting the investigation will be provided to the Chief Compliance Officer by the Regional Compliance Officer.

### **G. Third Parties: Who Are They and Why Should We Care?**

Bribery problems often involve third parties. In this policy, any individual or entity acting on behalf of or under the control of LS&CO. (such as agents, distributors, consultants or joint venture partners) is referred to as a "Third Party".

Because anti-bribery laws prohibit "indirect" as well as direct payments and offers, LS&CO. and you may be held liable for the conduct of a Third Party when we know or reasonably should have known of such party's unlawful conduct. Turning a "blind eye" or ignoring "red flags" that something may be wrong does not exonerate LS&CO. or you from criminal liability.

Authorizing a Third Party to do something that you cannot do directly is a violation of this policy.

LS&CO is responsible for the actions of third parties where we know, or consciously disregard a high probability, that the third party will offer or make a corrupt payment. Willful blindness (such as by ignoring or failing to investigate warning signs) is no defense. LS&CO is obligated to take adequate steps to prevent bribery when hiring agents and could be liable for any bribe paid by any person "associated" with LS&CO in order to obtain or retain business for LS&CO., or to obtain or retain an advantage in the conduct of business for LS&CO. This includes anyone who "performs a service" for LS&CO., not just official LS&CO "employees".

Thus, LS&CO and you as an individual can be held criminally liable for payments by third party agents, joint venture partners, contractors, consultants, and representatives. For this reason, you must pay special attention to all dealings with such parties.

#### **1. Due Diligence**

Under certain circumstances, you must conduct a reasonable investigation, called due diligence, into the background, reputation, and business capabilities of a Third Party before entering into a contract. If your contract involves a Third Party representing LS&CO. with government officials, the Due Diligence Questionnaire Form (Attachment B) must be completed.

Examples of a Third Party representing LS&CO with government officials include but are not limited to the following:

- Obtaining required permits, licenses or other official documents (operating license, tax certificate, etc.) on behalf of LS&CO.
- Managing import or export requirements or deals directly with Customs Office
- Communicating with any municipal agencies on behalf of LS&CO. (tax office, water department, etc.)
- Overseeing tax and accounting related services for LS&CO.
- Processing governmental papers, such as visas and work permits for LS&CO.

The Due Diligence Questionnaire Form consists of 2 parts. Part I contains the recommendation from the relevant LS&CO. employee and the approval of the relevant manager to engage the prospective Third Party. Part II is a Due Diligence Questionnaire to be completed by the prospective Third Party which will help identify potential red flags that may warrant further investigation.

If the Due Diligence Questionnaire Form is required, Parts I and II of the Due Diligence Form should be submitted to the Legal Department or Regional Compliance Officer as part of the contract review and risk management consultation process before a contract is signed. No applicable contract with a Third Party should be concluded until the Legal Department or Regional Compliance Officer has confirmed that the due diligence has been completed and is satisfactory for purposes of this policy.

A copy of the due diligence file shall be maintained in the Legal Department for each party/entity with whom LS&CO. ultimately enters into a contract.

If you have any doubt whether the Due Diligence Questionnaire Form is required, please contact the Legal Department for assistance.

## 2. Compensation and Payments to Third Parties

Compensation to Third Parties must be commercially reasonable and commensurate with the tasks that they actually undertake. Contracts should generally provide fixed compensation for specific, identified tasks and should avoid large percentage-based commissions and success fees.

Payments to Third Parties must be made in accordance with the terms of their contracts; in particular, it is a violation of this policy to honor requests by Third Parties to vary the terms of contracts by:

- Increasing or decreasing agreed amounts on any invoice if there is no factual, documented basis; or
- Submitting multiple invoices if you suspect such invoices may be used in a manner contrary to LS&CO. standards, procedures or applicable laws or otherwise used improperly.

Contracts that provide for payments to parties other than the contracting party, or payments to countries other than the home country of the contracting party, must be approved in advance by the Regional Compliance Officer.

## 3. Contractual Obligations of Third Parties

Contracts must contain provisions requiring Third Parties to make certain representations and warranties and to comply with all relevant anti-bribery laws. Signed originals of contracts should be filed in accordance with LS&CO.'s Global Contract Policy. Contact the Legal Department to ensure that these provisions are contained in your contracts.

## 4. Annual Certification by Third Parties

Annual certifications should be obtained from Third Parties in the Form of Attachment C and submitted to the Regional Compliance Officer no later than March 31<sup>st</sup> of each year. The addresses for the Regional Compliance Officers are listed in Section K of this policy.

## H. Record-Keeping

### 1. What type of records must be kept?

LS&CO. is required to accurately record information regarding all payments the company makes or receives in reasonable detail, including the amount of the payment, the recipient, and the purpose for the expenditure. You must ensure that LS&CO. has accurate and timely information with respect to the amount and ultimate recipient of contract payments, commissions, and other payments. You must also document the purpose, and maintain all necessary approvals for the transaction. Records must be complete and truthful and financial accounting recorded in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Any LS&CO. employee who creates a false or misleading entry, or fails to disclose payments or assets will be subject to immediate disciplinary action. If you learn of any false or misleading entries, or unrecorded payments, you should report it immediately to the Regional or Chief Compliance Officer.

### 2. Restrictions on reimbursements and use of cash

LS&CO. will only pay reimbursements for goods, services, or other expenditures that are fully and properly supported by third party invoices or receipts. With the exception of normal and customary petty cash requirements, cash transactions in connection with LS&CO. business are to be avoided.

## I. Reporting

If you are aware that any employee is involved in acts which violate this policy, you must report such conduct without delay to the Chief Compliance Officer or your Regional Compliance Office. LS&CO. strictly prohibits retaliation against anyone for raising or helping to address this type of issue. Additionally, if you have questions about this policy or an issue, please ask before you act by speaking with your supervisor or with your Regional Compliance Officer.

## J. Annual Certification

Corporate officers, general/country managers, finance directors/managers, plant managers and plant finance managers must sign an annual compliance certification in the Form of Attachment D and submit it to the Compliance Department no later than January 31<sup>st</sup> of each year.

## K. Legal Department/Compliance Officer Contacts

<u>The Americas and Global</u>	<u>Europe, Middle East and North Africa</u>
Chief Compliance Officer	Regional Compliance Officer
1155 Battery Street	Avenue Arnaud Fraiteur 15-23
San Francisco, CA 94111	1050 Brussels Belgium
Direct: 1 (415) 501-3165	Direct: 32 (2) 641-6200
Fax: 1 (415) 501-7650	Fax: 32 (2) 641-6136
E-mail: rseymore@levi.com	E-mail: sbesnardcorblet@levi.com

**Asia Pacific and South & Central Africa**

Regional Compliance Officer

1 Kim Seng Promenade

#16-01 Great World City East Tower

Singapore 237994 Republic of Singapore

Direct: 65 6730-7916

Fax: 65 6887 4975

E-mail: [rseymore@levi.com](mailto:rseymore@levi.com)

(Exhibit C continued)  
**Attachment C**

**THIRD PARTY CERTIFICATION OF COMPLIANCE  
WITH LEVI STRAUSS & CO.'S  
GLOBAL ANTI-BRIBERY POLICY**

I hereby certify that I have reviewed LS&CO.'s Global Anti-Bribery & Anti-Corruption Policy and am familiar with its provisions. I hereby certify that, to the best of my knowledge and belief after reasonable investigation, I am not aware of any payments during the year \_\_\_\_\_ made by myself, or persons responsible to me that would cause LS&CO. to violate the provisions of its Global Anti-Bribery & Anti-Corruption Policy. I have attached hereto a record of all payments made to or for the benefit of any government official, political party official, or candidate for political office (including the reasons for such payments) that I made, approved, or about which I am aware, that occurred during the year to which this certification applies.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature over Printed Name of Authorized Signatory of Third Party

This certification should be returned by February 1, following the end of the preceding calendar year to Levi Strauss & Co.

27679264.2

**Exhibit (10)cc.**

Schedule to Trademark License Agreement Between Levi Strauss & Co. ("LS&Co.") and

Genesco Inc. ("Licensee" or "Genesco")

Product Summary: Footwear

This schedule (including its exhibits) ("Schedule") is agreed to by LS&Co. and Licensee and incorporates by reference as though set forth in full the Terms and Conditions to Trademark License Agreement (including its exhibits and any amendments or addendums) dated as of December 17, 2019 ("T&C"). The Schedule and the T&C constitute a trademark license agreement ("Agreement") between the parties. In the event of a conflict between the T&C and this Schedule, the Schedule shall govern and control. All capitalized terms are defined in the T&C or the Schedule. For convenience, the parties may, but are not required to, refer to the Agreement by the Product Summary referenced above, if any. LS&Co. and Licensee agree as follows:

1. **Brand:** Levi's®
2. **Products:** All footwear including slippers and flip flops
3. **Territory:** (i) United States, its territories and possessions; and (ii) Aruba, Bahamas, Barbados, Belize, Cayman Islands, Dominican Republic, Guyana, Haiti, Jamaica, Antigua and Barbuda, Dominica, Grenada, Saint Johns, Saint Kitts and Nevis, Saint Lucia, Saint Vincent, Sint Maarten, Suriname, Trinidad and Tobago (collectively, the "Caribbean"). The Caribbean is a Territory only for the First Annual Period; provided however that LS&Co. may in its sole discretion approve in writing the Caribbean as a Territory beyond the First Annual Period.
4. **Initial Term:** Upon consummation of the Acquisition (as set forth in Section 27.A below) ("Effective Date") to November 30, 2024. The Initial Term shall consist of five (5) Annual Periods. Each Annual Period will commence December 1 of a given year and end November 30 of the following year except that the first Annual Period will commence as of the Effective Date and end November 30, 2020. Unless earlier terminated in accordance with the terms of the Agreement or extended by LS&Co. with respect to the Caribbean Territory, the end of the First Annual Period, November 30, 2020, shall be treated as a termination of the Agreement with respect to the Caribbean Territories, and the terms of the Agreement relating to termination shall apply with respect to the Products in such Territories, including without limitation the applicable terms of Section 14.
5. **Exceptions to Exclusivity:** LS&Co. and/or its authorized third-party partners may manufacture, market, distribute and sell in the Territory, in any sales channels, including Approved Retailers:
  - a. The Products at any concession models and shop-in-shops.
  - b. The Products that are developed in conjunction with or bearing the trademarks of other third parties (e.g. collaborations with Sanrio x Levi's®).
  - c. Any products, including Products, that are classified as "Collections" (including without limitation Levi's® Made & Crafted™, Levi's® Vintage Clothing, Levi's® Line 8, and Levi's® Skateboarding™).

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

[\*\*\*]

6. **Trademarks:** Exhibit 1
7. **Design Schedule:** Exhibit 2
8. **Approved Retailers:**
  - a. Exhibit 3 (First Quality Approved Retailers)
  - b. Exhibit 4 (Second Quality Approved Retailers and MFO Retailers).
9. **Approved Distributors:** Exhibit 5
10. **Approved Manufacturers:** Exhibit 6
11. **Other Relationships:** Exhibit 7
12. **National Branded Trademarks and Private Label-Captive Branded Trademarks:** Exhibit 8
13. **Form Royalty Report:** Exhibit 9 or as provided by LS&Co.
14. **Sales Plan:** Exhibit 10
15. **Competitors:** Exhibit 11
16. **Data Security and Privacy Obligations:** Exhibit 12
17. **Renewal:**
  - a. Renewal Term: One (1) additional four (4) year term, commencing on December 1, 2024 and ending on November 30, 2028.
  - b. Renewal Notice Period: April 30, 2023 to May 30, 2023.
  - c. If the Agreement is renewed, the First Quality Earned Royalties, Second Quality Earned Royalties, and MFO Earned Royalties during the Renewal Term shall be [\*\*\*] percent ([\*\*\*]%) [\*\*\*]. For purposes of clarity, the Marketing Spend shall remain the same for the Renewal Term.

18. **Earned Royalty:**

Annual Period	First Quality Earned Royalties	Second Quality Earned Royalties	MFO Earned Royalties
2020	[***]%	[***]%	[***]%
2021	[***]%	[***]%	[***]%
2022	[***]%	[***]%	[***]%
2023	[***]%	[***]%	[***]%
2024	[***]%	[***]%	[***]%

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

19. **Second Quality Threshold:** None

20. **Guaranteed Minimum Royalty:** The Guaranteed Minimum Royalty in the Initial Term shall be the following:

Annual Period	Guaranteed Minimum Royalty (U.S. Dollars \$)
2020	\$[***]*
2021	\$[***]
2022	\$[***]
2023	\$[***]
2024	\$[***]

\*2020 GMR is based on a 11 month period

If the Agreement is renewed, the Guaranteed Minimum Royalty shall be [\*\*\*] percent ([\*\*\*]%) of the Earned Royalties set forth in the projected minimum sales set forth in the Sales Plan for the Renewal Term.

20. **Guaranteed Marketing Contribution:** [\*\*\*]

21. **Excess Marketing Payment:** [\*\*\*]

22. **Earned Marketing Contribution:** [\*\*\*]

Annual Period	United States	Earned Marketing Contribution (U.S. Dollars \$)
2020	[***]%	\$[***]*
2021	[***]%	\$[***]
2022	[***]%	\$[***]
2023	[***]%	\$[***]
2024	[***]%	\$[***]

\*2020 Earned Marketing Contribution is based on a 11 month period

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

23. **Marketing Spend:** [\*\*\*]% of the Projected Minimum Non-Value Channel Net Sales (as defined herein) for that Annual Period as reflected in Exhibit 10. [\*\*\*]

24. **Named Personnel** (pursuant to Section 7 of the T&C):

- a. Name of initial Designer: Michael Blankinship
- b. Name of initial Manager: Andrew Gilbert

25. **Breach Threshold:** [\*\*\*]

26. **Notice Address:**

If to LS&Co.:

John Wang, Senior Director, Global Business Development, Licensing & Operations  
Levi Strauss & Co.  
1155 Battery Street  
San Francisco, CA 94111  
Telephone: (415) 501-6000  
Facsimile: (415) 501-1782  
Email: [\*\*\*]

With a copy to:

LSA Chief Counsel  
Levi Strauss & Co.  
1155 Battery Street  
San Francisco, CA 94111  
Email: [\*\*\*]

If to Licensee:

Andrew Gilbert, President  
Genesco Licensed Brands  
1415 Murfreesboro Road, Suite 388  
Nashville, TN 37217  
Phone: 615-367-7493  
Email: [agilbert@genesco.com](mailto:agilbert@genesco.com)

With a copy to:

Scott Becker, General Counsel  
Genesco Inc.  
1415 Murfreesboro Road, Suite 490  
Nashville, TN 37217  
Phone: 615-367-7531  
Email: [sbecker@genesco.com](mailto:sbecker@genesco.com)

**27. Condition Precedent to Effectiveness of Agreement:**

- a. As a condition precedent to the effectiveness of this Agreement (and LS&Co.'s and Licensee's respective rights and obligations hereunder), Licensee or an Affiliate thereof shall acquire a 100% ownership interest in all or substantially all the assets of each of the following entities: (i) Togast LLC, (ii) Togast Direct, LLC, and (iii) TGB Design, LLC by January 2, 2020 ("Acquisition"). If the Acquisition is consummated, this Agreement shall be effective upon the consummation of the Acquisition. In the event the Acquisition is not consummated, (i) the Agreement shall be null and void without further action by the parties, and (ii) each party, on behalf of itself and any Affiliate, waives any claim or action against the other arising from or resulting from or in any way connected with this Agreement. Notwithstanding the foregoing, the confidentiality terms in this Agreement shall apply to the parties upon execution of this Agreement and such obligations shall survive, even if the Acquisition is not consummated.

**28. Other Terms modified in the T&C:**

- A. [\*\*\*]
- B. [\*\*\*]
- C. Section 2.2: This Section is deleted.

1. The following renewal terms shall apply to this Agreement:

Licensee may, at its option, renew the Agreement for one Renewal Term if all of the following conditions are met as of the date the renewal notice is received by LS&Co.: (i) Licensee is in material compliance with all terms and conditions of the Agreement, (ii) there is no outstanding Event of Default (as defined in Section 13.1 of the T&C), (iii) during the 2020, 2021, and 2022 Annual Periods, Licensee has met or exceeded the Minimum Renewal Sales as set forth on Exhibit 10 of this Schedule, and (iv) during the 2020, 2021, and 2022 Annual Periods, Licensee has achieved the Channel Mix, as set forth in Section 29.C below (collectively, "Renewal Conditions"). If all the Renewal Conditions are met and Licensee chooses to renew the Agreement, Licensee shall submit its notice of intent to renew by the end of the Renewal Notice Period along with data demonstrating that the Renewal Conditions are met, projected Sales Plan for the Renewal Term, and strategies to achieve the projected Sales Plan during the Renewal Term. After delivery of such documentation and LS&Co. confirms in writing that the Renewal Conditions are met, the parties shall consummate in writing the renewal with a mutually agreed upon Sales Plan.

If LS&Co. reasonably determines that any of the Renewal Conditions are not met or if Licensee fails to deliver notice of its intent to renew by May 30, 2023, then the Agreement may only be renewed in LS&Co.'s sole discretion. If LS&Co. does not renew the Agreement, then the Agreement will expire at the end of the Initial Term, unless earlier terminated in accordance with the terms of the Agreement and for purposes of clarity, [\*\*\*].

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

[\*\*\*]

2. [\*\*\*]

D. [\*\*\*]

E. Section 3.4(a): All royalty payments shall be received by LS&Co. by the 30<sup>th</sup> day of each Quarter based on Net Sales of the previous Quarter just ended.

F. Section 4.3: This Section is deleted.

G. Section 4.4: The following is added to the end of the last sentence: "except for references to the Brand in general HR materials."

H. Section 4.8: This Section is deleted.

I. Section 5.2:

a. The term "[\*\*\*] ([\*\*\*]) Styles" is changed to "[\*\*\*] ([\*\*\*]) Styles" in the first sentence in this Section.

b. [\*\*\*]

c. The last two sentences in this Section are deleted and replaced with the following: "Design approval granted by LS&Co. shall remain in effect for the Quarter for which it was granted and eleven (11) Quarters thereafter."

J. Section 6.1:

a. [\*\*\*]

b. The sixth sentence in this Section is deleted and replaced with the following: "LS&Co. shall pay for any additional Samples it requests at a price equal to Licensee's landed cost for the item if shipped to LS&Co. from the United States and the terms of sale will be agreed to by the parties in writing based on cost of goods and actual costs if shipped to LS&Co. from a non-United States location."

K. Section 6.3:

a. The following is added to the beginning of the first sentence of Section 6.3: "Subject to the last sentence in Section 5.2,"

b. [\*\*\*]

L. Section 6.4: The second sentence of this Section is deleted and replaced with the following: "Licensee shall provide to LS&Co. additional production lines or portions of lines of Products at LS&Co.'s request upon payment by LS&Co. of an amount equal to Licensee's landed cost for the Products if shipped to LS&Co. from the United States and the terms of sale will be agreed to by the parties in writing based on cost of goods and actual costs if shipped to LS&Co. from a non-United States location."

M. Section 6.6: The following is added to the end of this Section: "LS&Co. will provide written notice of any changes (which may include invites to or notices of seminars, conferences, or webcasts addressing such changes) to the LS&Co. Restricted Substance List and LS&Co.'s Animal Welfare Policy."

N. Section 7.3: The last sentence of this Section is deleted and replaced with the following: "If at any time LS&Co. disapproves of such an individual, the parties will work in good faith to resolve such issue."

O. Section 8.5: The second and third sentence in this Section is deleted and replaced with the following:

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

"After Licensee's receipt of such notice, Licensee may ship Products to the retailer for a period of [\*\*\*] days. If Licensee has executed supply contracts with a disapproved retailer which require Licensee to ship beyond [\*\*\*] days, Licensee shall provide LS&Co. with a copy of any such contract for LS&Co.'s consent to ship beyond the [\*\*\*] day period (which consent shall not be unreasonably withheld, conditioned or delayed), and Licensee may fulfill any non-cancelable portion of that supply contract."

- P. Section 9.1: The following is added to the end of this Section: "LS&Co. and/or its representatives shall provide at least thirty (30) days written notice if it inspects any overseas office of Licensee. LS&Co. and its representatives shall be bound by confidentiality obligations no less stringent than the terms hereof with respect to any inspection of Licensee's facilities or offices under this Section 9.1, and LS&Co. shall use commercially reasonable efforts to enforce such confidentiality obligations in the event of a breach of confidentiality by its representatives."
- Q. Section 9.2: The following is added to the end of this Section:  
"Copies of Licensee's audited balance sheet, income statement, statement of cash flows and statement of stockholders' equity, and the notes to those statements, as of the year-end and for the twelve-month period then ended will only be provided to LS&Co. in the event that that Licensee is no longer a publicly traded company. LS&Co.'s right to inspect and audit all books of account of Licensee related to this Agreement that is conducted in the ordinary course of business under this Section 9.2 shall (i) be limited to three years preceding the audit and (ii) LS&Co. shall not have the right to re-audit books of account that have been examined under a prior audit. For purposes of clarity, the limitation in the preceding sentence shall not apply to any inspections and audits that are related to any action or investigation by any governmental entity of competent jurisdiction or any third-party litigation involving Licensee's performance under this Agreement."
- R. Section 9.4: This Section is deleted and replaced with the following: "If Licensee is no longer a publicly traded company, Licensee shall provide LS&Co. with immediate written notice if at any time during the Term of this Agreement Licensee is, or reasonably believes that it is likely to become, insolvent in that Licensee is unable to pay its debts as they become due, or balance sheet insolvent in that the value of Licensee's assets are less than the amount of its liabilities."
- S. Section 10.1: The following is added to the end of this Section: "LS&Co. will provide written notice of any changes (including through invites to or notices of seminars, conferences, and webcasts addressing such changes) to the GSOG."
- T. Section 10.6(a): References to the term "shareholders", "partner(s)" and "Affiliate company of Licensee" is deleted in this Section.
- U. Section 10.7: The second sentence in this Section is deleted and replaced with the following: "In connection with such compliance, Licensee certifies, represents, and warrants that none of its respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither Licensee nor any of its directors, officers, or senior managers of Licensee's Licensed Brands division are in violation of any of the Anti-Terrorism Laws."

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

- V. Section 11.2: This Section is deleted and replaced with the following: “Except as provided herein, (i) rights in and to all Products and any other item furnished to Licensee under this Agreement will be the sole and exclusive property of LS&Co; and (ii) rights in and to Licensee Intellectual Property (as defined herein) will be the sole and exclusive property of Licensee.”
- W. Section 11.6: The following is added to the end of this Section: “During the Term, Licensee may use the Trademarks on stationary and business cards provided that such material clearly indicates that Licensee is a licensee of LS&Co. (for example, by including the legend “Authorized Levi Strauss & Co. Licensee” on the material) and does not give the impression that Licensee and LS&Co. are otherwise related. The material shall be subject to LS&Co.’s approval and shall be modified by Licensee pursuant to LS&Co.’s instructions.”
- X. Section 11.10: This Section is deleted and replaced with the following:

“11.10 Design Ownership and Assignment. Subject to Licensee’s rights in Licensee Intellectual Property, LS&Co. shall own, and Licensee either agrees all such are “works for hire” or assigns to LS&Co., all right, title and interest in any copyrightable works, trademarkable, or patentable designs or inventions and know-how embodied in or comprising (i) the artwork on or the exterior shapes or designs of the Products (excluding Generic Designs), (ii) the artwork on the designs of the advertising, packaging and other ancillary materials (tags, labels, and the like) accompanying the Products, as well as (iii) the trade-fixtures designed and developed for Licensee’s showrooms and any in-store shops or in-store areas for the sale of Products within the stores of Approved Retailers, in each instance that the parties agree in writing are to be exclusive to the Products. Upon LS&Co.’s reasonable written request, Licensee shall cause any third parties LS&Co. designates (which may include Licensee’s employees and independent contractors) to sign copyright, patent or design assignments to LS&Co. for these aforementioned materials, in the form LS&Co. requires or approves. All patent, trademark and copyright registrations in respect thereof, whether created or furnished by Licensee or LS&Co., shall only be applied for by LS&Co., at LS&Co.’s discretion and expense, with the applications designating LS&Co. as the owner, as the case may be. LS&Co. may use these designs and other materials in any manner it desires, so long as the use does not conflict with rights granted to Licensee under this Agreement. Licensee shall cause to be placed on all Products and packaging, when necessary, notices (reviewed and approved in advance by LS&Co.) designating LS&Co. as the trademark, copyright or design patent owner, as the case may be, to the extent applicable. Upon LS&Co.’s reasonable, written request, Licensee shall cooperate with LS&Co. in promptly providing artwork, designs, concepts, tech packs, or any other such creative documentation in the format reasonably requested by LS&Co. Licensee shall own all right, title and interest in any copyrightable works, patentable or trademarkable designs or inventions, know-how and any other Intellectual Property embodied in or comprising (i) the technical features of the Products, including their components and movements and (ii) any proprietary technology, design, invention, or otherwise that Licensee

had developed prior to the commencement of this Agreement (but excluding LS&Co. Intellectual Property pursuant to any prior trademark license agreement between the parties) or develops independently during the term hereof that is not developed exclusively for LS&Co. ("Licensee Intellectual Property"). Notwithstanding the foregoing, nothing in this Agreement shall prevent use by Licensee of Generic Designs or grant to either party any ownership rights in and to any Generic Designs, including during the Initial Term of this Agreement, any Renewal Term, or after its termination or expiration."

Y. Section 11.11: This Section is deleted and replaced with the following:

"11.11 Design License. Subject to LS&Co.'s rights in LS&Co. Intellectual Property, LS&Co. grants to Licensee the exclusive right, license and privilege to use the designs and other Intellectual Property furnished by LS&Co. or created exclusively for LS&Co. under this Agreement and all related copyrights and design patents, if any, solely in connection with Products sold to Approved Retailers in the Territory. LS&Co. shall execute and deliver to Licensee all documents and instruments necessary to document that license. Licensee shall have no right to use the licensed designs under any other trademark or label or for any other product without first obtaining the prior approval of LS&Co., including, without limitation, any unique, signature design element or technical feature for the Products."

Z. Section 11.13: This Section is deleted and replaced with the following:

"11.13 Innovations. Licensee agrees to disclose to LS&CO. all inventions, discoveries, ideas, concepts, methods, techniques and products conceived, developed, or reduced to practice by Licensee and Licensee's Affiliates, owners, and/or employees during the term of this Agreement relating to the development, manufacture or distribution of Products and other materials related to Products, in each instance to the extent created exclusively for LS&Co. (collectively, "Innovations"). Subject to Licensee's rights in any Licensee Intellectual Property incorporated therein, all such Innovations, including developed in collaboration with LS&Co., its Affiliates and/or its partners, will be and hereby are deemed to be LS&Co.'s sole and exclusive property ("LS&Co. Innovations"). To the fullest extent permitted by law, LS&Co. will own all right, title, and interest in and to all LS&Co. Innovations. The LS&Co. Innovations will be works made for hire to the maximum extent permitted by law. If any of the LS&Co. Innovations do not qualify as works made for hire, Licensee assigns to LS&Co. all right, title and interest in and to such LS&Co. Innovations and all extensions and renewals thereof. If reasonably requested by LS&Co., Licensee will execute a written assignment of such rights to LS&Co. and any other documents necessary for LS&Co. to establish or protect its rights in and to such LS&Co. Innovations. If Licensee has any rights to the LS&Co. Innovations that cannot be assigned to LS&Co. (other than rights in Licensee Intellectual Property), Licensee unconditionally and irrevocably assigns the enforcement of such rights to LS&Co. and grants LS&Co., its affiliates, subcontractors, agents and assignees, an exclusive, irrevocable, perpetual, universal, fully paid up, royalty-free license (with the

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right to sublicense through multiple levels of sublicensees), under all intellectual property rights, to make, sell, use, execute, reproduce, modify, adapt, display, perform, distribute, make derivative works of, export, disclose, market, promote, sell and otherwise disseminate or transfer any and all rights in and to the LS&Co. Innovations.”

AA. Section 12.2: Section 12.2 is deleted and replaced with the following:

“Other Licenses. Licensee’s and its Affiliates’ Other Relationships are designated in a Schedule. During the Term, Licensee and its Affiliates shall not, except as approved in writing by LS&Co. in its sole discretion, become a party to any Competitive License, and except as otherwise permitted herein, Licensee and its Affiliates shall not manufacture or sell as a wholesaler, any Competitive Products bearing trademarks of or otherwise on behalf of National Branded Trademarks and Private Label-Captive Trademarks without prior written approval from Licensor, provided, however, that Licensee and its Affiliates shall have rights to manufacture and sell products as a supplier for those Private Label-Captive Trademarks. Each Competitive License and other manufacture or sale of Competitive Products bearing trademarks of or otherwise on behalf of National Branded Trademarks and Private Label-Captive Trademarks shall be deemed Other Relationships upon LS&Co.’s written approval thereof. If Licensee enters into any license or sublicense agreement (that is not a Competitive License) giving Licensee the right to manufacture and sell as a wholesaler any Competitive Products, LS&Co.’s approval shall not be required; however, Licensee shall notify LS&Co. in writing of such license or sublicense agreement as soon as practical following execution of such license or sublicense. LS&Co. reserves the right to modify any exhibit in a Schedule designating National Branded Trademarks and Private Label-Captive Trademarks in its sole discretion once per Annual Period upon thirty (30) days written notice to Licensee; provided, that no such National Branded Trademarks or Private Label-Captive Trademarks include current licensors of Licensee.

BB. Section 13.1

a. [\*\*\*]

b. Subsection (p): This subsection is deleted and replaced with the following: “Licensee fails to comply with the Global Sourcing and Operations Guidelines referred to in Section 10.3 within the time specified therein or to the reasonable satisfaction of LS&Co.”

c. Subsection (u): This subsection is deleted and replaced with the following: “Licensee is in material breach under the terms of any other trademark license agreement or other contract between Licensee (and/or Licensee’s Affiliates) and LS&CO. (and/or LS&CO.’s Affiliates) related to Licensee’s payment obligations, indemnity obligations, compliance with laws, LS&CO.’s Global Sourcing and Operating Guidelines, including TOE, or Licensee’s gross negligence and willful misconduct.”

CC. Section 13.2: This Section is deleted and replaced with the following:

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

“If any Event of Default specified in Sections 13.1 [\*\*\*] occurs or an Event of Default specified in Sections 13.1 [\*\*\*] occurs that is incurable, then LS&Co. may immediately terminate this Agreement, with that termination effective upon delivery of notice to Licensee. With respect to subsections (j) or (r), an incurable Event of Default is one that arises from or relates to violation of applicable law, including Data Privacy Laws, breach of PCI Requirements, unauthorized access or disclosure of LS&Co. Confidential Information or Data, including the occurrence of any Security Incident resulting from Licensee’s or its subcontractor’s breach of this Agreement (including any Schedule), as applicable. If any other Event of Default occurs, or if LS&Co. decides not to terminate immediately the Agreement in respect of an Event of Default specified in Sections 13.1 [\*\*\*], or any Event of Default specified in Sections 13.1 [\*\*\*] occurs that is curable, then Licensee, upon written notice from LS&Co. to Licensee describing the circumstances giving rise to that Event of Default, shall promptly and at its expense cure the Event of Default to the satisfaction of LS&Co. at its sole discretion. If Licensee fails to cure such Event of Default within thirty (30) days, then LS&Co. may, in its sole option and discretion, terminate this Agreement upon delivery to Licensee of a written notice to that effect, with that termination effective upon delivery of notice to Licensee. LS&Co. may in its sole discretion provide written notice providing a longer period of time for Licensee to cure any Event of Default. It is understood and agreed that Licensee shall not have a right to cure if there occurs a second Event of Default under the same subsection of Section 13.1 within [\*\*\*] of a prior Event of Default that did not, because of cure or otherwise, result in termination of this Agreement.”

DD. Section 14.1: The term “[\*\*\*] percent ([\*\*\*]%)” is hereby replaced with “[\*\*\*] percent ([\*\*\*]%).”

EE. Section 14.2: The fifth sentence of this Section is deleted and replaced with the following: “LS&Co. shall pay Licensee for any finished Products and Samples at a price equal to Licensee’s landed cost for the item if shipped to LS&Co. from the United States and the terms of sale will be agreed to by the parties in writing based on cost of goods and actual costs if shipped to LS&Co. from a non-United States location.”

FF. Section 14.3:

- a. The term “[\*\*\*]” in this Section is deleted and replaced with “[\*\*\*]”.
- b. [\*\*\*]

GG. Section 15.3: The first sentence in this Section is deleted and replaced with the following: “Licensee shall administer consumer claims notification, assessment and any processing of payments for such claim. In the event a claim exceeds [\*\*\*] per incident, (i) Licensee shall promptly notify LS&Co. in writing, (ii) advise LS&Co. of its proposed resolution of such claim prior to actual resolution and (iii) LS&Co. reserves the right to resolve such claim at LS&Co.’s sole expense and provide input on resolution of such claim. In the event that LS&Co. receives notification of a consumer claim related to the Products, LS&Co. shall promptly notify Licensee of such claim.”

HH. Section 15.4: A new Section 15.4 is hereby added:

“Section Waiver of Consequential Damages. NOTWITHSTANDING ANYTHING HEREIN OR IN ANY OTHER  
15.4 AGREEMENT BETWEEN THE PARTIES TO THE

CONTRARY, AND EXCEPT FOR DAMAGES ARISING FROM (I) A PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, (II) INDEMNIFICATION OBLIGATIONS WITH RESPECT TO THIRD-PARTY CLAIMS, (III) BREACH OF SECTION 17 (IV) BREACH OF DATA SECURITY AND PRIVACY OBLIGATIONS SET FORTH IN A SCHEDULE, (V) VIOLATIONS OF APPLICABLE LAW (INCLUDING DATA PRIVACY LAWS), OR (VI) ANY DAMAGES RELATING TO EITHER PARTY'S TRADEMARKS AND/OR OTHER INTELLECTUAL PROPERTY, NEITHER PARTY SHALL, UNDER ANY CIRCUMSTANCES, BE LIABLE TO THE OTHER PARTY FOR LOST PROFITS, LOSS REVENUES, CONSEQUENTIAL, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR INDIRECT DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT, EVEN IF THE PARTY HAS BEEN APPRISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSS, HOWEVER CAUSED, WHETHER FOR BREACH OR REPUDIATION OF CONTRACT, BREACH OF WARRANTY OR NEGLIGENCE OR OTHERWISE. II. Section 16.1:

- a. Subsection (a) of this Section is deleted and replaced with the following: "Commercial General/Public Liability insurance, \$5 million per occurrence, including ongoing operations, products and completed operations (extending coverage to all products utilizing any of the Trademarks or related marks), personal and advertising injury, and contractual liability, at least as favorable to all insureds in all respects."
- b. The first clause of Subsection (b) of this Section is deleted and replaced with the following: "Cyber/ Media Liability appropriate to Licensee's business, with limits of at least \$5 million per claim and which at a minimum provides coverage for claims arising from:".

JJ. Section 16.2:

- a. Subsection (c) of this Section is deleted.
- b. Subsection (d) of this Section is deleted.

KK. Section 16.3:

- a. The third sentence of Subsection (a) is deleted and replaced with the following: "Should Licensee's insurance expire during the term of this Agreement or an extension thereof, Certificates of Insurance evidencing the renewal of Licensee's required insurance must be received by LS&Co. five (5) days post the expiration of Licensee's insurance."
- b. Subsection (b) of this Section is deleted.

LL. Section 17.4: The last sentence in this Section is deleted.

MM. Section 18.2:

- a. The first sentence in this Section is replaced with the following: "Licensee may not assign this Agreement or any rights granted under this Agreement, or delegate any of its obligations under this Agreement, without first obtaining the written approval of LS&Co., and LS&Co. may require payment of a transactional fee to LS&Co. equal to [\*\*\*] (the "Transactional Fee"); provided that LS&Co. has provided documentation supporting such Transactional Fee."

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

- b. The sixth and seventh sentence in this Section is deleted and replaced with the following:  
“In addition, any transaction or event in which the Licensee itself acquires, in any manner (including those set forth above), an ownership interest of any entity listed in Exhibit 11 of a Schedule shall be treated as a Change in Control for the purposes of this Agreement; provided, that in no event shall a [\*\*\*] be payable in connection with such transaction or event. LS&Co. may update Exhibit 11 in its sole discretion each time the Agreement is renewed or as of the effective date if the parties enter into a new trademark license agreement with Licensee for the Products. Except to the extent prohibited by confidentiality provisions in an agreement, or by law, regulatory authority, or court order Licensee shall notify LS&Co. in writing of any contemplated Change in Control at least [\*\*\*] days prior to the expected date the Change in Control occurs and actual Change in Control within [\*\*\*] days after its occurrence.”

NN. Section 19: The fifth sentence is deleted and replaced with the following: “If LS&Co. fails to affirmatively approve or disapprove of an item or matter within ten (10) business days after submittal to LS&Co., then Licensee shall contact [\*\*\*] or other LS&Co. designee. Such individual or his or her designee shall use commercially reasonable efforts to affirmatively approve or disapprove of the submission within five (5) business days of Licensee’s second notice to LS&Co.”

OO. Exhibit A:

- a. Definition of “Competitive Products” is deleted and replaced with the following:  
“**Competitive Products**” means any goods that [\*\*\*] compete with the Products.”
- b. Definition of “Generic Designs” is added to this Exhibit:  
“**Generic Designs**” means basic or standard designs, design elements, technical features or styles that are commonly used by multiple unaffiliated third parties within the footwear industry (e.g., wingtips, twin gore boots, etc.).”
- c. Definition of “Intellectual Property” is deleted and replaced with the following:  
“**Intellectual Property**” means any and all rights in and to all U.S. and foreign (i) patents and patent applications, (ii) copyrights, (iii) unpatented information, trade secrets, data, or materials, (iv) trademarks, tradenames, designs, logos and other indicia of origin, and (v) any other intellectual or other proprietary rights of any kind now known or later recognized in any jurisdiction.”

PP. Exhibit B: This Exhibit is deleted. The parties shall agree upon the terms of sale for Products sold to LS&Co. in an addendum to this Agreement.

## 29. Additional Terms:

- A. Licensee Distribution: In addition to the license rights granted in the Agreement, Licensee may market, sell, and distribute the Products through (1) the retail channels of Little Burgundy, Journeys, and any other Licensee owned and operated retail channels as

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

approved in writing by LS&Co. in its sole discretion within the U.S. and Canada; and (2) a website owned and operated by Licensee, at Licensee's sole expense, with a URL to be mutually agreed upon by the parties, to be solely designated to sales of the Products within the U.S. ("Footwear Website") (each an "Approved Distribution Channel" and collectively, the "Approved Distribution Channels"). LS&Co. may in its sole discretion withdraw its approval of any Approved Distribution Channel at any time during the Term upon written notice to Licensee. Licensee shall operate the Footwear Website in compliance with all applicable laws, any guidelines and/or policies provided in writing by LS&Co., any data security and privacy obligations set forth herein, including the obligations in Exhibit 12 herein, and in accordance with the terms of this Agreement. For purposes of clarity, Licensee shall pay LS&Co. the First Quality Earned Royalties on Net Sales of Products sold through the foregoing Approved Distribution Channels.

B. LS&Co. Coordination:

LS&Co. will use reasonable efforts to coordinate (i) its non-footwear marketing activities for the Brand with Licensee's footwear marketing activities for the Brand to develop a holistic presentation in core marketing materials for the Brand and (ii) LS&Co.'s footwear distribution for the Brand in the Territory for the ultimate benefit of LS&Co. LS&Co.'s failure to coordinate any activities under this Section 29.B shall not be deemed a breach of any obligation under this Agreement or in any way excuse Licensee from performance under this Agreement; however, in the event the coordination does not occur, the issue shall be escalated to John Wang ([jwang@levi.com](mailto:jwang@levi.com)) or other LS&Co. designee.

C. Sales Channel Limitations: As used herein "Value Channel Net Sales" means Net Sales of Second Quality Products and MFO Products to Second Quality Approved Retailers and MFO Retailers in an Annual Period. "Non-Value Channel Net Sales" means Net Sales of First Quality Products to First Quality Approved Retailers in an Annual Period.

The maximum ratio of Non-Value Channel Net Sales to total sales and Value Channel Net Sales to total sales for each Annual Period ("Channel Mix") will be the following:

Channel Mix in the Initial Term:

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Year	Annual Period	Non Value Channel Net Sales (% of total sales)	Value Channel Net Sales (% of total sales)
Year 1	Effective Date– 11/30/2020	[***]%	[***]%
Year 2	12/1/2020 – 11/30/2021	[***]%	[***]%
Year 3	12/1/2021 – 11/30/2022	[***]%	[***]%
Year 4	12/1/2022 – 11/30/2023	[***]%	[***]%
Year 5	12/1/2023 – 11/30/2024	[***]%	[***]%

Channel Mix in the Renewal Term:

Year	Annual Period	Non Value Channel Net Sales (% of total sales)	Value Channel Net Sales (% of total sales)
Year 6	12/1/2024– 11/30/2025	[***]%	[***]%
Year 7	12/1/2025 – 11/30/2026	[***]%	[***]%
Year 8	12/1/2026 – 11/30/2027	[***]%	[***]%
Year 9	12/1/2027 – 11/30/2028	[***]%	[***]%

During the Term, for each Annual Period, any Value Channel Net Sales in excess of the maximum ratio set forth in the tables above will be subject to an additional [\*\*\*] percent ([\*\*\*]%) royalty (“Additional Royalty”) paid by Licensee to LS&Co. The Additional Royalty shall not be calculated as part of the Guaranteed Minimum Royalty owed by Licensee.

D. Adult / Children Sales Mix:

During the Term, for each Annual Period, Net Sales of adult Products as a percentage of total sales shall be between [\*\*\*] percent ([\*\*\*]%) and [\*\*\*] percent ([\*\*\*]%) and Net Sales

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

of children Products as a percentage of total sales shall be between [\*\*\*] percent ([\*\*\*]%) and [\*\*\*] percent ([\*\*\*]%).

E. Additional Event of Default. Any sales of Products by Licensee that do not comply with the requirements in this Section 29.C. or 29.D shall each be deemed an incurable Event of Default under Section 13.1 of the T&C.

F. [\*\*\*]

IN WITNESS WHEREOF, LS&CO. and Licensee, by their duly authorized representatives, have signed this Schedule as of the date set forth below.

**LEVI STRAUSS & CO.**                      **Licensee**

By: \_\_\_\_\_                      By: \_\_\_\_\_

Name: Thomas Berry	Name: Parag Desai
Title: SVP, Business Development	Title: SVP, Strategy & Shared Services
Date: _____	Date: _____

Exhibit 1

TRADEMARKS

Levi's® Brand

Word Mark	
The Levi's® Word Mark Logo	
The Housemark Logo	
The Batwing Logo	
The Tab Device	
The Arcuate Design	
500 Series (any other 500 series Trademarks must be pre- approved by LS&CO. in writing as needed.)	
Button Design	
Guarantee Ticket	
Two Horse Design / Two Horse Patch	
	

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Exhibit 2

Form Seasonal Design Schedule

TO BE AGREED TO IN WRITING BY THE PARTIES

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Exhibit 3

FIRST QUALITY APPROVED RETAILERS

[\*\*\*]

ECOMMERCE FIRST QUALITY APPROVED RETAILERS

[\*\*\*]

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Exhibit 4

SECOND QUALITY APPROVED RETAILERS AND MFO RETAILERS

[\*\*\*]

E-COMMERCE SECOND QUALITY APPROVED RETAILERS

[\*\*\*]

\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Exhibit 5

Approved Distributors

None

\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

**EXHIBIT 6**

Approved Manufacturers

Exhibit 7

Other Relationships

Lucky Brand Men's Footwear

GH Bass

Johnston & Murphy

Pony

Etonic

Mountain Gear

HS Trask

FUBU

Adio

Phat Farm

Baby Phat

Exhibit 8

**NATIONAL BRANDED TRADEMARKS**

Alexander Julian Brands including Julian

Haggar Clothing

Lee

Union Bay

Joes Jeans

**PRIVATE LABEL-CAPTIVE TRADEMARKS**

Alfani

Apartment 9

American Living

Arizona

Axcess

Axis

Axist

C9

Claiborne

Club Room

Concepts by Liz Claiborne

Croft and Barrow

Covington

David Taylor

Express

Hathaway

J. Ferrar

John Ashford

John Henry

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Kirkland Signature

Liz Claiborne

M151

Madison

Protocol

Saddlebred

Stafford

Sonoma

Structure

Tasso Elba

American Rag

Rock n Republic

INC International Concepts

Denim and Supply: Ralph Lauren

Decree

Urban Pipeline

\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Exhibit 9  
Form Royalty Report

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Exhibit 10

Sales Plan

Sales Estimates

Period	Calendar	Minimum Renewal Sales
Year 1	Effective Date – 11/30/2020	\$[***]*
Year 2	12/1/2020 – 11/30/2021	\$[***]
Year 3	12/1/2021 – 11/30/2022	\$[***]
Year 4	12/1/2022 – 11/30/2023	\$[***]
Year 5	12/1/2023 – 11/30/2024	\$[***]

\*2020 Minimum Renewal Sales is based on a 11 month period

Exhibit 11  
Competitors

AG

Alexander Julian Brands including Julian

Alfani

American Living

American Rag

Apartment 9

Arizona

Axcess

Axis

Axist

C9

Calvin Klein

Chaps

Claiborne

Club Room

Concepts by Liz Claiborne

Covington

Croft and Barrow

David Taylor

Denim and Supply: Ralph Lauren

Decree

Dickies

Express

Guess

Haggar Clothing

Hathaway

Hudson Jeans

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Hugo Boss

INC International Concepts

J Brand

J. Ferrar

Joes Jeans

John Ashford

John Henry

Kenneth Cole

Kirkland Signature

Lee

Liz Claiborne

M151

Madewell

Madison

Nautica

NYDJ

Paige Jeans

Perry Ellis

Polo Ralph Lauren

Protocol

Rock & Republic

Saddlebred

Stafford

Sonoma

Structure

Tasso Elba

Tommy Bahama

Tommy Hilfiger

Union Bay

\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Urban Pipeline

Wrangler

## Exhibit 12

### Licensee's Data Security and Privacy Obligations

#### 1. General

- a. Licensee represents and warrants that it will comply with applicable privacy and data protection laws, rules, directives, regulations ("Data Privacy Laws") of the Territory in relation to the collection, use, storage, disclosure and handling of all data collected by Licensee in connection with the manufacture, advertising, distribution and sale of Products that constitutes personally identifiable information, personal information, or personal data ("Data") under such Data Privacy Laws. The parties agree that Data shall not include business contact information of the Parties collected in the ordinary course of business.
- b. Licensee will implement and maintain administrative, physical and technical safeguards meeting good industry standards designed to prevent the accidental or unauthorized access, collection, receipt, transmission, storage, disposal, use, alteration, processing, disclosure, destruction or loss of Data.
- c. When fulfilling its obligations under the Agreement, Licensee will provide consumers with all applicable notices required under Data Privacy Laws, and will collect, process and store all opt ins, consents and requests (such as opt out requests) in compliance with Data Privacy Laws.

#### 2. PCI DSS Compliance

- a. If applicable to Licensee's performance under the Agreement, Licensee shall at all times, at its sole cost, ensure that it complies with the Payment Card Industry ("PCI") Data Security Standards ("PCI DSS") requirements for securing and protecting cardholder data that are prescribed by the PCI Security Standards Council, as they may be amended from time to time (collectively, the "PCI Requirements").

#### 3. Security Incidents.

- a. In the event of an actual or Suspected (as defined below) unlawful or accidental destruction, loss, unauthorized disclosure of, or access to, Data in Licensee's or in its subcontractors' possession ("Security Incident"), Licensee is responsible for (a) remedying the Security Incident, preventing any further Security Incidents, and applying appropriate remediation efforts designed to prevent a recurrence of the Security Incident at Licensee's expense in accordance with Data Privacy Laws; (b) providing notifications to regulatory authorities and consumers in accordance with Data Privacy Laws; and (c) notifying LS&Co. of the Security Incident within [\*\*\*] hours of bringing such Security Incident to the attention of Licensee's senior management (except to the extent such notification is prohibited by Data Privacy Laws or law enforcement). Without in any way limiting Licensee's indemnification obligations in Section 15.2 of the T&C, Licensee shall also indemnify and hold harmless LS&Co. and its Affiliates, directors, officers, employees and agents against any and all liability, claims, causes of action, suits, judgments, settlements, penalties, regulatory fines, damages and expenses (including reasonable attorney's' fees and expenses in disputes, investigations or proceedings

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

involving third parties (including governmental and regulatory authorities) which LS&Co. is or becomes liable for, or may incur solely by reason of, arising out of or relating to any third-party claim or action arising from or relating to a Security Incident regarding Data collected, used, stored, or handled by Licensee, its subcontractors or its or their respective employees or contractors as well as for actual reasonable out-of-pocket costs incurred by LS&Co. in responding to, and mitigating damages arising from or relating to any Security Incident. "Suspected" means that Licensee's initial analysis of an event results in the determination that there is a reasonable likelihood of a negative impact on Data and results in bringing the event to the attention of Licensee's senior management.

#### 4. Data Transfer

- a. The parties agree that in the event either party will provide Data to the other party, the parties shall enter into a separate data transfer agreement containing provisions designed to protect such information and data in compliance with Data Privacy Laws.

**Exhibit (10)dd.**

Schedule to Trademark License Agreement Between Levi Strauss & Co. ("LS&Co.") and

Genesco Inc. ("Licensee" or "Genesco")

Product Summary: Men's Footwear

This schedule (including its exhibits) ("Schedule") is agreed to by LS&Co. and Licensee and incorporates by reference as though set forth in full the Terms and Conditions to Trademark License Agreement (including its exhibits and any amendments or addendums) dated as of December 17, 2019 ("T&C"). The Schedule and the T&C constitute a trademark license agreement ("Agreement") between the parties. In the event of a conflict between the T&C and this Schedule, the Schedule shall govern and control. All capitalized terms are defined in the T&C or the Schedule. For convenience, the parties may, but are not required to, refer to the Agreement by the Product Summary referenced above, if any. LS&Co. and Licensee agree as follows:

1. **Brand:** Dockers®
2. **Products:** Men's Footwear, excluding flip flops and slippers
3. **Territory:** (i) United States, its territories and possessions; (ii) Canada; (iii) Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, Belize, Panama, Columbia, Ecuador, Bolivia, Venezuela (collectively, "LATAM"); (iv) Mexico; and (v) Aruba, Bahamas, Barbados, Belize, Cayman Islands, Dominican Republic, Guyana, Haiti, Jamaica, Antigua and Barbuda, Dominica, Grenada, Saint Johns, Saint Kitts and Nevis, Saint Lucia, Saint Vincent, Sint Maarten, Suriname, Trinidad and Tobago (collectively, the "Caribbean"). Mexico, LATAM, and the Caribbean are Territories only for the First Annual Period; provided however that LS&Co. may in its sole discretion approve in writing the Caribbean as a Territory beyond the First Annual Period.
4. **Initial Term:** January 2, 2020 ("Effective Date") to November 30, 2024. The Term shall consist of 5 Annual Periods. Each Annual Period will commence December 1 of a given year and end November 30 of the following year except for the first Annual Period which will commence as of January 2, 2020 and end November 30, 2020. Unless earlier terminated in accordance with the terms of the Agreement or extended by LS&Co. with respect to the Caribbean Territory, the end of the First Annual Period, November 30, 2020, shall be treated as a termination of the Agreement with respect to the LATAM, Mexico, and Caribbean Territories, and the terms of the Agreement relating to termination shall apply with respect to the Products in such Territories, including without limitation the applicable terms of Section 14.
5. **Exceptions to Exclusivity:** LS&Co. and/or its authorized third-party partners may manufacture, market, distribute and sell in the Territory, in any sales channels, including Approved Retailers:
  - a. The Products at any concession models and shop-in-shops.
  - b. The Products that are developed in conjunction with or bearing the trademarks of other third parties (e.g. collaborations with Karla x Dockers®).

[\*\*\*]

2. **Trademarks:** Exhibit 1
3. **Design Schedule:** Exhibit 2

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

4. **Approved Retailers:**
  - a. Exhibit 3 (First Quality Approved Retailers)
  - b. Exhibit 4 (Second Quality Approved Retailers and MFO Retailers).
5. **Approved Distributors:** Exhibit 5
6. **Approved Manufacturers:** Exhibit 6
7. **Other Relationships:** Exhibit 7
8. **National Branded Trademarks and Private Label-Captive Branded Trademarks:** Exhibit 8
9. **Form Royalty Report:** Exhibit 9
10. **Sales Plan:** Exhibit 10
11. **Competitors:** Exhibit 11
12. **Renewal Notice Period:** September 1, 2023 to November 30, 2023.
13. **Data Security and Privacy Obligations:** Exhibit 12
14. **Earned Royalty:**

Annual Period	First Quality Earned Royalties	Second Quality Earned Royalties	MFO Earned Royalties
2020	[***]%	[***]%	[***]%
2021	[***]%	[***]%	[***]%
2022	[***]%	[***]%	[***]%
2023	[***]%	[***]%	[***]%
2024	[***]%	[***]%	[***]%

15. **Second Quality Threshold:**

If Net Sales of Second Quality Products and MFO Products are greater than [\*\*\*] percent ([\*\*\*]%) of total Product sales (measured in units or U.S. Dollars) in an Annual Period, the Earned Royalty for the Second Quality Products and MFO Products sold above such threshold for the Annual Period shall be [\*\*\*] percent ([\*\*\*]%).

16. **Guaranteed Minimum Royalty:** The Guaranteed Minimum Royalty shall be [\*\*\*] percent ([\*\*\*]%) of the First Quality Earned Royalties set forth in the Sales Plan, as designated in the table below in U.S. dollars. For avoidance of doubt, non First Quality Earned Royalties (i.e., Second Quality Earned Royalties and MFO Earned Royalties) shall not count towards Guaranteed Minimum Royalty obligations and must be paid to LS&Co. directly.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Annual Period	U.S.	Canada	Mexico	LATAM
2020*	[***]	[***]	[***]	[***]
2021	[***]	[***]	[***]	[***]
2022	[***]	[***]	[***]	[***]
2023	[***]	[***]	[***]	[***]
2024	[***]	[***]	[***]	[***]

\*2020 GMR is based on a 11 month period

17. **Guaranteed Marketing Contribution:** [\*\*\*]

18. **Excess Marketing Payment:** [\*\*\*]

19. **Earned Marketing Contribution:** The Earned Marketing Contribution will be [\*\*\*]% of Net Sales and based annually on the Sales Plan submitted to LS&Co. on or before September 1 of each Annual Period. [\*\*\*]

Earned Marketing Contribution (% of Aggregate Net Sales)	
Annual Period	
2020	[***]%
2021	[***]%
2022	[***]%
2023	[***]%
2024	[***]%

20. **Marketing Spend:** [\*\*\*]% of the projected aggregate Net Sales on First Quality Products for that Annual Period as reflected by the Sales Plan. [\*\*\*]

21. **Named Personnel** (pursuant to Section 7 of the T&C):

- a. Name of initial Designer: Michael Blankinship
- b. Name of initial Manager: Andrew Gilbert

22. **Breach Threshold:**

The Breach Threshold shall be [\*\*\*] percent ([\*\*\*]%) of total Product sales (measured in units or U.S. Dollars) in an Annual Period.

**23. Notice Address:**

If to LS&Co.:

John Wang, Senior Director, Global Business Development, Licensing & Operations  
Levi Strauss & Co.  
1155 Battery Street  
San Francisco, CA 94111  
Telephone: (415) 501-6000  
Facsimile: (415) 501-1782  
Email: [\*\*\*]

With a copy to:

LSA Chief Counsel  
Levi Strauss & Co.  
1155 Battery Street  
San Francisco, CA 94111  
Email: [\*\*\*]

If to Licensee:

Andrew Gilbert, President  
Genesco Licensed Brands  
1415 Murfreesboro Road, Suite 388  
Nashville, TN 37217  
Phone: 615-367-7493  
Email: [agilbert@genesco.com](mailto:agilbert@genesco.com)

With a copy to:

Scott Becker, General Counsel  
Genesco Inc.  
1415 Murfreesboro Road, Suite 490  
Nashville, TN 37217  
Phone: 615-367-7531  
Email: [sbecker@genesco.com](mailto:sbecker@genesco.com)

**28. Other Terms modified in the T&C:**

[\*\*\*]

C. Intentionally Deleted.

[\*\*\*]

- E. Section 3.4(a): All royalty payments shall be received by LS&Co. by the 30<sup>th</sup> day of each Quarter based on Net Sales of the previous Quarter just ended.
- F. Section 4.3: This Section is deleted.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

- G. Section 4.4: The following is added to the end of the last sentence: “except for references to the Brand in general HR materials.”
- H. Section 4.8: This Section is deleted.
- I. Section 5.2:
  - a. The term “[\*\*\*] ([\*\*\*]) Styles” is changed to “[\*\*\*] ([\*\*\*]) Styles” in the first sentence in this Section.
  - b. [\*\*\*]
  - c. The last two sentences in this Section are deleted and replaced with the following: “Design approval granted by LS&Co. shall remain in effect for the Quarter for which it was granted and eleven (11) Quarters thereafter.”
- J. Section 6.1:
  - a. [\*\*\*]
  - b. The sixth sentence in this Section is deleted and replaced with the following: “LS&Co. shall pay for any additional Samples it requests at a price equal to Licensee’s landed cost for the item if shipped to LS&Co. from the United States and the terms of sale will be agreed to by the parties in writing based on cost of goods and actual costs if shipped to LS&Co. from a non-United States location.”
- K. Section 6.3:
  - a. The following is added to the beginning of the first sentence of Section 6.3: “Subject to the last sentence in Section 5.2,”
  - b. [\*\*\*]
- L. Section 6.4: The second sentence of this Section is deleted and replaced with the following: “Licensee shall provide to LS&Co. additional production lines or portions of lines of Products at LS&Co.’s request upon payment by LS&Co. of an amount equal to Licensee’s landed cost for the Products if shipped to LS&Co. from the United States and the terms of sale will be agreed to by the parties in writing based on cost of goods and actual costs if shipped to LS&Co. from a non-United States location.”
- M. Section 6.6: The following is added to the end of this Section: “LS&Co. will provide written notice of any changes (which may include invites to or notices of seminars, conferences, or webcasts addressing such changes) to the LS&Co. Restricted Substance List and LS&Co.’s Animal Welfare Policy.”
- N. Section 7.3: The last sentence of this Section is deleted and replaced with the following: “If at any time LS&Co. disapproves of such an individual, the parties will work in good faith to resolve such issue.”
- O. Section 8.5: The second and third sentence in this Section is deleted and replaced with the following:

“After Licensee’s receipt of such notice, Licensee may ship Products to the retailer for a period of [\*\*\*] days. If Licensee has executed supply contracts with a disapproved retailer which require Licensee to ship beyond [\*\*\*] days, Licensee shall provide LS&Co. with a copy of any such contract for LS&Co.’s consent to ship beyond the [\*\*\*] day period (which consent shall not be unreasonably withheld, conditioned or delayed), and Licensee may fulfill any non-cancelable portion of that supply contract.”
- P. Section 9.1: The following is added to the end of this Section: “LS&Co. and/or its representatives shall provide at least thirty (30) days written notice if it inspects any

overseas office of Licensee. LS&Co. and its representatives shall be bound by confidentiality obligations no less stringent than the terms hereof with respect to any inspection of Licensee's facilities or offices under this Section 9.1, and LS&Co. shall use commercially reasonable efforts to enforce such confidentiality obligations in the event of a breach of confidentiality by its representatives."

Q. Section 9.2: The following is added to the end of this Section:

"Copies of Licensee's audited balance sheet, income statement, statement of cash flows and statement of stockholders' equity, and the notes to those statements, as of the year-end and for the twelve-month period then ended will only be provided to LS&Co. in the event that that Licensee is no longer a publicly traded company. LS&Co.'s right to inspect and audit all books of account of Licensee related to this Agreement that is conducted in the ordinary course of business under this Section 9.2 shall (i) be limited to three years preceding the audit and (ii) LS&Co. shall not have the right to re-audit books of account that have been examined under a prior audit. For purposes of clarity, the limitation in the preceding sentence shall not apply to any inspections and audits that are related to any action or investigation by any governmental entity of competent jurisdiction or any third-party litigation involving Licensee's performance under this Agreement."

R. Section 9.4: This Section is deleted and replaced with the following: "If Licensee is no longer a publicly traded company, Licensee shall provide LS&Co. with immediate written notice if at any time during the Term of this Agreement Licensee is, or reasonably believes that it is likely to become, insolvent in that Licensee is unable to pay its debts as they become due, or balance sheet insolvent in that the value of Licensee's assets are less than the amount of its liabilities."

S. Section 10.1: The following is added to the end of this Section: "LS&Co. will provide written notice of any changes (including through invites to or notices of seminars, conferences, and webcasts addressing such changes) to the GSOG."

T. Section 10.6(a): References to the term "shareholders", "partner(s)" and "Affiliate company of Licensee" is deleted in this Section.

U. Section 10.7: The second sentence in this Section is deleted and replaced with the following: "In connection with such compliance, Licensee certifies, represents, and warrants that none of its respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither Licensee nor any of its directors, officers, or senior managers of Licensee's Licensed Brands division are in violation of any of the Anti-Terrorism Laws."

V. Section 11.2: This Section is deleted and replaced with the following: "Except as provided herein, (i) rights in and to all Products and any other item furnished to Licensee under this Agreement will be the sole and exclusive property of LS&Co; and (ii) rights in and to Licensee Intellectual Property (as defined herein) will be the sole and exclusive property of Licensee."

W. Section 11.6: The following is added to the end of this Section: "During the Term, Licensee may use the Trademarks on stationary and business cards provided that such material clearly indicates that Licensee is a licensee of LS&Co. (for example, by including the legend "Authorized Levi Strauss & Co. Licensee" on the material) and does not give the impression that Licensee and LS&Co. are otherwise related. The

material shall be subject to LS&Co.'s approval and shall be modified by Licensee pursuant to LS&Co.'s instructions."

X. Section 11.10: This Section is deleted and replaced with the following:

"11.10 Design Ownership and Assignment. Subject to Licensee's rights in Licensee Intellectual Property, LS&Co. shall own, and Licensee either agrees all such are "works for hire" or assigns to LS&Co., all right, title and interest in any copyrightable works, trademarkable, or patentable designs or inventions and know-how embodied in or comprising (i) the artwork on or the exterior shapes or designs of the Products (excluding Generic Designs), (ii) the artwork on the designs of the advertising, packaging and other ancillary materials (tags, labels, and the like) accompanying the Products, as well as (iii) the trade-fixtures designed and developed for Licensee's showrooms and any in-store shops or in-store areas for the sale of Products within the stores of Approved Retailers, in each instance that the parties agree in writing are to be exclusive to the Products. Upon LS&Co.'s reasonable written request, Licensee shall cause any third parties LS&Co. designates (which may include Licensee's employees and independent contractors) to sign copyright, patent or design assignments to LS&Co. for these aforementioned materials, in the form LS&Co. requires or approves. All patent, trademark and copyright registrations in respect thereof, whether created or furnished by Licensee or LS&Co., shall only be applied for by LS&Co., at LS&Co.'s discretion and expense, with the applications designating LS&Co. as the owner, as the case may be. LS&Co. may use these designs and other materials in any manner it desires, so long as the use does not conflict with rights granted to Licensee under this Agreement. Licensee shall cause to be placed on all Products and packaging, when necessary, notices (reviewed and approved in advance by LS&Co.) designating LS&Co. as the trademark, copyright or design patent owner, as the case may be, to the extent applicable. Upon LS&Co.'s reasonable, written request, Licensee shall cooperate with LS&Co. in promptly providing artwork, designs, concepts, tech packs, or any other such creative documentation in the format reasonably requested by LS&Co. Licensee shall own all right, title and interest in any copyrightable works, patentable or trademarkable designs or inventions, know-how and any other Intellectual Property embodied in or comprising (i) the technical features of the Products, including their components and movements and (ii) any proprietary technology, design, invention, or otherwise that Licensee had developed prior to the commencement of this Agreement (but excluding LS&Co. Intellectual Property pursuant to any prior trademark license agreement between the parties) or develops independently during the term hereof that is not developed exclusively for LS&Co. ("Licensee Intellectual Property"). Notwithstanding the foregoing, nothing in this Agreement shall prevent use by Licensee of Generic Designs or grant to either party any ownership rights in and to any Generic Designs, including during the Initial Term of this Agreement, any Renewal Term, or after its termination or expiration."

Y. Section 11.11: This Section is deleted and replaced with the following:

“11.11 Design License. Subject to LS&Co.’s rights in LS&Co. Intellectual Property, LS&Co. grants to Licensee the exclusive right, license and privilege to use the designs and other Intellectual Property furnished by LS&Co. or created exclusively for LS&Co. under this Agreement and all related copyrights and design patents, if any, solely in connection with Products sold to Approved Retailers in the Territory. LS&Co. shall execute and deliver to Licensee all documents and instruments necessary to document that license. Licensee shall have no right to use the licensed designs under any other trademark or label or for any other product without first obtaining the prior approval of LS&Co., including, without limitation, any unique, signature design element or technical feature for the Products.”

Z. Section 11.13: This Section is deleted and replaced with the following:

“11.13 Innovations. Licensee agrees to disclose to LS&CO. all inventions, discoveries, ideas, concepts, methods, techniques and products conceived, developed, or reduced to practice by Licensee and Licensee’s Affiliates, owners, and/or employees during the term of this Agreement relating to the development, manufacture or distribution of Products and other materials related to Products, in each instance to the extent created exclusively for LS&Co. (collectively, “Innovations”). Subject to Licensee’s rights in any Licensee Intellectual Property incorporated therein, all such Innovations, including developed in collaboration with LS&Co., its Affiliates and/or its partners, will be and hereby are deemed to be LS&Co.’s sole and exclusive property (“LS&Co. Innovations”). To the fullest extent permitted by law, LS&Co. will own all right, title, and interest in and to all LS&Co. Innovations. The LS&Co. Innovations will be works made for hire to the maximum extent permitted by law. If any of the LS&Co. Innovations do not qualify as works made for hire, Licensee assigns to LS&Co. all right, title and interest in and to such LS&Co. Innovations and all extensions and renewals thereof. If reasonably requested by LS&Co., Licensee will execute a written assignment of such rights to LS&Co. and any other documents necessary for LS&Co. to establish or protect its rights in and to such LS&Co. Innovations. If Licensee has any rights to the LS&Co. Innovations that cannot be assigned to LS&Co. (other than rights in Licensee Intellectual Property), Licensee unconditionally and irrevocably assigns the enforcement of such rights to LS&Co. and grants LS&Co., its affiliates, subcontractors, agents and assignees, an exclusive, irrevocable, perpetual, universal, fully paid up, royalty-free license (with the right to sublicense through multiple levels of sublicensees), under all intellectual property rights, to make, sell, use, execute, reproduce, modify, adapt, display, perform, distribute, make derivative works of, export, disclose, market, promote, sell and otherwise disseminate or transfer any and all rights in and to the LS&Co. Innovations.”

AA. Section 12.2: Section 12.2 is deleted and replaced with the following:

“Other Licenses. Licensee’s and its Affiliates’ Other Relationships are designated in a Schedule. During the Term, Licensee and its Affiliates shall not, except as approved in writing by LS&Co. in its sole discretion, become a party to

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

any Competitive License, and except as otherwise permitted herein, Licensee and its Affiliates shall not manufacture or sell as a wholesaler, any Competitive Products bearing trademarks of or otherwise on behalf of National Branded Trademarks and Private Label-Captive Trademarks without prior written approval from Licensor, provided, however, that Licensee and its Affiliates shall have rights to manufacture and sell products as a supplier for those Private Label-Captive Trademarks. Each Competitive License and other manufacture or sale of Competitive Products bearing trademarks of or otherwise on behalf of National Branded Trademarks and Private Label-Captive Trademarks shall be deemed Other Relationships upon LS&Co's written approval thereof. If Licensee enters into any license or sublicense agreement (that is not a Competitive License) giving Licensee the right to manufacture and sell as a wholesaler any Competitive Products, LS&Co.'s approval shall not be required; however, Licensee shall notify LS&Co. in writing of such license or sublicense agreement as soon as practical following execution of such license or sublicense. LS&Co. reserves the right to modify any exhibit in a Schedule designating National Branded Trademarks and Private Label-Captive Trademarks in its sole discretion once per Annual Period upon thirty (30) days written notice to Licensee; provided, that no such National Branded Trademarks or Private Label-Captive Trademarks include current licensors of Licensee.

BB. Section 13.1

- a. [\*\*\*]
- b. Subsection (p): This subsection is deleted and replaced with the following: "Licensee fails to comply with the Global Sourcing and Operations Guidelines referred to in Section 10.3 within the time specified therein or to the reasonable satisfaction of LS&Co."
- c. Subsection (u): This subsection is deleted and replaced with the following: "Licensee is in material breach under the terms of any other trademark license agreement or other contract between Licensee (and/or Licensee's Affiliates) and LS&CO. (and/or LS&CO.'s Affiliates) related to Licensee's payment obligations, indemnity obligations, compliance with laws, LS&CO.'s Global Sourcing and Operating Guidelines, including TOE, or Licensee's gross negligence and willful misconduct."

CC. Section 13.2: This Section is deleted and replaced with the following:

"If any Event of Default specified in Sections 13.1 [\*\*\*] occurs or an Event of Default specified in Sections 13.1 [\*\*\*] occurs that is incurable, then LS&Co. may immediately terminate this Agreement, with that termination effective upon delivery of notice to Licensee. With respect to subsections (j) or (r), an incurable Event of Default is one that arises from or relates to violation of applicable law, including Data Privacy Laws, breach of PCI Requirements, unauthorized access or disclosure of LS&Co. Confidential Information or Data, or the occurrence of any Security Incident resulting from Licensee's or its subcontractor's breach of this Agreement (including any Schedule), as applicable. If any other Event of Default occurs, or if LS&Co. decides not to terminate immediately the Agreement in respect of an Event of Default

specified in Sections 13.1 [\*\*\*], or any Event of Default specified in Sections 13.1 [\*\*\*] occurs that is curable, then Licensee, upon written notice from LS&Co. to Licensee describing the circumstances giving rise to that Event of Default, shall promptly and at its expense cure the Event of Default to the satisfaction of LS&Co. at its sole discretion. If Licensee fails to cure such Event of Default within thirty (30) days, then LS&Co. may, in its sole option and discretion, terminate this Agreement upon delivery to Licensee of a written notice to that effect, with that termination effective upon delivery of notice to Licensee. LS&Co. may in its sole discretion provide written notice providing a longer period of time for Licensee to cure any Event of Default. It is understood and agreed that Licensee shall not have a right to cure if there occurs a second Event of Default under the same subsection of Section 13.1 within [\*\*\*] of a prior Event of Default that did not, because of cure or otherwise, result in termination of this Agreement.”

DD. Section 14.1: The term “[\*\*\*] percent ([\*\*\*]%)” is hereby replaced with “[\*\*\*] percent ([\*\*\*]%).”

EE. Section 14.2: The fifth sentence of this Section is deleted and replaced with the following: “LS&Co. shall pay Licensee for any finished Products and Samples at a price equal to Licensee’s landed cost for the item if shipped to LS&Co. from the United States and the terms of sale will be agreed to by the parties in writing based on cost of goods and actual costs if shipped to LS&Co. from a non-United States location.”

FF. Section 14.3:

a. The term “[\*\*\*]” in this Section is deleted and replaced with “[\*\*\*]”.

b. [\*\*\*]

GG. Section 15.3: The first sentence in this Section is deleted and replaced with the following: “Licensee shall administer consumer claims notification, assessment and any processing of payments for such claim. In the event a claim exceeds [\*\*\*] per incident, (i) Licensee shall promptly notify LS&Co. in writing, (ii) advise LS&Co. of its proposed resolution of such claim prior to actual resolution and (iii) LS&Co. reserves the right to resolve such claim at LS&Co.’s sole expense and provide input on resolution of such claim. In the event that LS&Co. receives notification of a consumer claim related to the Products, LS&Co. shall promptly notify Licensee of such claim.”

HH. Section 15.4: A new Section 15.4 is hereby added:

“Section 15.4 Waiver of Consequential Damages. NOTWITHSTANDING ANYTHING HEREIN OR IN ANY OTHER AGREEMENT BETWEEN THE PARTIES TO THE CONTRARY, AND EXCEPT FOR DAMAGES ARISING FROM (I) A PARTY’S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, (II) INDEMNIFICATION OBLIGATIONS WITH RESPECT TO THIRD-PARTY CLAIMS, (III) BREACH OF SECTION 17 (IV) BREACH OF DATA SECURITY AND PRIVACY OBLIGATIONS SET FORTH IN A SCHEDULE, (V) VIOLATIONS OF APPLICABLE LAW (INCLUDING DATA PRIVACY LAWS), OR (VI) ANY DAMAGES RELATING TO EITHER PARTY’S TRADEMARKS AND/OR OTHER INTELLECTUAL PROPERTY, NEITHER PARTY SHALL, UNDER ANY CIRCUMSTANCES, BE LIABLE TO THE OTHER PARTY FOR LOST PROFITS, LOSS REVENUES, CONSEQUENTIAL, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR INDIRECT DAMAGES

ARISING OUT OF OR RELATED TO THIS AGREEMENT, EVEN IF THE PARTY HAS BEEN APPRISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSS, HOWEVER CAUSED, WHETHER FOR BREACH OR REPUDIATION OF CONTRACT, BREACH OF WARRANTY OR NEGLIGENCE OR OTHERWISE.

II. Section 16.1:

- a. Subsection (a) of this Section is deleted and replaced with the following: "Commercial General/Public Liability insurance, \$5 million per occurrence, including ongoing operations, products and completed operations (extending coverage to all products utilizing any of the Trademarks or related marks), personal and advertising injury, and contractual liability, at least as favorable to all insureds in all respects."
- b. The first clause of Subsection (b) of this Section is deleted and replaced with the following: "Cyber/ Media Liability appropriate to Licensee's business, with limits of at least \$5 million per claim and which at a minimum provides coverage for claims arising from:"

JJ. Section 16.2:

- a. Subsection (c) of this Section is deleted.
- b. Subsection (d) of this Section is deleted.

KK. Section 16.3:

- a. The third sentence of Subsection (a) is deleted and replaced with the following: "Should Licensee's insurance expire during the term of this Agreement or an extension thereof, Certificates of Insurance evidencing the renewal of Licensee's required insurance must be received by LS&Co. five (5) days post the expiration of Licensee's insurance."
- b. Subsection (b) of this Section is deleted.

LL. Section 17.4: The last sentence in this Section is deleted.

MM. Section 18.2:

- a. The first sentence in this Section is replaced with the following: "Licensee may not assign this Agreement or any rights granted under this Agreement, or delegate any of its obligations under this Agreement, without first obtaining the written approval of LS&Co., and LS&Co. may require payment of a transactional fee to LS&Co. equal to [\*\*\*] (the "Transactional Fee"); provided that LS&Co. has provided documentation supporting such Transactional Fee."
- b. The sixth and seventh sentence in this Section is deleted and replaced with the following: "In addition, any transaction or event in which the Licensee itself acquires, in any manner (including those set forth above), an ownership interest of any entity listed in Exhibit 11 of a Schedule shall be treated as a Change in Control for the purposes of this Agreement; provided, that in no event shall a [\*\*\*] be payable in connection with such transaction or event. LS&Co. may update Exhibit 11 in its sole discretion each time the Agreement is renewed or as of the effective date if the parties enter into a new trademark license agreement with Licensee for the Products. Except to the extent prohibited by

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

confidentiality provisions in an agreement, or by law, regulatory authority, or court order Licensee shall notify LS&Co. in writing of any contemplated Change in Control at least [\*\*\*] days prior to the expected date the Change in Control occurs and actual Change in Control within [\*\*\*] days after its occurrence.”

NN. Section 19: The fifth sentence is deleted and replaced with the following: “If LS&Co. fails to affirmatively approve or disapprove of an item or matter within ten (10) business days after submittal to LS&Co., then Licensee shall contact [\*\*\*] or other LS&Co. designee. Such individual or his or her designee shall use commercially reasonable efforts to affirmatively approve or disapprove of the submission within five (5) business days of Licensee’s second notice to LS&Co.”

OO. Section 24.4: The first sentence of this Section is deleted and replaced with the following:

“This Agreement contains the entire agreement between LS&Co. and Licensee for the matters set forth therein, and represent the final, complete and exclusive statement of LS&Co. and Licensee and supersede all prior or contemporaneous agreements, communications, arrangements or understandings between LS&Co. and Licensee, including, without limitation, any letter of intent and that certain Trademark License Agreement, dated August 9, 2000, by and between the parties, as amended (except with respect to each party’s rights and obligations that survive termination in accordance with the terms thereof).”

PP. Exhibit A:

- a. Definition of “Competitive Products” is deleted and replaced with the following:  
“**Competitive Products**” means any goods that [\*\*\*] compete with the Products.”
- b. Definition of “Generic Designs” is added to this Exhibit:  
“**Generic Designs**” means basic or standard designs, design elements, technical features or styles that are commonly used by multiple unaffiliated third parties within the footwear industry (e.g., wingtips, twin gore boots, etc.).”
- c. Definition of “Intellectual Property” is deleted and replaced with the following:  
“**Intellectual Property**” means any and all rights in and to all U.S. and foreign (i) patents and patent applications, (ii) copyrights, (iii) unpatented information, trade secrets, data, or materials, (iv) trademarks, tradenames, designs, logos and other indicia of origin, and (v) any other intellectual or other proprietary rights of any kind now known or later recognized in any jurisdiction.”

PP. Exhibit B: This Exhibit is deleted. The parties shall agree upon the terms of sale for Products sold to LS&Co. in an addendum to this Agreement.

29. **Additional Terms:**

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

A. Licensee Distribution: In addition to the license rights granted in the Agreement, Licensee may market, sell, and distribute the Products through (1) the retail channels of Little Burgundy, Journeys, and any other Licensee owned and operated retail channels as approved in writing by LS&Co. in its sole discretion within the U.S. and Canada; and (2) a website owned and operated by Licensee, at Licensee's sole expense, with a URL of dockershoes.com to be solely designated to sales of the Products within the U.S. ("Footwear Website") (each an "Approved Distribution Channel" and collectively, the "Approved Distribution Channels"). LS&Co. may in its sole discretion withdraw its approval of any Approved Distribution Channel (excluding the Footwear Website) at any time during the Term upon written notice to Licensee. Licensee shall operate the Footwear Website in compliance with all applicable laws, any guidelines and/or policies provided in writing by LS&Co., any data security and privacy obligations set forth herein, including the obligations in Exhibit 12 herein, and in accordance with the terms of this Agreement. LS&Co. may withdraw its approval of the Footwear Website in connection with any material breach arising from or relating to the operation of the Footwear Website, including without limitation Licensee's, including its subcontractor's, failure to comply with the obligations in the preceding sentence or the occurrence of any Security Incident resulting from Licensee's or its subcontractor's breach of this Agreement (including any Schedule). For purposes of clarity, Licensee shall pay LS&Co. the First Quality Earned Royalties on Net Sales of Products sold through the foregoing Approved Distribution Channels.

B. LS&Co. Coordination:

LS&Co. will use reasonable efforts to coordinate (i) its non-footwear marketing activities for the Brand with Licensee's footwear marketing activities for the Brand to develop a holistic presentation in core marketing materials for the Brand and (ii) LS&Co.'s footwear distribution for the Brand in the Territory for the ultimate benefit of LS&Co. LS&Co.'s failure to coordinate any activities under this Section 29.B shall not be deemed a breach of any obligation under this Agreement or in any way excuse Licensee from performance under this Agreement; however, in the event the coordination does not occur, the issue shall be escalated to John Wang ([jwang@levi.com](mailto:jwang@levi.com)) or other LS&Co. designee.

C. [\*\*\*]

IN WITNESS WHEREOF, LS&CO. and Licensee, by their duly authorized representatives, have signed this Schedule as of the date set forth below.

**LEVI STRAUSS & CO.**                      **Licensee**

By: \_\_\_\_\_ By: \_\_\_\_\_

Name: Thomas Berry                      Name: Parag Desai  
Title: SVP, Business Development              Title: SVP, Strategy & Shared Services  
Date: \_\_\_\_\_                      Date: \_\_\_\_\_

Exhibit 1

TRADEMARKS

**Dockers® Brand**



[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Exhibit 2

Form Seasonal Design Schedule

**The following design schedule constitutes Target Dates:**

[\*\*\*]

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Exhibit 3

FIRST QUALITY APPROVED RETAILERS

[\*\*\*]

ECOMMERCE FIRST QUALITY APPROVED RETAILERS

[\*\*\*]

Exhibit 4

SECOND QUALITY APPROVED RETAILERS AND MFO RETAILERS

[\*\*\*]

E-COMMERCE SECOND QUALITY APPROVED RETAILERS

[\*\*\*]

Exhibit 5

Approved Distributors

Indeka – Canada

IAC – LATAM

PARUNO - Mexico

\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

**EXHIBIT 6**

Approved Manufacturers

Exhibit 7

Other Relationships

Lucky Brand Men's Footwear

GH Bass

Johnston & Murphy

Pony

Etonic

Mountain Gear

HS Trask

FUBU

Adio

Phat Farm

Baby Phat

Exhibit 8

**NATIONAL BRANDED TRADEMARKS**

Alexander Julian Brands including Julian

Haggar Clothing

Lee

Union Bay

Joes Jeans

**PRIVATE LABEL-CAPTIVE TRADEMARKS**

Alfani

Apartment 9

American Living

Arizona

Axcess

Axis

Axist

C9

Claiborne

Club Room

Concepts by Liz Claiborne

Croft and Barrow

Covington

David Taylor

Express

Hathaway

J. Ferrar

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

John Ashford

John Henry

Kirkland Signature

Liz Claiborne

M151

Madison

Protocol

Saddlebred

Stafford

Sonoma

Structure

Tasso Elba

American Rag

Rock n Republic

INC International Concepts

Denim and Supply: Ralph Lauren

Decree

Urban Pipeline

\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Exhibit 9  
Form Royalty Report

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Exhibit 10

Sales Plan

Sales Estimates – USA (in U.S. dollars)

Period	Calendar	First Quality Sales	2 Quality/ Closeouts Sales	Marketplace and DTC Sales	Minimum Renewal Sales
Year 1*	Effective Date – 11/30/2020	\$[***]	\$[***]	\$[***]	\$[***]
Year 2	12/1/2020 – 11/30/2021	\$[***]	\$[***]	\$[***]	\$[***]
Year 3	12/1/2021 – 11/30/2022	\$[***]	\$[***]	\$[***]	\$[***]
Year 4	12/1/2022 – 11/30/2023	\$[***]	\$[***]	\$[***]	\$[***]
Year 5	12/1/2023 – 11/30/2024	\$[***]	\$[***]	\$[***]	\$[***]

\*2020 Sales Estimates are based on a 11 month period

Sales Estimates – CANADA in CND\$

Period	Calendar	First Quality Sales	Club Sales	Minimum Renewal Sales
Year 1*	Effective Date – 11/30/2020	\$[***]	\$[***]	\$[***]
Year 2	12/1/2020 – 11/30/2021	\$[***]	\$[***]	\$[***]
Year 3	12/1/2021 – 11/30/2022	\$[***]	\$[***]	\$[***]
Year 4	12/1/2022 – 11/30/2023	\$[***]	\$[***]	\$[***]
Year 5	12/1/2023 – 11/30/2024	\$[***]	\$[***]	\$[***]

\*2020 Sales Estimates are based on a 11 month period

Sales Estimates – MEXICO (in U.S. dollars)

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Period	Calendar	Projected Minimum Net Sales
Year 1*	Effective Date – 11/30/2020	[\$***]

\*2020 Sales Estimates are based on a 11 month period

Exhibit 11  
Competitors

AG

Alexander Julian Brands including Julian

Alfani

American Living

American Rag

Apartment 9

Arizona

Axcess

Axis

Axist

C9

Calvin Klein

Chaps

Claiborne

Club Room

Concepts by Liz Claiborne

Covington

Croft and Barrow

David Taylor

Denim and Supply: Ralph Lauren

Decree

Dickies

Express

Guess

Haggar Clothing

Hathaway

Hudson Jeans

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Hugo Boss

INC International Concepts

J Brand

J. Ferrar

Joes Jeans

John Ashford

John Henry

Kenneth Cole

Kirkland Signature

Lee

Liz Claiborne

M151

Madewell

Madison

Nautica

NYDJ

Paige Jeans

Perry Ellis

Polo Ralph Lauren

Protocol

Rock & Republic

Saddlebred

Stafford

Sonoma

Structure

Tasso Elba

Tommy Bahama

Tommy Hilfiger

Union Bay

\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

Urban Pipeline

Wrangler

Licensee's Data Security and Privacy Obligations

1. General

- a. Licensee represents and warrants that it will comply with applicable privacy and data protection laws, rules, directives, regulations ("Data Privacy Laws") of the Territory in relation to the collection, use, storage, disclosure and handling of all data collected by Licensee in connection with the manufacture, advertising, distribution and sale of Products that constitutes personally identifiable information, personal information, or personal data ("Data") under such Data Privacy Laws. The parties agree that Data shall not include business contact information of the Parties collected in the ordinary course of business.
- b. Licensee will implement and maintain administrative, physical and technical safeguards meeting good industry standards designed to prevent the accidental or unauthorized access, collection, receipt, transmission, storage, disposal, use, alteration, processing, disclosure, destruction or loss of Data.
- c. When fulfilling its obligations under the Agreement, Licensee will provide consumers with all applicable notices required under Data Privacy Laws, and will collect, process and store all opt ins, consents and requests (such as opt out requests) in compliance with Data Privacy Laws.

2. PCI DSS Compliance

- a. If applicable to Licensee's performance under the Agreement, Licensee shall at all times, at its sole cost, ensure that it complies with the Payment Card Industry ("PCI") Data Security Standards ("PCI DSS") requirements for securing and protecting cardholder data that are prescribed by the PCI Security Standards Council, as they may be amended from time to time (collectively, the "PCI Requirements").

3. Security Incidents.

- a. In the event of an actual or Suspected (as defined below) unlawful or accidental destruction, loss, unauthorized disclosure of, or access to, Data in Licensee's or in its subcontractors' possession ("Security Incident"), Licensee is responsible for (a) remedying the Security Incident, preventing any further Security Incidents, and applying appropriate remediation efforts designed to prevent a recurrence of the Security Incident at Licensee's expense in accordance with Data Privacy Laws; (b) providing notifications to regulatory authorities and consumers in accordance with Data Privacy Laws; and (c) notifying LS&Co. of the Security Incident within forty-eight (48) hours of bringing such Security Incident to the attention of Licensee's senior management (except to the extent such notification is prohibited by Data Privacy Laws or law enforcement). Without in any way limiting Licensee's indemnification obligations in Section 15.2 of the T&C, Licensee shall also indemnify and hold harmless LS&Co. and its Affiliates, directors, officers, employees and agents against any and all liability, claims, causes of action, suits, judgments, settlements, penalties, regulatory fines, damages and expenses (including reasonable attorney's fees and expenses in disputes, investigations or

proceedings involving third parties (including governmental and regulatory authorities) which LS&Co. is or becomes liable for, or may incur solely by reason of, arising out of or relating to any third-party claim or action arising from or relating to a Security Incident regarding Data collected, used, stored, or handled by Licensee, its subcontractors or its or their respective employees or contractors as well as for actual reasonable out-of-pocket costs incurred by LS&Co. in responding to, and mitigating damages arising from or relating to any Security Incident. "Suspected" means that Licensee's initial analysis of an event results in the determination that there is a reasonable likelihood of a negative impact on Data and results in bringing the event to the attention of Licensee's senior management.

#### 4. Data Transfer

- a. The parties agree that in the event either party will provide Data to the other party, the parties shall enter into a separate data transfer agreement containing provisions designed to protect such information and data in compliance with Data Privacy Laws.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

**Exhibit (10)ee.**  
**AMENDMENT NO. 1**  
**TO TRADEMARK LICENSE AGREEMENT**

THIS AMENDMENT NO. 1 (this "Amendment"), dated December 17, 2019, to be effective January 2, 2020 (the "Effective Date"), by and between Levi Strauss & Co. ("LS&Co.") and Genesco Inc. ("Genesco"), amends that certain Terms and Conditions to Trademark License Agreement and the Schedule for the Levis® Brand, by and between LS&Co. and Genesco, dated December 17, 2019 to be effective as of January 2, 2020 (collectively the "Agreement"). Defined terms used herein that are not otherwise defined are defined as set forth in the Agreement.

WHEREAS, a Genesco affiliate will acquire certain assets of (i) Togast LLC, (ii) Togast Direct, LLC, and (iii) TGB Design, LLC (collectively, "Togast"); and

WHEREAS, in connection with such acquisition, Genesco and/or its affiliates will acquire rights to Samsung C&T America, Inc.'s ("Samsung") current inventory of footwear bearing LS&Co. trademarks (the "Inventory"); and

WHEREAS, LS&Co. has received and will receive payment from Samsung with respect to such Inventory (the "Markup"); and

WHEREAS, Togast, LLC and LS&Co.'s Affiliate, Levi's® Footwear & Accessories (Switzerland) SA, are parties to that certain Distributor Agreement, dated August 15, 2011, as amended (the "Togast Agreement"); and

WHEREAS, the parties desire to enter into this Amendment to specify the amounts to be offset against the Earned Royalties payable by Genesco to LS&Co. under the Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Inventory Markup. The parties acknowledge and agree that Samsung shall provide the parties with the cost basis of the Markup of the Inventory invoiced between November 23, 2019 and December 31, 2019 (the "Transition Inventory Markup") by January 31, 2020.
2. Offset. The parties acknowledge and agree that the Transition Inventory Markup shall be offset against the Earned Royalties payable by Genesco to LS&Co. in the First Annual Period under the Agreement [\*\*\*].
3. Entire Agreement. Except as set forth above, all other terms and conditions contained in the Agreement shall remain in full force and effect. This Amendment, and the Agreement (a) constitute the entire understanding between the Parties with respect to the subject matter hereof, and (b) supersede all prior agreements, whether oral or written.

[\*\*\*] Indicates portions of this exhibit that have been omitted pursuant to a request for confidential treatment.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 by their respective duly authorized officers as of the Effective Date.

LEVI STRAUSS & CO.

By: \_\_\_\_\_  
Thomas Berry  
SVP, Business Development

GENESCO INC.

By: \_\_\_\_\_  
Parag D. Desai  
Senior Vice President-Strategy and  
Shared Services

**Exhibit (10) h.**

**GENESCO INC.**

**THIRD AMENDED AND RESTATED  
EVA INCENTIVE COMPENSATION PLAN**

**1. Purpose.**

The purposes of the Genesco Inc. EVA Incentive Compensation Plan (the “Plan”) are to motivate and reward excellence and teamwork in achieving maximum improvement in shareholder value; to provide attractive and competitive total cash compensation opportunities for exceptional corporate and business unit performance; to reinforce the communication and achievement of the mission, objectives and goals of the Company; to motivate managers to think strategically (long term) as well as tactically (short term); and to enhance the Company’s ability to attract, retain and motivate the highest caliber management team. The purposes of the Plan shall be carried out by payment to eligible participants of annual incentive cash awards, subject to the terms and conditions of the Plan and the discretion of the Compensation Committee of the board of directors of the Company.

**2. Authorization.**

On February 24, 2004, the Compensation Committee approved the Plan. On April 26, 2005, February 20, 2007, August 22, 2007, February 23, 2010, April 26, 2011, April 24, 2012, April 28, 2014, March 15, 2019, and March 13, 2020, the Committee amended the Plan.

**3. Selection of Participants.**

Participants shall be selected annually by the Chief Executive Officer (the “CEO”) from among eligible employees of the Company who serve in operational, administrative, professional or technical capacities. The participation and target bonus amounts of Company officers and the Management Committee shall be approved by the Compensation Committee with the advice of the CEO. The CEO shall not be eligible to participate in the Plan.

The CEO shall annually assign participants to a Business Unit. For participants whose Business Unit consists of more than one profit center, the CEO shall determine in advance the relative weight to be given to the performance of each profit center in the calculation of awards. If a participant is transferred to a different business unit during the Plan Year he or she shall be eligible to receive a bonus for each of the Business Units to which the participant was assigned during the Plan Year, prorated for the amount of time worked in each assignment, unless the CEO determines that a different proration is warranted in the circumstances.

In the event of another significant change in the responsibilities and duties of a participant during a Plan Year, the CEO shall have the authority, in the CEO's sole discretion, to terminate the participant's participation in the Plan, if such change results in diminished responsibilities, or to make such changes as the CEO deems appropriate in (i) the target award the participant is eligible to earn, (ii) the participant's applicable goal(s) and (iii) the period during which the participant's applicable award applies.

#### **4. Participants Added During Plan Year.**

A person selected for participation in the Plan after the beginning of a Plan Year will be eligible to earn a prorated portion of the award the participant might have otherwise earned for a full year's service under the Plan during that Plan Year, provided the participant is actively employed as a participant under the Plan for at least 120 days during the Plan Year. The amount of the award (positive or negative), if any, earned by such participant for such Plan Year shall be determined by dividing the award the participant would have received for a full year's service under the Plan by twelve, and multiplying the quotient by the number of full months of the Plan Year during which the employee participated in the Plan.

#### **5. Disqualification for Unsatisfactory Performance.**

Any participant whose performance is found to be unsatisfactory or who shall have violated in any material respect the Company's Policy on Legal Compliance and Ethical Business Practices shall not be eligible to receive an award under the Plan in the current Plan Year. The participant shall be eligible to be considered by the CEO for reinstatement to the Plan in subsequent Plan Years. Any determination of unsatisfactory performance or of violation of the Company's Policy on Legal Compliance and Ethical Business Practices shall be made by the CEO. Participants who are found ineligible for participation in a Plan Year due to unsatisfactory performance will be so notified in writing prior to October 31 of the Plan Year.

#### **6. Eligibility; Partial Year; Termination of Employment.**

Subject to the express exceptions set forth in this Section 6, only participants who are full-time, active employees on the last day of a Plan Year and who have been full-time, active employees for at least 120 days during the Plan Year shall be eligible for an award with respect to that Plan Year.

- A. Death or Retirement. A participant (or, as applicable, the estate of a deceased participant) who was an active, full-time employee for at least 120 days during the Plan Year and who has Retired or died while employed by the Company during the Plan Year shall receive an award in an amount determined by dividing the amount of the award such participant would have received for a full year's service under the Plan by twelve and multiplying the quotient

by the number of full months of the Plan Year during which the participant was classified in the Company's payroll system as an active, full-time employee.

- B. **Leave.** A participant who has been an active, full-time employee for at least 120 days during the Plan Year and (i) who is on approved medical leave or (ii) other leave provided pursuant to applicable law, including the Family and Medical Leave Act (each, a "Qualified Leave"), on the last day of the Plan Year, or who is an active, full-time employee on the last day of the Plan Year but has taken Qualified Leave during the Plan Year, shall receive an award in an amount determined by dividing the amount of the award such participant would have received for a full-year's service under the Plan by twelve and multiplying the quotient by the number of full months of the Plan Year during which such participant was an active, full-time employee plus the first twelve weeks of Qualified Leave taken by such participant during the Plan Year.

A participant who has been an active, full-time employee for at least 120 days during the Plan Year and is an active, full-time employee on the last day of the Plan Year, but who has been on unpaid leave other than Qualified Leave during the Plan Year shall receive an award in an amount determined by dividing the amount of the award such participant would have received for a full year of service under the Plan by twelve and multiplying the quotient by the number of full months of the Plan Year during which such participant was an active, full-time employee.

## **7. Economic Value Added ("EVA") Calculation**

EVA for a Business Unit or the entire Company, as applicable, shall be the result of a Business Unit's or the Company's net operating profit after taxes ("NOPAT") less a charge for capital employed by that Business Unit or the Company. The Company will track the change in EVA by Business Unit over each Plan Year for the purpose of determining bonus as further described below.

## **8. Business Acquisitions and Dispositions During the Plan Year.**

- A. **Acquisitions.** The provisions of this Section 8A shall apply to any transaction in the nature of a business acquisition by the Company (including a purchase of a majority of the outstanding equity of an entity, asset purchases comprising a line of business, mergers, share exchanges, and other such transactions regardless of form) approved by the board of directors of the Company (an "Acquisition"). Expenses incurred in connection with the Acquisition, including but not limited to legal and other professional fees, due diligence expenses, investment banker fees, commissions and expenses, travel expenses related solely to the acquisition, and other similar costs, to the extent that they otherwise reduce NOPAT for any Business Unit for the Plan Year in which they are incurred, shall be added back to NOPAT, and the amount added back shall be treated as assets for purposes of calculating NOPAT for each such Business Unit. Operating results and assets of the business acquired in the

Acquisition shall be excluded in the calculation of NOPAT under this Plan for the balance of the Plan Year in which the Acquisition occurs (the “Short Year”). Not later than the end of the first quarter of the Short Year, the Compensation Committee may adopt a separate, supplemental plan providing incentives related to the performance of the business acquired in the Acquisition and its integration and specifying appropriate performance measures for such incentives. Any such supplemental plan is intended to be separate from this Plan.

- B. **Dispositions.** The provisions of this Section 8B shall apply to any transaction in the nature of a business disposition by the Company (including a sale of a majority of the outstanding equity of a subsidiary, asset sales comprising a line of business or division, mergers, share exchanges, and other such transactions regardless of form) approved by the board of directors of the Company (a “Disposition”) occurring during or after the Company’s 2019 Fiscal Year. In the event that a Disposition is effective as of (or near) the end of a Plan Year such that the proceeds of such Disposition would be realized during the applicable Plan Year, but capital charges and other expenses relating to such Disposition (collectively, “Disposition Expenses”) would not be realized until subsequent Plan Years, then all Disposition Expenses shall serve as a reduction to NOPAT for the Plan Year in which the Disposition occurred and shall be added back to NOPAT during any subsequent Plan Year during which any Disposition Expense is otherwise recognized for accounting purposes.

## **9. Amount of Awards.**

Participants are eligible to earn cash awards based on (i) change in EVA for a Business Unit and (ii) achievement of individual Performance Plan Goals to be approved by the CEO prior to March 31 of each Plan Year. Prior to the beginning of each Plan Year, the CEO will establish for each Business Unit and for the Company as a whole target levels of expected changes in EVA for each Business Unit and for the Company for such Plan Year and a range of multiples to be applied to the participant’s target bonus based on actual performance for the Plan Year. The multiple related to Business Unit performance is referred to as the “Business Unit Multiple.” If a participant’s Business Unit is comprised of more than one profit center, the CEO shall determine the relative weight to be assigned to each profit center’s Business Unit Multiple. The Business Unit Multiple for such participant shall be the weighted average of the Business Unit Multiples for each profit center comprising the participant’s Business Unit. The multiple related to the performance of the Company as a whole is referred to as the “Corporate Multiple.” The Corporate Multiple and Business Unit Multiples may be positive or negative and may consist of whole numbers or fractions. Not later than March 31 of the Plan Year, the participant and the participant’s supervisor shall agree on a set of strategic performance objectives for the participant for the Plan Year (the “Performance Plan Goals”).

The “Declared Bonus” shall be determined as follows:

For Business Unit Presidents and other Business Unit participants, the Declared Bonus shall equal the sum of (A) the Business Unit Multiple times 75% of the participant's target bonus plus (B) the Business Unit Multiple times 25% of the participant's target bonus times the percentage of the participant's achievement of his or her Performance Plan Goals determined by the participant's supervisor (the "Performance Plan Percentage"); provided, however that if the Business Unit Multiple is a negative number, the Performance Plan Percentage shall be 100%.

For the Corporate Staff participants, the Declared Bonus shall equal the sum of (A) the Corporate Multiple times 75% of the participant's target bonus plus (B) the Corporate Multiple times 25% of the participant's target bonus times the Performance Plan Percentage; provided that, if the Corporate Multiple is a negative number, the Performance Plan Percentage shall be 100%.

For participants who have a positive or zero Bonus Bank (as defined below) balance, the bonus payout at the end of the Plan Year shall be equal to the sum of: (i) the Declared Bonus, up to three times the participant's target bonus for the Plan Year plus (ii) one-third of the participant's Declared Bonus in excess of three times the participant's target bonus for the Plan Year. For participants with a negative Bonus Bank balance who earn a positive Declared Bonus, an amount equal to 50% of the Declared Bonus (disregarding, for purposes of the calculation in this sentence, any reduction in the Declared Bonus by reason of the participant's achievement of a Performance Plan Percentage less than 100%) in excess of two times the target bonus will be credited to the negative Bonus Bank and, of the balance, up to three times the target bonus plus one-third of the Declared Bonus in excess of three times the target bonus shall be paid out. Any of the Declared Bonus remaining after the application of the previous sentence shall be retained as a separate account balance (the "Separate Account"). The Separate Account established for any Plan Year shall be paid out in three equal annual installments commencing on the date when Plan bonus payments are made in the following Plan Year, except that any positive Separate Account balance that exists from prior Plan Years and has not been so paid out will be fully netted against any negative award with respect to a subsequent Plan Year.

A "Bonus Bank" shall be established for each participant each year and shall consist of: (i) the participant's positive Declared Bonus not distributed because of payout limitations or (ii) the participant's negative Declared Bonus, as applicable. The positive Bonus Bank established for each Plan Year shall be paid out in three equal annual installments, commencing on the date when Plan bonus payments are made in the following Plan Year; provided, however, that positive bank balances that exist from prior years will be fully netted against a negative award in the year the negative award is realized. The negative Bonus Bank established for any Plan Year shall be eliminated to the extent not repaid pursuant to the preceding paragraph at the end of three years following the Plan Year with respect to which it arose.

Subject to the provisions of Section 10 hereof, any positive balance in the Bonus Bank and the Separate Account shall be payable without interest within thirty days of (i) the Company's termination of the participant's employment without Cause, or (ii) the participant's death. Subject

to the provisions of Section 10, any positive balance accruing with respect to Plan Years ending after January 29, 2011 in the Bonus Bank and the Separate Account of a participant who Retires shall be paid out in three equal annual installments, payable without interest and commencing on the date when Plan bonus payments are made in the Plan Year following the participant's Retirement; provided, however, that the Retired participant's positive Bonus Bank and Separate Account balances shall be subject to reduction by the amount of any negative award with respect to the Plan Year in which the participant's Retirement is effective, calculated in accordance with Section 6 hereof, and for any negative award that would have been earned by such participant with respect to any subsequent Plan Year, assuming that he or she had remained a participant in the same Business Unit with the same target bonus as was applicable immediately prior to Retirement. Any positive balance in the Bonus Bank and Separate Account of a participant who voluntarily terminates his or her employment with the Company other than by Retirement shall be paid out in a single payment, payable without interest on the date when Plan bonus payments are made for the fifth Plan Year following the Plan Year in which the participant's termination is effective; provided, however, that such participant's positive Bonus Bank and Separate Account balances shall be subject to reduction by the amount of any negative award with respect to the Plan Year in which such participant voluntarily terminates his or her employment calculated in accordance with Section 6 hereof, and for any negative award that would have been earned by such participant with respect to all subsequent Plan Years until payment is due, assuming that he or she had remained a participant in the same Business Unit with the same target bonus as was applicable immediately prior to such participant's voluntary termination of employment (or, if such Business Unit no longer exists, in such business unit as the Compensation Committee may in its sole and absolute discretion determine).

Upon termination for Cause, any unpaid portion of the Bonus Bank and the Separate Account will be forfeited by the participant. Nothing in this Plan (including but not limited to the foregoing definition of Cause) shall in any manner alter the participant's status as an employee at will or limit the Company's right or ability to terminate the participant's employment for any reason or for no reason at all.

#### **10. Specification of Payment Date for Performance Awards.**

Any awards payable under the Plan resulting from changes in EVA not related to a Business Acquisition or Disposition during the Plan Year (including awards with respect to participants who die, are placed on medical leave of absence or voluntarily Retire during the Plan Year), other than the amount, if any, to be credited to the Bonus Bank or a Separate Account, will be made in cash, net of applicable withholding taxes, by the fifteenth day of the third month following the close of the Plan Year. Any awards payable under the Plan resulting from changes in EVA related to a Business Acquisition or Disposition during the Plan Year (including awards with respect to participants who die, are placed on medical leave of absence or voluntarily Retire during the Plan Year), other than the amount, if any, to be credited to the Bonus Bank, will be made in cash, net of applicable withholding taxes, by the end of the first calendar year that ends following the close of the Plan Year (or such earlier date, if any, necessary to avoid imposition of Section 409A Taxes). The positive Bonus Bank balance will be paid in cash, net of applicable withholding taxes, on the first, second and third anniversaries of the payment of the Declared Bonus to which such amounts relate except for voluntary terminations whose Bonus Bank balance will be paid in cash, net of applicable withholding taxes, on or about the date when bonus payments are made for the fifth Plan Year following the Plan Year in which the participant's resignation is effective, subject to reduction as provided in Section 9 hereof.

It is intended that (1) each installment of the payments provided under this Plan is a separate "payment" for purposes of Section 409A of the Code and the Treasury Regulations thereunder ("Section 409A"), and (2) that all payments will be exempt from or comply with Section 409A. To the extent that any payment to be made under this Plan is subject to 409A and any provision of this Plan is ambiguous as to its compliance with Section 409A, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A. Although the Company intends to administer the Plan so that payments will be exempt from, or will comply with, the requirements of Section 409A of the Code, the Company does not warrant that any payment under the Plan will qualify for favorable tax treatment under Section 409A or any other provision of federal, state, local or foreign law. The Company shall not be liable to any participant for any tax, interest, or penalties that participant might owe as a result of any payments made under the Plan.

Notwithstanding anything to the contrary in this Plan, if the Company determines (i) that on the date a participant's employment with the Company terminates or at such other time that the Company determines to be relevant, the participant is a "specified employee" (as such term is defined under Section 409A) of the Company and (ii) that any payments to be provided to the participant pursuant to this Plan are or may become subject to the additional tax under Section 409(A)(a)(1)(B) of the Code or any other taxes or penalties imposed under Section 409A of the Code ("Section 409A Taxes") if provided at the time otherwise required under this Plan then (A) such payments shall be delayed until the date that is six months after the date of the participant's "separation from service" (as such term is defined under Section 409A of the Code) with the Company, or such shorter period that, as determined by the Company, is sufficient to avoid the imposition of Section 409A Taxes

(the "Payment Delay Period") and (B) such payments shall be increased by an amount equal to interest on such payments for the Payment Delay Period at a rate equal to the prime rate in effect as of the date the payment was first due (for this purpose, the prime rate will be based on the rate published from time to time in The Wall Street Journal). Any payments delayed pursuant to this Section 10 shall be made in a lump sum on the first day of the seventh month following the participant's "separation from service" (as such term is defined under Treasury Regulation 1.409A-1(h)) or, if sooner, the date of the participant's death.

#### **11. Plan Administration.**

The CEO shall have final authority to interpret the provisions of the Plan. Interpretations by the CEO which are not patently inconsistent with the express provisions of the Plan shall be conclusive and binding on all participants and their designated beneficiaries. It is the responsibility of the Senior Vice President-Strategy & Shared Services (i) to cause each person selected to participate in the Plan to be furnished with a copy of the Plan and to be notified in writing of such selection, the applicable goals and the range of the awards for which the participant is eligible; (ii) to cause the awards to be calculated in accordance with the Plan; and (iii) except to the extent reserved to the CEO or the Compensation Committee hereunder, to administer the Plan consistent with its express provisions.

#### **12. Non-assignability.**

A participant may not at any time encumber, transfer, pledge or otherwise dispose of or alienate any present or future right or expectancy that the participant may have at any time to receive any payment under the Plan. Any present or future right or expectancy to any such payment is non-assignable and shall not be subject to execution, attachment or similar process.

#### **13. Miscellaneous.**

Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any participant's employment or to change any participant's duties and responsibilities, nor confer upon any participant the right to be selected to participate in any incentive compensation plans for future years. Neither the CEO, the Senior Vice President-Strategy & Shared Services, nor the Compensation Committee shall have any liability for any action taken or determination made under the Plan in good faith.

#### **14. Binding on Successors.**

The obligations of the Company under the Plan shall be binding upon any organization which shall succeed to all or substantially all of the assets of the Company, and the term Company, whenever used in the Plan, shall mean and include any such organization after the succession. If the subject matter of this Section 14 is covered by a change-in-control agreement or similar agreement which

is more favorable to the participant than this Section 14, such other agreement shall govern to the extent applicable and to the extent inconsistent herewith.

#### 15. **Definitions.**

**“Cause”** means any act of dishonesty involving the Company, any violation of the Policy on Legal Compliance and Ethical Business Practices as then in effect, any breach of fiduciary duty owed to the Company, persistent or flagrant failure to follow the lawful directives of the board of directors or of the executive to whom the participant reports or conviction of a felony.

**“Code”** means the Internal Revenue Code of 1986, as amended.

**“EVA”** means the economic value added to the Company during the Plan Year as determined by the net operating profit in a particular Business Unit as reflected on the Company’s books for internal reporting purposes, reduced by the cost of capital.

**“Business Unit”** means any of the Company’s profit centers or any combination of two or more of the profit centers, which comprise Genesco Inc.

The **“Chief Executive Officer”** or **“CEO”** means the president and chief executive officer of the Company.

The **“Company”** means Genesco Inc. and any wholly owned subsidiary of Genesco Inc.

The **“Compensation Committee”** means the compensation committee of the board of directors of the Company.

The **“Plan”** means this EVA Incentive Compensation Plan for the Plan Year.

**“Plan Year”** means the applicable fiscal year of the Company.

**“Retire”, “Retirement”** or similar terms means retirement from the Company (i) after completing at least five years of service with the Company and (ii) where the sum of the participant’s age and whole years of service equals or exceeds 70.

The **“Senior Vice President-Strategy & Shared Services”** means the Senior Vice President-Strategy & Shared Services of Genesco Inc. or any person fulfilling the functions of such office.

The **“Management Committee”** means executives of the Company with a direct reporting relationship to the Chief Executive Officer.

## SUBSIDIARIES OF THE REGISTRANT

**Subsidiaries of the Company:**

<b><u>Names of Subsidiary</u></b> <sup>(1)</sup>	<b><u>Incorporation</u></b>	<b>Place of</b>
Flagg Bros. of Puerto Rico, Inc.	Delaware	
Genesco Brands, LLC	Delaware	
Genesco Brands NY, LLC	Delaware	
GVI, Inc.	Delaware	
Hat World Corporation	Delaware	
GCO Canada Inc.	Canada	
Genesco Footwear LLC	Tennessee	
Genesco Services LLC	Tennessee	
Lids Properties, LLC	Delaware	
Genesco (UK) Limited	United Kingdom	
Schuh Group Limited	United Kingdom	
Schuh (Holdings) Limited	United Kingdom	
Schuh Limited	United Kingdom	
Schuh (ROI) Limited	Republic of Ireland	
Genesco Schuh GmbH	Germany	
Genesco GP, LLC	United Kingdom	
Genesco Scot LP	United Kingdom	
<u>Genesco (Jersey) Limited</u>	<u>Jersey</u>	

<sup>(1)</sup>100% of the equity of each listed subsidiary is owned either by the registrant or by a wholly-owned subsidiary of the registrant.

**POWER OF ATTORNEY**

The undersigned directors of Genesco Inc., a Tennessee corporation (“Genesco”), do hereby constitute and appoint Scott E. Becker and Melvin G. Tucker, and any one of them, to act severally as attorneys-in-fact for and in their respective names, places and steads, with full power of substitution, to execute, sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K of Genesco for the fiscal year ended February 1, 2020, and any and all amendments thereto; granting to said attorneys-in-fact, and each of them, full power and authority to do and perform every act and thing whatsoever requisite or necessary to be done in and about the premises as fully to all intents and purposes as the undersigned or any of them might or could do if personally present, and the undersigned do hereby ratify and confirm all that said attorney-in-fact or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Executed this 5th day of February, 2020

/s/Joanna Barsh    /s/Thurgood Marshall, Jr.  
Joanna Barsh, Director    Thurgood Marshall, Jr., Director

/s/James W. Bradford    /s/Kathleen Mason  
James W. Bradford, Director    Kathleen Mason, Director

/s/Robert J. Dennis    /s/Kevin P. McDermott  
Robert J. Dennis, Director    Kevin P. McDermott, Director

/s/Matthew C. Diamond    /s/Mimi E. Vaughn  
Matthew C. Diamond, Director    Mimi E. Vaughn, Director

/s/Marty G. Dickens  
Marty G. Dickens, Director

## CERTIFICATIONS

I, Mimi E. Vaughn, certify that:

1. I have reviewed this annual report on Form 10-K of Genesco Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 1, 2020

/s/ Mimi E. Vaughn

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Mimi E. Vaughn

Chief Executive Officer

## CERTIFICATIONS

I, Melvin G. Tucker, certify that:

1. I have reviewed this annual report on Form 10-K of Genesco Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 1, 2020

/s/ Melvin G. Tucker

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Melvin G. Tucker

Senior Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Genesco Inc. (the "Company") on Form 10-K for the period ending February 1, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mimi E. Vaughn, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;  
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mimi E. Vaughn

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Mimi E. Vaughn  
Chief Executive Officer  
April 1, 2020

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Genesco Inc. (the "Company") on Form 10-K for the period ending February 1, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Melvin G. Tucker, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;  
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Melvin G. Tucker  
Melvin G. Tucker  
Senior Vice President and Chief Financial Officer  
April 1, 2020