

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

**FORM 10-K**

- Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the fiscal year ended **January 29, 2021**  
-OR-  
 **Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the transition period from to \_\_\_\_\_ to \_\_\_\_\_.  
Commission File Number: 001-09769

**Lands' End, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation of Organization)  
**1 Lands' End Lane**  
**Dodgeville, Wisconsin**  
(Address of Principal Executive Offices)

**36-2512786**  
(I.R.S. Employer  
Identification No.)  
**53595**  
(Zip Code)

**(608) 935-9341**

**(Registrant's Telephone Number, Including Area Code)**  
**Securities registered under Section 12(b) of the Exchange Act:**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	LE	The NASDAQ Stock Market LLC

**Securities registered under Section 12(g) of the Exchange Act:**  
**None**

(Title of Class)

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 15(d) of the Exchange 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 every Interactive Data File required to be submitted 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 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 definition 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 type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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 (based on the closing price of the registrant's common stock quoted on the NASDAQ Stock Market) of the registrant's common stock owned by non-affiliates, as of July 31, 2020, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$100.3 million.

As of March 23, 2021, the registrant had 32,643,499 shares of common stock, \$0.01 par value, outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Proxy Statement relating to the registrant's 2021 Annual Meeting of Stockholders (the "Proxy Statement"), to be held on May 13, 2021, are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates

LANDS' END, INC.  
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## PART I

### ITEM 1. BUSINESS

As used in this Annual Report on Form 10-K, references to the "Company", "Lands' End", "we", "us", "our" and similar terms refer to Lands' End, Inc. and its subsidiaries. Our fiscal year ends on the Friday preceding the Saturday on or closest to January 31. Other terms commonly used in this Annual Report on Form 10-K are defined as follows:

- *ABL Facility - Asset-based senior secured credit agreements, dated as of November 16, 2017, with Wells Fargo, N.A. and certain other lenders, as amended to date*
- *Brexit - The United Kingdom's exit from the European Union*
- *Company Operated stores - Lands' End retail stores in the Retail channel*
- *Current Term Loan Facility – Term loan credit agreement, dated as of September 9, 2020, among the Company, Fortress Credit Corp., as Administrative Agent and Collateral Agent, and the lenders party thereto*
- *Debt Facilities - Collectively, the Current Term Loan Facility and ABL Facility*
- *ESL - ESL Investments, Inc. and its investment affiliates, including Edward S. Lampert*
- *First Quarter 2020 – The 13 weeks ended May 1, 2020*
- *Fiscal 2021 – The Company's next fiscal year representing the 52 weeks ending January 28, 2022*
- *Fiscal 2020 - The 52 weeks ended January 29, 2021*
- *Fiscal 2019 - The 52 weeks ended January 31, 2020*
- *Fiscal 2018 - The 52 weeks ended February 1, 2019*
- *Former Term Loan Facility – Term loan credit agreement, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders*
- *Sears Holdings - Sears Holdings Corporation, a Delaware corporation, and its consolidated subsidiaries*
- *SEC - United States Securities and Exchange Commission*
- *Separation - On April 4, 2014 Sears Holdings distributed 100% of the outstanding common stock of Lands' End to its shareholders*
- *Tax Act - The Tax Cuts and Jobs Act passed by the United States government on December 22, 2017*
- *Third Quarter 2020 – The 13 weeks ended October 30, 2020*

Lands' End is a leading uni-channel retailer of casual clothing, accessories, footwear and home products. Operating out of America's heartland, we believe our vision and values make a strong connection with our core customers. We offer products online at [www.landsend.com](http://www.landsend.com), on third party online marketplaces and through our own Company Operated stores, as well as, third-party retail locations. We are a classic American lifestyle brand with a passion for quality, legendary service and real value. We seek to deliver timeless style for women, men, kids and the home.

Lands' End was founded in 1963 by Gary Comer and his partners to sell sailboat hardware and equipment by catalog. While our product focus has shifted significantly over the years, we have continued to adhere to our founder's motto as one of our guiding principles: "Take care of the customer, take care of the employee and the rest will take care of itself."

Lands' End seeks to provide a common customer experience regardless of whether they are interacting with us on our company websites, third-party marketplaces, at Company Operated stores or other distribution channels.

We have one external reportable segment and identify our operating segments according to how our business activities are managed and evaluated. Our operating segments consist of: U.S. eCommerce, Lands' End Outfitters ("Outfitters"), Europe eCommerce, Japan eCommerce, Third Party, and Retail. We have determined that each of our operating segments share similar economic and other qualitative characteristics, and therefore, the results of our operating segments are aggregated into one external reportable segment.

### Product Channels

Lands' End identifies five separate distribution channels for revenue reporting purposes:

U.S. eCommerce offers products through the Company's eCommerce website utilizing digital marketing and direct mail catalogs.

International offers products primarily to consumers located in Europe and Japan through eCommerce international websites and third-party affiliates.

Outfitters sells products to end consumers, primarily located in the U.S., through negotiated arrangements to make specific styles or customized products available to employees and members of client organizations, as well as through the Company's eCommerce websites.

Third Party sells the same products as U.S. eCommerce but to domestic wholesale customers or direct to consumers through third-party marketplaces and websites.

Retail sells products and services through Company Operated stores.

In Fiscal 2020, we generated revenue of approximately \$1.43 billion. Our revenue is generated worldwide with operations based in the United States, United Kingdom, Germany and Japan. This network reinforces and supports sales across the channels in which we do business. Net revenue is presented by product channel in the following table:

<i>(in thousands)</i>	<b>Fiscal 2020</b>	<b>% of Revenue</b>	<b>Fiscal 2019</b>	<b>% of Revenue</b>	<b>Fiscal 2018</b>	<b>% of Revenue</b>
U.S. eCommerce	\$ 961,911	67.4%	\$ 910,088	62.8%	\$ 854,361	58.9%
International	222,878	15.6%	181,087	12.5%	179,637	12.4%
Outfitters	174,260	12.2%	285,807	19.7%	289,251	19.9%
Third Party	39,945	2.8%	13,654	0.9%	5,931	0.4%
Retail	28,454	2.0%	59,565	4.1%	122,412	8.4%
Total Net revenue	<u>\$ 1,427,448</u>		<u>\$ 1,450,201</u>		<u>\$ 1,451,592</u>	

In Fiscal 2020, we fulfilled orders to customers in approximately 139 countries outside the United States, totaling approximately 17% of revenue.

Revenue by the geographical location where the product is shipped is as follows:

<i>(in thousands)</i>	<b>Fiscal 2020</b>	<b>% of Revenue</b>	<b>Fiscal 2019</b>	<b>% of Revenue</b>	<b>Fiscal 2018</b>	<b>% of Revenue</b>
United States	\$ 1,191,346	83.4%	\$ 1,247,288	86.0%	\$ 1,245,157	85.8%
Europe	175,011	12.3%	137,134	9.5%	138,761	9.6%
Asia	49,725	3.5%	48,470	3.3%	50,203	3.5%
Other	11,366	0.8%	17,309	1.2%	17,471	1.1%
Total Revenue	<u>\$ 1,427,448</u>		<u>\$ 1,450,201</u>		<u>\$ 1,451,592</u>	

Long-lived assets by geographical location are as follows:

<i>(in thousands)</i>	<b>Fiscal 2020</b>	<b>Fiscal 2019</b>	<b>Fiscal 2018</b>
United States	\$ 136,038	\$ 148,340	\$ 140,663
Europe	8,267	8,716	8,773
Asia	983	609	458
Total Property and equipment, net	<u>\$ 145,288</u>	<u>\$ 157,665</u>	<u>\$ 149,894</u>

## Strategy

In Fiscal 2020, we continued to leverage our iconic American brand, which was founded on the principles of delivering great quality, uncompromising service and exceptional value to our customers. We are a vertically integrated retailer that manages most aspects of our design, marketing and distribution in-house. In Fiscal 2021, we plan to continue to focus on our five strategic pillars, as we have over the past several years:

**Product.** The soul of the Lands' End brand has always been products with a purpose. We are focused on delivering key items made of quality materials, in iconic styles that offer great value to our customers and their families. We provide an assortment of products leveraging our key item strategy with a focus on delivering comfort, style and value with emphasis on major categories, such as swimwear and outerwear. In addition, we have increased our focus on inclusivity. We have done this by providing apparel in extended sizes, from petite to plus for women and big and tall for men. In Fiscal 2021, we plan to continue to leverage customer data to drive decisions around our merchandise assortment, fabrics, silhouettes and price points that our customer desires. We have worked to drive consistency in our fit across multiple categories and classifications. We are also focused on key relationships, providing innovative products to meet the needs of our partners.

**Digital.** We are focused on utilizing digital technologies to obtain new customers and continuously improve the overall customer experience. This is done by leveraging data analytics to better tailor and personalize the shopping experience for each customer. We are a digitally led organization, applying technology as we adapt to ongoing shifts in customer shopping behaviors. During Fiscal 2020, we leveraged advanced data analytics and machine learning in our effort to optimize gross profit through product level promotions and to optimize both internal and external search capabilities. We enhanced our website with a "test and learn" process which led to improvements in product detail pages and checkout with a focus on the smartphone experience. As part of our Fiscal 2021 initiatives, we plan to continue to leverage artificial intelligence to analyze customer behavior and optimize promotions.

**Distribution.** We utilize uni-channel distribution including eCommerce and our own Company Operated stores, as well as, third-party retail stores, to engage our customer where and how they choose to shop. Our 31 Company Operated stores represent the Lands' End American Heritage aesthetic, making it easy for our customers to find our products in an inviting, brand appropriate setting. Given the impact of the COVID-19 pandemic on consumers' shopping habits, which has driven more consumers to shop online rather than in a store, we do not anticipate opening more Company Operated stores in the immediate future. We do, however, plan to pursue opportunities to partner with other brick and mortar and online retailers to increase exposure of our products to more consumers. In Fiscal 2020, we launched nearly all our products for purchase on Kohl's website, as well as, an

assortment of products in 150 Kohl's retail stores and plan to expand to approximately 300 Kohl's retail stores in Fiscal 2021. For Fiscal 2021, we plan to continue applying a customer analytics-driven distribution strategy, where we leverage our data to refine product assortment and expand opportunities with third-party marketplaces and traditional wholesale.

**Business Processing.** We continue to focus on building strategic competencies through improved business processes that are based on standardization and efficiency. During 2019 and 2020, we focused on optimizing our business processing capabilities which further enabled us to upgrade the way we accept, process and fulfill orders across our channels and improve how we interface with our partners. Because of our optimization, we are upgrading our inventory planning process and data analytic capabilities as we focus on growing the business and operating as a global uni-channel retailer. During 2021, we plan to begin a multi-year project to implement a warehouse management solution designed to improve our distribution center operations. See also Item 1A, *Risk Factors*, in this Annual Report on Form 10-K.

**Be a Great Place to Work.** Lands' End strives to be a great place to work, while fostering an inclusive culture where our employees can develop and grow professionally and contribute to our collective success. During 2020, we built on our existing training and development programs and launched many employee initiatives, including our Diversity & Inclusion Council and our Business Resource Groups.

## History

We were founded in 1963, incorporated in Delaware in 1986, and our common stock was listed on the New York Stock Exchange from 1986 to 2002. On June 17, 2002, we became a wholly owned subsidiary of Sears Roebuck and Co., a wholly owned subsidiary of Sears Holdings. Sears Holdings distributed 100 percent of the outstanding common stock of Lands' End to its stockholders on April 4, 2014 and our common stock was listed on the NASDAQ Stock Market.

Lands' End was founded on certain principles of doing business that are embodied in our goal to deliver great quality, uncompromising service and exceptional value to our customers. Lands' End founder Gary Comer was quoted as saying: "Take care of the customer, take care of the employee and the rest will take care of itself."

## Competition

We operate primarily in the apparel industry which is highly competitive. We compete with a diverse group of direct-to-consumer companies and retailers, including national department store chains, women's and men's specialty apparel chains, outdoor specialty stores, apparel catalog businesses, sportswear marketers and online apparel businesses that sell similar lines of merchandise. We compete principally on the basis of merchandise value (quality and price), product innovation, our established customer file and award-winning customer service.

## Seasonality

We experience seasonal fluctuations in our net revenue and operating results and historically have realized a significant portion of our net revenue and earnings for the year during our fourth fiscal quarter. We generated 37.7%, 37.9% and 34.6% of our net revenue in the fourth fiscal quarter of Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively. Thus, lower than expected fourth quarter net revenue could have an adverse impact on our annual operating results. See also Item 1A, *Risk Factors*, in this Annual Report on Form 10-K.

Working capital requirements typically increase during the second and third quarters of the fiscal year as inventory builds to support peak shipping/selling periods and, accordingly, working capital requirements typically decrease during the fourth quarter of the fiscal year as inventory is shipped/sold. Cash provided by operating activities is typically higher in the fourth quarter of the fiscal year due to reduced working capital requirements during that period.

## **Intellectual Property**

Lands' End owns or has rights to use certain word and design trademarks, service marks, and trade names that are registered or exist under common law in the United States and other jurisdictions. The Lands' End® trade name and trademark are used both in the United States and internationally and are material to our business. Trademarks that are important in identifying and distinguishing our products and services are Let's Get Comfy™, Lands' End Lighthouse®, Square Rigger™, Squall®, Super-T™, Drifter™, Outrigger®, Marinac®, and Beach Living®, all of which are owned by us, as well as the licensed marks Supima®, No-Gape®, and others. Other recognized trademarks owned by Lands' End include, Starfish™, Iron Knees®, Hyde Park®, Year' Rounder®, ClassMate®, Willis & Geiger® and ThermaCheck®. Lands' End's rights to some of these trademarks are limited to select markets.

## **Product Design and Merchandising**

We seek to develop new, innovative products for our customers by utilizing modern fabrics and quality construction to create timeless, affordable styles with excellent fit. We also seek to present our products in an engaging and inspiring way. We believe that our typical customers expect quality, seek good value for their money and are looking to add classics to their wardrobe while also placing an emphasis on comfort, functionality and product innovation that supports their lifestyle. From a design and merchandising perspective, we believe that we have experienced success adding relevant items into our product assortment, many of which have become customer favorites. We devote significant time and resources to quality assurance, fit testing and product compliance. Our in-house team manages all product specifications and seeks to ensure brand integrity by providing our customers with the consistent, high-quality merchandise for which Lands' End is known. Our strategy includes four major themes: own the weather; own the water; layers, layers, layers; and we fit every body. These, inclusive with our overall message on comfort and great value, resonated well during the COVID-19 pandemic, especially with more people staying at home.

## **Inventory Planning**

Inventory planning seeks to determine optimal inventory levels that align with merchandising and marketing plans and initiatives. The team also supports efforts to maximize product margin through active management of in-season promotions and post-season clearance activities. In addition, Inventory Planning partners with our Sourcing team through long range planning efforts designed to reduce supply chain costs.

Consistent with our merchandising strategy we make inventory investments intended to support the growth of key products. In addition, through continued assortment and inventory management we are striving to reduce inventory levels and increase seasonal sell through. We recently launched new technology solutions to assist us in these strategic initiatives.

## **Sourcing and Vendors**

Our products are produced globally by independent manufacturers who are selected, monitored and coordinated by our Global Sourcing team based in Wisconsin and Hong Kong, as well as other third-party buying agents. Our products are manufactured in approximately 29 countries and the majority are imported from Asia and South America, depending on the nature of the product mix. In Fiscal 2020, our top 10 vendors accounted for approximately 41% of our merchandise purchases and we worked with approximately 140 vendors that manufactured substantially all our products. We generally do not enter into long term merchandise supply contracts. We continue to take advantage of opportunities to more efficiently source our products worldwide, consistent with our high standards of quality and value. Significant areas of non-product spend include transportation, information systems, marketing, packaging and catalog paper and print. For most of our products, we assume ownership at the port of the vendor's manufacturing facility. We use third-party shipping companies to transport the product to our facilities. Our reliance on imported products has certain risks around port congestion, transportation delays and heightened security measures that could affect timely deliveries of product to our points of distribution. In the fourth

quarter 2020 and into the first quarter 2021, we have experienced some delivery delays due to the COVID-19 pandemic.

It is important to us that our partners share the same values in business as we do, therefore, we require that the vendors comply with applicable legal requirements, agree to our global compliance requirements and meet our product quality standards. Our vendors are required to provide us with full access to their facilities and to relevant records relating to their employment practices, such as, but not limited to, child labor, wages and benefits, forced labor, discrimination, freedom of association, unlawful inducements, safe and healthy working conditions and other business practices so that we may monitor their compliance with ethical and legal requirements relating to the conduct of their business. See also Item 1A, *Risk Factors*, in this Annual Report on Form 10-K.

### **Corporate Citizenship**

Lands' End is working towards improving its sustainable footprint through key practices like waste reduction, purchasing recycled consumables and corporate partnerships. Lands' End hopes to inspire customers and other corporations to increase sustainability awareness and initiatives.

We have a focus on raising awareness and educating associates on reducing our internal use of consumables and natural resources. In addition, we have a broad range of recycling and waste management initiatives at our corporate office and distribution centers. For example, we have addressed our use and recycling of paper products, aluminum cans, glass, electronics and plastic, as well as disposal of non-recyclables with composting and effective water management.

Lands' End also participates in industry educational workshops and initiatives. We have formed strategic relationships with organizations like the Sustainable Apparel Coalition, bluesign, National Forest Foundation, where we have helped plant over 1 million trees, and the Clean Lakes Alliance, where we help protect and improve maintenance of local lakes in Wisconsin. These alliances, which respectively operate globally, nationally, and locally, allow us to engage at a variety of levels.

### **Marketing**

We believe that our most important asset is our brand. The Lands' End brand is well-recognized with a deeply rooted tradition of offering excellent quality, value and service. Lands' End is an iconic American brand with a large and loyal customer base. Operating out of Wisconsin, in the heartland of the United States, we believe our vision and values make a strong connection with our core customer. We believe that a key indicator of our success to date has been the continued growth of our customer file, with increases in new and active customers.

We also invest significantly in brand development through our focus on providing excellent customer service, emphasis on digital transformation and innovative product development. We believe that this commitment to our brand has helped to generate our large and loyal customer base for over fifty years.

We attempt to build on our brand recognition through our "Let's Get Comfy" tagline in multi-channel marketing campaigns including through our eCommerce website, [www.landsend.com](http://www.landsend.com), catalog distribution, digital marketing and social media. Creative designs for these marketing platforms are developed in-house by our creative team. We strive to be efficient in our overall spend, enabling us to invest in initiatives that we believe will yield benefits over the longer term. We believe we will generate near term return on investment with most of our marketing spend allocated to digital marketing and our catalog. The catalog continues to be a productive vehicle to drive customers to our website and Company Operated stores. We are also seeking to enhance our branding initiatives by investing in strategic relationships with other brands, public personalities and online influencers designed to showcase our apparel.

### **Customer Service**

We are committed to building on Lands' End's legacy of strong customer service. We believe we have a strong track record of improving the customer service experience through innovation. Lands' End is focused on using our extensive customer data to make the shopping experience as effortless and personalized as possible, regardless of



whether our customers shop online or in one of our Company Operated store locations. Our operations include a return policy that is frequently mentioned as one of the best in the industry, service agents who are available through Company Operated store locations, on the phone, via chat, email or social media, and an ever-evolving digital self-service platform. These all have contributed to our award-winning customer service, which we believe is one of our core strengths and a key point of differentiation from our competitors. We have received many accolades over the years and most recently, received the following:

- Lands' End was included in the Newsweek list of America's Best Customer Service in 2021, 2020, and 2019. Ranking No.1 for best customer service in the Online Retailers: Clothing in the Apparel category (November 2020, November 2019, and November 2018)
- Lands' End was included in the Newsweek list of Best Online Shops 2020 (September 2019)

### **Distribution**

We own and operate two distribution centers and one embroidery operation facility in Wisconsin. Our Dodgeville facility is approximately 1.1 million square feet and is a full-service distribution center, offering monogramming, hemming and embroidery services. Our Reedsburg location is approximately 400,000 square feet and offers all order fulfillment services except hemming. Our Stevens Point distribution center is approximately 150,000 square feet and primarily focuses on embroidery services. Our customer orders are shipped via third party carriers.

We own and operate a distribution center in the United Kingdom based in Oakham, a community north of London. Our Oakham facility opened in 1998 and is approximately 175,000 square feet. It is a full-service distribution center, including monogramming, hemming and embroidery services for our European businesses. In September 2020, this facility was approved as a Customs warehouse which provides certain cash flow benefits resulting from deferred customs duties and simplification of imports and returns to and from the European Union.

Additionally, we lease a 56,000 square foot distribution center in Fujieda, Japan.

Orders are filled on a current basis and order backlog is not material to our business.

### **Information Technology**

Our information technology systems provide comprehensive support for the design, merchandising, importing, marketing, distribution, sales, order processing and order fulfillment of our Lands' End products. We have a dedicated information technology team that provides strategic direction, application development, infrastructure services and systems support for the functions and processes of our business. The information technology team contracts with third party consulting firms to provide cost-effective staff augmentation services and leverages leading hardware, software and cloud-based technology firms to provide the infrastructure necessary to run and operate our systems. Our core software applications are a combination of internally developed and packaged third-party systems. The eCommerce solutions powering [www.landsend.com](http://www.landsend.com), the Outfitters websites, and our international Lands' End websites are operated out of our own internal data centers, as well as through hosting relationships with third parties and industry-leading cloud providers.

We are in the process of implementing new information technology systems as part of a multi-year plan to expand and upgrade our platforms and infrastructure. We intend to build off these core systems to drive future improvements in our operations including efficiencies within our internal processes and reporting. While we focus on customer facing system improvements, we are also pursuing implementation of warehouse management tools designed to improve warehouse efficiencies and cost-effective third-party delivery to our customer. Implementation of new systems is highly dependent on coordination of numerous software, hardware, cloud and system integration providers. See also Item 1A, *Risk Factors*, in this Annual Report on Form 10-K.

## **Human Capital Management**

### ***Philosophy and Approach***

Since our founding in 1963, Lands' End has recognized that our people are a critical asset. People, the individuals we employ, the customers we serve, and their families, are the heart of our company. We are committed to creating an inspiring culture that is welcoming, safe and inclusive for all who work and shop with us.

Aligning with our overall message of comfort, our desire is to create "A More Comfortable World" with initiatives focused on our employees, our customers and our planet. Perhaps most telling, at Lands' End the human resources department has been named "Employee Services" since its early days. This reinforces the message of our founder, Gary Comer "The really important thing that makes Lands' End what it has become is people. You, me, everyone around us. It is what we do as people that makes this a great place to come to work".

We employ approximately 5,300 employees throughout our operations: approximately 4,400 employees in the United States and approximately 900 employees outside the United States. This workforce consists of approximately 18% salaried employees, 38% hourly employees and 44% part-time employees. With the seasonal nature of the fourth quarter holiday shopping season in the retail industry, approximately 2,000 additional, flexible, part-time employees join us each year to support our call and distribution centers.

### ***Recruitment and Retention***

Lands' End leverages a multi-prong recruitment approach to source and hire top talent aligned with our corporate priorities. We maintain a strong digital presence to represent our brand and proactively target talent, in addition to a meaningful employee referral bonus program. We have annual talent review processes in place to regularly evaluate and align on high potential talent with development actions that prepare employees for internal promotion and career growth opportunities, including succession planning for management positions.

Lands' End has an open-door philosophy. We regularly conduct anonymous employee opinion surveys to seek feedback from all employment classifications on a variety of topics, including confidence in company leadership, competitiveness of our compensation and benefits package, career growth opportunities and feedback on how we could improve our efforts to be an even greater place to work. Results are shared company wide, along with actions to drive meaningful improvements. Our efforts to retain talent and maintain strong employee engagement have been very effective, as evidenced by 43% of our employee base having a tenure of 10 years or more.

Turnover within our workforce is closely monitored to alert management of potential issues aside from our normal and desired turnover. Our 3-year average global salaried turnover rate is 12%, and the turnover rate for our hourly full-time staff is approximately 10%, which we believe compares favorably in the marketplace. We maintain a strong focus on employee retention through regular and consistent communication, periodic pulse surveys and continued emphasis on employee personal health and safety.

### ***Impact of the COVID-19 Pandemic***

The COVID-19 pandemic had a profound impact on our employees in 2020. Since mid-March 2020, we have operated primarily in a remote work environment for our corporate (non-operational) employees. This has required an increased reliance on technology, in the form of teleconferencing, and driven innovations in the way tasks are accomplished and work gets done. During this period, management had increased its focus and emphasis on communication and cross-functional cooperation to compensate for the loss of informal day-to-day interaction in the office setting.

In response to the COVID-19 pandemic, we took various actions that impacted our employees, including furloughs, temporary pay reductions, temporary suspension of 401(k) Company matching contribution and cancellation of budgeted merit-based salary increases.

We established a task force composed of a cross-functional group of senior management to continually assess the work from home impact. This task force has conducted employee pulse surveys and solicited input on work

models for the future. We believe that when the COVID-19 pandemic ends, some functions will operate in a hybrid model that combines work from home with work from office, as opposed to the traditional “five days a week in the office” model. We are focused on monitoring employee satisfaction, formal and informal employee training and development needs, efficiencies to be gained or lost through a non-traditional work environment, the impact on corporate culture and overall business and financial performance in order to determine the model that best suits the Company, our shareholders and our customer needs.

### ***Diversity and Inclusion***

As we strive to be a great place to work, we have developed and implemented key initiatives around diversity and inclusion. While we believe Lands’ End has always espoused these values in the past, due to the heightened awareness of social issues during the summer of 2020, we determined that we could do more, and a renewed focus and prioritization was in order. We believe our strength in work and life comes from the combination of our unique experiences, backgrounds, and talents. We established a Diversity & Inclusion Council (“D&I Council”) consisting of employees who come from diverse backgrounds, with Lands’ End’s Chief Executive Officer serving as the executive sponsor. The D&I Council oversees programming designed to celebrate diversity and foster awareness of all perspectives. To that end, the D&I Council established training modules, which are required of all employees, and launched a relevant speaker series. The D&I Council maintains a prominent online presence within the Company’s intranet through which it communicates with all employees across a wide range of subjects, including the recognition of important days with various cultures and educational materials in support of building greater awareness and appreciation of our individual stories, experiences and lives.

We have also established Business Resource Groups (“BRGs”) to provide support for our employees. The BRGs are employee-led and consist of individuals with common interests, backgrounds or demographic factors such as gender, race or ethnicity. We currently have five groups: Lands’ End Pride (LGTBQ+), Lands’ End Working Parents, Lands’ End Employees with Disabilities and Allies, Lands’ End Veterans and Lands’ End Multicultural. The groups are open to all employees, including allies who want to be supportive and involved. In establishing the BRGs, we are reinforcing our message of inclusion and hope to further empower our employees to utilize their voice to make Lands’ End welcoming, understanding and stronger.

The Employee Services team has been working to evolve key processes to support more diverse and inclusive hiring practices. We are developing strategies to extend our reach by targeting areas of country and industry groups that have top diverse talent along with aligning with diverse business organizations that are in line with our overall brand strategy. In addition, we are committed to support recruitment free of bias, educating our interview panels and tracking progress to identify areas of improvement.

### ***Compensation and Benefits***

We have demonstrated a history of investing in our workforce by offering competitive salaries and wages and are committed to a total compensation program that is competitive for our type of business and within the markets where we operate. We also aim to pay employees equitably who are performing in similar roles. When making compensation decisions, Lands’ End considers compensation market data primarily focused on apparel retail companies and other related industries. In addition to paying competitive salaries and wages, Lands’ End has various compensation awards and programs in place for all employees based on their position, such as annual incentive plans, equity awards, sales incentive plans, peak incentives and discretionary bonuses based on company performance.

We offer a comprehensive benefit package to all eligible employees. In the U.S. these include the following, among other benefits:

- Comprehensive health insurance coverage that is offered to full-time employees
- Parental leaves provided to all new parents for birth, adoption or foster placement

- Paid caregiver leave allowing employees to take up to 20 days off to care for a seriously ill spouse or child
- Community Giving programs providing employees the opportunity to give back to nonprofit organizations
- Health and wellness programs, exercise classes (including virtual classes during the COVID-19 pandemic), health coaching and wellness incentive programs
- Services designed to help employees balance work and life, including an Employee Assistance Plan, a health advocate service and financial education workshops

Outside of the U.S., we provide competitive benefits which align with market specific needs, including comprehensive health, dental and vision coverage, pension plans, employer-provided life insurance and paid time off benefits such as paid leave, vacation and holidays.

#### ***Training and Development***

Lands' End partners with employees to discover and develop their talents and abilities through various programs. Development opportunities are available throughout the employee lifecycle from internships and onboarding to emerging leaders and executive coaching. Programs cover a variety of topics, including diversity and inclusion, cybersecurity, harassment free workplace, product updates and deployment of new technology. Senior management regularly reviews organizational talent assessments to identify employees who possess the potential for advancement and to identify, recommend and address developmental needs. We are committed to performance management, offering annual reviews, goal setting, 360 feedback and formal coaching support and mentorships for employees.

#### **Corporate Information**

Our principal executive offices are located at 1 Lands' End Lane, Dodgeville, Wisconsin 53595. Our telephone number is (608) 935-9341.

#### **Available Information, Internet Address and Internet Access to Current and Periodic Reports and Other Information**

Our website address is [www.landsend.com](http://www.landsend.com). References to [www.landsend.com](http://www.landsend.com) do not constitute incorporation by reference of the information at [www.landsend.com](http://www.landsend.com), and such information is not part of this Annual Report on Form 10-K. We file our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and all amendments to those reports, as well as proxy and information statements, electronically with the SEC, and they are available on the SEC's web site ([www.sec.gov](http://www.sec.gov)), which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. We also make our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, current reports on Form 8-K and amendments to those reports available through the Investor Relations section of our website, free of charge, as soon as reasonably practicable after we file such material with, or furnish it to, the SEC.

Our Corporate Governance Guidelines, the charters of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee of the Board of Directors, our Related Party Transactions Policy, our Director Compensation Policy, our Code of Conduct, and our Board of Directors Code of Conduct are available at the "Corporate Governance" page in the "Investor Relations" section of [www.landsend.com](http://www.landsend.com).

**Information about our Executive Officers**

The following table sets forth information regarding our executive officers, including their positions.

Name	Position	Age
Jerome Griffith	Chief Executive Officer	63
James Gooch	President and Chief Financial Officer	53
Peter L. Gray	Executive Vice President, Chief Administrative Officer and General Counsel	53
Sarah Rasmusen	Executive Vice President, Chief Customer Officer	48
Chieh Tsai	Executive Vice President, Chief Product Officer	55

*Jerome Griffith* has served as Chief Executive Officer and as a member of the Board of Directors since March 2017. In addition, between March 2017 and March 2021 he was also President. He served as the Chief Executive Officer and President and as a member of the board of directors of Tumi Holdings, Inc., a manufacturer and retailer of consumer goods including business bags, luggage, apparel and other travel-related goods, from April 2009 until its sale to Samsonite International S.A. in August 2016. From 2002 to February 2009, he was employed at Esprit Holdings Limited, a global fashion brand, where he was promoted to Chief Operating Officer and appointed to the board in 2004, then promoted to President of Esprit North and South America in 2006. From 1999 to 2002, he worked as an Executive Vice President at Tommy Hilfiger, a global fashion brand. From 1998 to 1999, he worked as the President of Retail at the J. Peterman Company, a catalog-based apparel and retail company. From 1989 through 1998, he worked in various positions of increasing responsibility at Gap, Inc., a global clothing and accessories retailer. From 2013 to 2020 he served as a member of the board of Parsons School of Design, which is part of the New School. He has served as a member of the board of Vince Holding Corp. since November 2013 and Samsonite International S.A. since August 2016.

*James Gooch* joined the Company as Executive Vice President, Chief Operating Officer and Chief Financial Officer in January 2016 and in March 2021 he was promoted to President and Chief Financial Officer. He also served as our Co-Interim Chief Executive Officer from September 2016 to March 2017. From March 2014 until December 2014, he served as Co-Chief Executive Officer and Chief Administrative Officer of DeMoulas Supermarkets, Inc., a regional supermarket chain. He served as President and Chief Executive Officer of RadioShack Corporation, an electronics retailer, from May 2011 to October 2012, as President and Chief Financial Officer of RadioShack Corporation from January 2011 to May 2011, and as Chief Financial Officer of RadioShack Corporation from August 2006 to January 2011. Earlier in his career he was employed by Helene Curtis, The Quaker Oats Company and Kmart Corporation.

*Peter L. Gray* joined Lands' End as Executive Vice President, Chief Administrative Officer and General Counsel in May 2017. Mr. Gray served as Executive Vice President, General Counsel and Secretary of Tumi Holdings, Inc., a manufacturer and retailer of consumer goods including business bags, luggage, apparel and other travel-related goods, from December 2013 until November 2016. He was employed by ModusLink Global Solutions, Inc. (formerly CMGI, Inc.), a supply chain business process management company from June 1999 to October 2013, most recently as Executive Vice President, Chief Administrative Officer and General Counsel. Earlier in his career, he was a junior partner at Hale and Dorr LLP. He also serves as Chairman of the Board of Directors of the Tufts University Hillel Foundation.

*Sarah Rasmusen* joined Lands' End in November 2019 as the Senior Vice President, U.S. eCommerce becoming Chief Customer Officer in 2020 and promoted to Executive Vice President, Chief Customer Officer in March, 2021. She was previously employed by Lands' End between 2006 and 2010. From January 2012 to October 2018, she was employed by Kohl's Corporation in a variety of capacities, most recently Vice President of Digital Merchandising & Analytics. Between 2010 and 2011, she worked for CUNA Mutual Group, leading their digital eCommerce strategy. Between 1999 and 2006, she worked in a variety of eCommerce leadership positions for Saks,

Inc., Bloomingdale's and Bates Worldwide. Early in her career, she held technology roles with KPMG and Pillsbury Law (formerly known as Winthrop, Stimson, Putnam & Roberts).

Chieh Tsai joined Lands' End in May 2016 and has served as the Executive Vice President, Chief Product Officer since January 2019. From September 2017 to January 2019 she served as Senior Vice President of Design and from May 2016 to August 2017 she served as Vice President of Design. Prior to joining Lands' End, she served in multiple leadership roles with Ann Taylor, Inc. from May 2005 until May 2015, most recently as the Vice President of Design. She served as the Design Director for CK Calvin Klein from March 2004 until May 2005 and as Senior Designer of Nine West from August 2000 until March 2004.

#### **ITEM 1A. RISK FACTORS**

*You should carefully consider the following risks and other information in this Annual Report on Form 10-K in evaluating our company and our common stock. Any of the following risks could materially and adversely affect our business, results of operations or financial condition.*

#### **RISKS RELATED TO MACROECONOMIC RISKS**

***The COVID-19 pandemic has significantly disrupted and will continue to disrupt our business.***

The outbreak of, and local, state and federal governmental responses to, the COVID-19 pandemic have significantly disrupted and will continue to disrupt our business. In the United States and other regions, social distancing restrictions have been enacted.

Our Company Operated stores temporarily closed on March 16, 2020 and reopened during the Second Quarter 2020. From time to time our employees have tested positive for COVID-19 or have come in close contact with individuals with COVID-19. If a significant percentage of our workforce is unable to work, due to COVID-19 illness, quarantine, or other government restrictions in connection with COVID-19, our operations may be negatively impacted, potentially materially adversely affecting our liquidity, financial condition or results of operations. Our vendors, manufacturers and other suppliers could be similarly adversely impacted by the COVID-19 outbreak and sales could be adversely impacted by such supply chain interruptions.

Additionally, an outbreak or perceived outbreak of COVID-19 connected to one or more of our offices, distribution facilities or Company Operated store locations could cause negative publicity directed at our brand and cause customers to avoid our products or Company Operated store locations. We cannot predict how long the COVID-19 pandemic will last, whether it will reoccur, what additional restrictions may be enacted or if individuals will be comfortable visiting our stores while adhering to social distancing protocols. Similarly, we cannot predict the effects the COVID-19 pandemic will have on the apparel or retail industry. All these factors could materially adversely affect our financial performance.

***The impact of economic conditions on consumer discretionary spending and on our business-to-business customers could materially adversely affect our financial performance.***

Apparel purchases are discretionary expenditures that historically have been influenced by domestic and global economic conditions. The outbreak of, and local, state and federal governmental responses to, the COVID-19 pandemic have led to a national and global economic downturn. Consumer discretionary spending has weakened, and some experts are predicting that it will continue to weaken. Reduced discretionary spending could influence our sales which could have a material impact on our financial performance.

Global and domestic conditions, including as a result of the COVID-19 pandemic, that have an effect on consumer discretionary spending include but may not be limited to: unemployment, general and industry-specific inflation, consumer confidence, consumer purchasing and saving habits, credit conditions, stock market performance, home values, population growth, household incomes and tax policies. Material changes to governmental policies related to domestic and international fiscal concerns, and/or changes in central bank policies with respect to monetary policy also could affect consumer discretionary spending. Any of these additional factors

affecting consumer discretionary spending may further influence our customers' purchasing preferences, potentially having a further material impact on our financial performance.

In addition, over 50% of our national accounts business-to-business sales, made by Outfitters, are to travel-related companies. These customers' businesses have been adversely impacted by the COVID-19 pandemic, and therefore, caused a dramatic decrease in uniform sales to this sector. Should these travel-related companies continue to be adversely impacted, our sales to them would be affected. Similarly, our small and mid-size business customers' businesses have been adversely impacted, resulting in a decrease in sales to those organizations. The timing of the recovery of our small to mid-size business customers will impact our sales to those organizations. Finally, with the closure of schools and remote learning during the COVID-19 pandemic, our sales of school uniforms have been reduced. Should schools continue to operate remotely, school uniform sales would continue to be adversely impacted.

***Our business and results of operations could be negatively impacted by natural disasters, extreme weather conditions, public health or political crises or other catastrophic events.***

Our third-party vendors are located throughout the world including in locations subject to natural disasters or extreme weather conditions, as well as other potential catastrophic events, such as public health emergencies, including COVID-19, terrorist attacks, political or military conflict. The occurrence of any of these events could disrupt our operations and negatively impact sales of our products.

***Unseasonal or severe weather conditions may adversely affect our merchandise sales.***

Our business is adversely affected by unseasonal weather conditions. Sales of our spring and summer products, which traditionally consist of lighter clothing and swimwear, are adversely affected by cool or wet weather. Similarly, sales of our fall and winter products, which are traditionally weighted toward outerwear, are adversely affected by mild, dry or warm weather. In addition, severe weather events typically lead to temporarily reduced traffic at Company Operated store locations which could lead to reduced sales of our merchandise. Severe weather events may impact our ability to supply our Company Operated stores, deliver orders to customers in a timely manner and adequately staff our Company Operated stores and distribution centers, which could have an adverse effect on our business and results of operations.

## **RISKS RELATED TO MICROECONOMIC CONDITIONS**

***Our business is seasonal in nature and any decrease in our sales or margins could have an adverse effect on our business and results of operations.***

Our business is seasonal, with the highest levels of sales occurring during the fourth quarter of our fiscal year. Our sales and margins during the fourth quarter may fluctuate based upon factors such as the timing of holiday seasons, promotions, level of markdowns, competitive factors, weather and general economic conditions. Any decrease in sales or margins, whether as a result of increased promotional activity or because of economic conditions, poor weather or other factors, could have an adverse effect on our business and results of operations. In addition, seasonal fluctuations also affect our inventory levels since we usually order merchandise in advance of peak selling periods. We generally carry a significant amount of inventory, especially before the fourth quarter peak selling periods. If we are not successful in selling inventory during these periods, we may have to sell the inventory at significantly reduced prices, which could adversely affect our business and results of operations. Furthermore, with the seasonal nature of our business, over 2,000 flexible part-time employees join us each year to support our varying peak seasons, including the fourth quarter holiday shopping season. An inability to attract qualified seasonal personnel could interrupt our sales during this period.

***Increases in postage, paper and printing costs could adversely affect the costs of producing and distributing our catalog and promotional mailings which could have an adverse effect on our business and results of operations.***

Catalog mailings are an important aspect of our marketing efforts. Increases in costs relating to postage, paper and printing would increase the cost of our catalog mailings and could reduce our profitability to the extent that we

are unable to offset such increases by raising prices, by implementing more efficient printing, mailing, delivery and order fulfillment systems or by using alternative direct-mail formats.

We currently use the national mail carriers for distribution of substantially all our catalogs and an increasing quantity of our outbound customer deliveries. Therefore, we are vulnerable to postal rate increases. The current economic and legislative environments may lead to further rate increases or a discontinuation of the discounts for bulk mailings and sorting by zip code and carrier routes which the Company currently leverages for cost savings.

Paper for catalogs and promotional mailings is a vital resource in the success of our business. The market price for paper has fluctuated significantly in the past and may continue to fluctuate in the future. In addition, future pricing and supply availability of catalog paper may be impacted by the continued consolidation or closings of production facilities in the United States. We do not have multi-year fixed-price contracts for the supply of paper and are not guaranteed access to, or reasonable prices for, the amounts required for the operation of our business over the long term.

We also depend upon external vendors to print and mail our catalogs. Partially due to the consolidation of printing companies, there is a limited number of printers that can handle such needs which subjects us to risks if any printer fails to perform as required.

***Our approach to merchandise promotions and markdowns to encourage consumer purchases could adversely affect our gross margins and results of operations.***

The apparel industry is dominated by large brands and national/mass retailers, where price competition, promotion, and branded product assortment drive differentiation between competitors in the industry. In order to be competitive, we must offer customers compelling products at attractive prices. In recent periods, the use of promotions and markdowns, as appropriate, is a strategy we have employed to offer attractive prices. Heavy reliance on promotions and markdowns to encourage customers to purchase our merchandise, could have a negative impact on our brand equity, gross margins and results of operations.

***Our leverage may place us at a competitive disadvantage in our industry. The agreements governing our debt contain various covenants that impose restrictions on us that may affect our ability to operate our business.***

We have significant debt service obligations. Our debt and debt service requirements could adversely affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities. Our level of debt presents the following risks, among others:

- we could be required to use a substantial portion of our cash flow from operations to pay principal (including amortization) and interest on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, strategic acquisitions and other general corporate requirements;
- our substantial leverage could increase our vulnerability to economic downturns and adverse competitive and industry conditions and could place us at a competitive disadvantage compared to those of our competitors that are less leveraged;
- our interest expense could increase if prevailing interest rates increase, because a substantial portion of our debt bears interest at variable rates;
- our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business, our industry and changing market conditions and could limit our ability to pursue other business opportunities, borrow more money for operations or capital in the future and implement our business strategies;
- our level of debt may restrict us from raising additional financing on satisfactory terms to fund working capital, capital expenditures, strategic acquisitions and other general corporate requirements;
- the agreements governing our debt contain covenants that limit our ability to pay dividends or make other restricted payments and investments;



- the agreements governing our debt contain operating covenants that limit our ability to engage in activities that may be in our best interests in the long term, including, without limitation, by restricting our subsidiaries' ability to incur debt, create liens, enter into transactions with affiliates or prepay certain kinds of indebtedness;
- the agreements governing our debt contain certain financial covenants, including a quarterly maximum total leverage ratio test, a weekly minimum liquidity test and an annual maximum capital expenditure amount (the "financial covenants"); and
- the failure to comply with the operating and financial covenants could result in an event of default which, if not cured or waived, could result in the acceleration of the applicable debt or may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies, and in the event our creditors accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that debt and the lenders could proceed against the collateral granted to them to secure such indebtedness. Our ability to meet these covenants can be affected by events beyond our control, and we cannot assure that we will meet them.

***We may need additional financing in the future for our general corporate purposes or growth strategies and anticipate the need to refinance our long term debt and such financing may not be available on favorable terms, or at all, and may be dilutive to existing stockholders.***

We may need to seek additional financing for our general corporate purposes or growth strategies. In addition, we anticipate the need to refinance some, or all, of the ABL Facility that matures in November 2022. We may be unable to obtain any desired additional financing or refinance the ABL Facility on terms favorable to us, or at all, depending on market and other conditions. The ability to raise additional financing depends on numerous factors that are outside of our control, including general economic and market conditions, the health of financial institutions, our credit ratings and lenders' assessments of our prospects and the prospects of the retail industry in general, all of which may be impacted by the COVID-19 pandemic. The lenders, under any credit facilities or loan agreements we may execute, may not be able to meet their commitments if they experience shortages of capital and liquidity. If we raise additional funds by issuing debt, we may be subject to limitations on our operations due to restrictive covenants. If adequate funds are not available on acceptable terms, we may be unable to fund our expansion, successfully develop or enhance our products, or respond to competitive pressures, any of which could negatively affect our business. If we are not able to fulfill our liquidity needs through operating cash flows and/or borrowings under credit facilities or otherwise in the capital markets, our business and financial condition would be adversely affected.

***We could incur charges due to impairment of goodwill, other intangible assets and long-lived assets.***

As of January 29, 2021, we had goodwill and intangible asset balances totaling \$363.7 million, which are subject to testing for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. Our intangible assets consist of a trade name of \$257.0 million and goodwill of \$106.7 million. Any event that impacts our reputation could result in impairment charges for our trade name. Long-lived assets, primarily property and equipment, are also subject to testing for impairment if events or changes in circumstances indicate that the asset might be impaired. A significant amount of judgment is involved in our impairment assessment. If actual results fall short of our estimates and assumptions used in estimating revenue growth, future cash flows and asset fair values, we could incur further impairment charges for intangible assets, goodwill or long-lived assets, which could have an adverse effect on our results of operations.

#### **RISKS RELATED TO BRAND AND BRAND EXECUTION**

***If customer preference for our branded merchandise and services changes or we cannot compete effectively in the apparel industry, our business and results of operations may be adversely affected.***

Our products and services must satisfy the desires of customers, whose preferences change over time. Sales of branded merchandise account for substantially all our total revenues and the Lands' End brand is a critical differentiating factor for our business. Our inability to develop products that resonate with our existing customers and attract new customers, our inability to maintain our strict quality standards or to develop, produce and deliver

innovative products in a timely manner, or any unfavorable publicity with respect to the foregoing or otherwise could negatively impact the image of our brand with our customers and could result in diminished loyalty to our brand. As customer preferences change, our failure to anticipate, identify and react in a timely manner to emerging trends and appropriately provide attractive high-quality products that maintain or enhance the appeal of our brand through our websites, catalogs and Company Operated stores could have an adverse effect on our sales, operating margins and results of operations.

The apparel industry is highly competitive. We compete with a diverse group of direct-to-consumer companies and retailers, including national department store chains, women's and men's specialty apparel chains, apparel catalog businesses, sportswear marketers and online apparel businesses that sell similar lines of merchandise. Brand image, marketing, design, price, service, quality, image presentation and fulfillment are all competitive factors. Our competitors may be able to adopt more aggressive pricing policies, adapt to changes in customer preferences or requirements more quickly, devote greater resources to the design, sourcing, distribution, marketing and sale of their products, or generate greater national brand recognition than we can. An inability to overcome these potential competitive disadvantages or effectively market our products relative to our competitors could have an adverse effect on our business and results of operations. Similarly, our inability to market and sell our products in foreign jurisdictions could have an adverse effect on our business and results of operations.

***The success of our business depends on our overall marketing strategies for digital marketing and direct mail catalogs and customers' use of our digital platform, including our eCommerce websites.***

The success of our business depends on customers' use of our eCommerce websites and their response to our digital marketing and direct mail catalogs. The level of customer traffic and volume of customer purchases on our eCommerce websites is substantially dependent on our ability to provide attractive and accessible websites, maintain a robust customer list, provide a high-quality customer experience and reliable delivery of our merchandise. If we are unable to maintain and increase customer traffic to our eCommerce websites and the volume of goods they purchase, including, as a result of changes to the level and types of marketing or amount of spend allocated to each type of marketing, or through our failure to otherwise successfully promote and maintain our eCommerce websites and their associated services, our revenue and results of operations could be adversely affected.

The Company has been increasing its investment in digital marketing and optimizing its catalog productivity. Digital marketing costs now exceed direct mail catalog costs and this shift in marketing strategy could have a negative impact if customers that previously relied on the direct mail catalog do not respond as favorably through the digital marketing channel.

Any future privacy rules or other regulations could adversely impact our business to the extent we need to limit or change our digital marketing efforts.

***If we are unable to protect or preserve the image of our brands, our reputation and our intellectual property rights, our business may be adversely affected.***

We regard our copyrights, service marks, trademarks, trade dress, trade secrets and similar intellectual property as critical to our success. As such, we rely on trademark and copyright law, trade secret protection and confidentiality agreements with our associates, consultants, vendors and others to protect our proprietary rights. Nevertheless, the steps we take to protect our proprietary rights may be inadequate and we may have trouble in effectively limiting unauthorized use of our trademarks and other intellectual property worldwide. Unauthorized use of our trademarks, copyrights, trade secrets or other proprietary rights may cause significant damage to our brands and our ability to effectively represent ourselves to agents, suppliers, vendors, licensees and/or customers.

Additionally, our efforts to pursue licensing and wholesaling activities with third parties increases risk of brand damage. If third parties do not adhere to our standards or if we fail to maintain the image of our brands due to merchandise and service quality issues, adverse publicity, governmental investigations or litigation, or other reasons, our brands and reputation could be damaged, and our business may be adversely affected.

Third parties may sue us for alleged infringement of their proprietary rights. The party claiming infringement might have greater resources than we do to pursue its claims, and we could be forced to incur substantial costs and devote significant management resources to defend against such litigation. If the party claiming infringement were to prevail, we could be forced to discontinue the use of the related trademark or design, pay significant damages, or enter into expensive royalty or licensing arrangements with the prevailing party, assuming these royalty or licensing arrangements are economically feasible, which they may not be.

***We rely on third parties to provide us with services in connection with certain aspects of our business, and any failure by these third parties to perform their obligations could have an adverse effect on our business and results of operations.***

We have entered into agreements with third parties for logistics services, information technology systems (including website hosting), credit card processing, onshore and offshore software development and support, catalog production, distribution and packaging and employee benefits. Services provided by any of our third-party suppliers could be interrupted as a result of many factors, such as acts of nature or contract disputes. Any failure by a third party to provide us with contracted-for services on a timely basis or within service level expectations and performance standards could result in a disruption of our business and have an adverse effect on our business and results of operations.

***Our Company Operated stores may not be successful and as a result our business and results of operations could be adversely affected.***

Our Company Operated stores are dependent on our ability to operate all locations effectively and attract customers with a compelling assortment. Our Company Operated store operations include managing the store and recruiting and hiring store management and associates. In addition, we are required to implement retail-specific marketing plans, and enhance inventory management skills specific to retail, such as those related to allocation and replenishment of product. If customers are not receptive of our store locations and concept, customer traffic, projected store sales and profitability may suffer.

## **RISKS RELATED TO SUPPLY CHAIN AND GLOBAL OPERATIONS**

***If we fail to timely and effectively obtain shipments of products from our vendors and deliver merchandise to our customers our business and operating results could be adversely affected.***

We do not own or operate any manufacturing facilities and therefore depend upon independent third-party vendors for the manufacture of our merchandise. We cannot control all of the various factors that might affect timely and effective procurement of supplies of product from our vendors. The products that we purchase must be shipped to our distribution centers in Wisconsin, the United Kingdom and Japan. While our reliance on a limited number of distribution centers provides certain efficiencies, it also makes us more vulnerable to unforeseen causes that could delay or impair our ability to fulfill customer orders and/or ship merchandise to our Company Operated stores. Our ability to mitigate the adverse impacts of these events depends in part upon the effectiveness of our disaster preparedness and response planning, as well as business continuity planning. Our utilization of imports also makes us vulnerable to risks associated with products manufactured abroad, including, among other things, risks of damage, destruction or confiscation of products while in transit to a distribution center, organized labor strikes and work stoppages, transportation and other delays in shipments, heightened security screening and inspection processes or other port-of-entry limitations or restrictions in the United States, the United Kingdom (including as a result of Brexit), the Netherlands and Japan, unexpected or significant port congestion, lack of freight availability and freight cost increases.

We rely upon third-party land-based and air freight carriers for merchandise shipments from our distribution centers to customers. Accordingly, we are subject to the risks, including labor disputes, union organizing activity, inclement weather and increased transportation costs, associated with such carriers' ability to provide delivery services to meet outbound shipping needs. As a result of shifting consumer behavior due to the COVID-19 pandemic, certain freight carriers are deemphasizing historical, large commercial customers in favor of higher

margin individual customers. The changing mix of our outbound freight carriers may result in higher costs and customer delays. In addition, if the cost of fuel rises or surcharges increase, the cost to deliver merchandise from distribution centers to customers may rise, and, although some of these costs are paid by our customers, such costs could have an adverse impact on our profitability. Any increase in shipping costs and surcharges may have an adverse effect on our profitability and future financial performance.

***Fluctuations and increases in the cost, availability, and quality of raw materials as well as fluctuations in other production and distribution related costs could adversely affect our business and results of operations.***

Our products are manufactured using several key raw materials, including wool, cotton and down, which are subject to fluctuations in price and availability and many of which are produced in emerging markets in Asia and Central America. The prices of these raw materials can be volatile due to the demand for fabrics, weather conditions, supply conditions, government regulations, general economic conditions, crop yields and other unpredictable factors. Such factors may be exacerbated by legislation and regulations associated with global climate change. The prices of these raw materials may also fluctuate based on a number of other factors beyond our control, including commodity prices such as prices for oil, changes in supply and demand, labor costs, competition, import duties, tariffs, anti-dumping duties, currency exchange rates and government regulation. These fluctuations in cost, availability and quality of raw materials used to manufacture our merchandise may result in an increase in our costs to purchase products from our vendors and could have an adverse effect on our cost of goods.

***If we do not accurately forecast our inventory needs, efficiently manage inventory levels and have proper controls to protect our inventory, our results of operations could be adversely affected.***

We must maintain sufficient inventory levels to operate our business successfully, but we must also avoid accumulating excess inventory, which increases working capital needs and could lower gross margins. Sufficient inventory levels are maintained by our ability to accurately forecast the product needs for each channel, our ability to accurately report our inventory levels and our ability to protect those assets.

If we do not accurately anticipate the future customer demand for a particular product, be able to report the current inventory level for a particular product, protect the physical inventory or project the time it will take to obtain new inventory, inventory levels will not be appropriate, and our results of operations could be adversely affected.

We obtain substantially all our inventory from vendors located outside the United States. Some of these vendors require lengthy advance notice of order requirements in order to be able to supply products in the quantities requested. This usually requires us to order merchandise and enter into commitments for the purchase of such merchandise well in advance of the time these products will be offered for sale, which makes responding to changing markets challenging.

Our own websites, third party suppliers and third-party marketplaces rely on our ability to report accurate inventories by style, color and size to support customer orders. This includes the ability to exchange accurate inventory information with third parties, whether that represents our inventory on their website or represents their inventory on our website.

We store high volumes of inventory and are subject to the attendant risks of inventory loss, spoilage, shrink, scrap and theft (which we collectively refer to as "shrinkage"). Although some level of inventory shrinkage is an unavoidable cost of doing business, if we were to experience higher rates of inventory shrinkage, be unable to accurately record inventory transactions or incur increased security costs to combat inventory theft, it could have a material adverse effect on our business.

***Deterioration of relationships with our vendors and/or the failure of our new merchandise sourcing initiatives could have an adverse effect on our competitive position and operational results.***

We have long standing relationships with the vendors that supply a significant portion of our merchandise, but do not operate under long-term agreements. Therefore, our success relies on maintaining good relations with these

vendors. Our growth strategy depends to a significant extent on the willingness and ability of our vendors to efficiently supply merchandise that is consistent with our standards for quality and value. In the event we engage new vendors, it may cause us to encounter delays in production and added costs as a result of the time it takes to guide and educate our vendors in producing our products and adhering to our standards. If we cannot obtain a sufficient amount and variety of quality product at acceptable prices it could have a negative impact on our competitive position. This could result in lower revenues and decreased customer interest in our product offerings, which, in turn, could adversely affect our business and results of operations.

Our arrangements with our vendors are generally not exclusive. As a result, our vendors might be able to sell similar or identical products to our competitors, some of which purchase products in significantly greater volume. Our competitors may enter into arrangements with suppliers that could impair our ability to sell those suppliers' products, including by requiring suppliers to enter into exclusive arrangements, which could limit our access to such arrangements or products.

Our merchandising sourcing strategies increase the efficiency and responsiveness of our supply chain and include both vendor rationalization and vendor productivity. In the event these strategies are unsuccessful our business could be adversely affected.

Our reputation and customers' willingness to purchase our products depend in part on our vendors' compliance with ethical employment practices, such as with respect to child labor, wages and benefits, forced labor, discrimination, freedom of association, unlawful inducements, safe and healthy working conditions, and with all legal and regulatory requirements relating to the conduct of their business and safety standards of materials. While we operate compliance and monitoring programs to promote ethical and lawful business practices and verify compliance with safety standards, we do not exercise ultimate control over our independent vendors or their business practices and cannot guarantee their compliance with ethical and lawful business practices and safety standards. Violation of ethical, labor, safety, or other standards by vendors, or the divergence of a vendor's labor practices from those generally accepted as ethical in the United States could hurt our reputation or materially impact our ability to import products manufactured by these vendors or from the regions in which they operate, which could have an adverse effect on our business and results of operations.

***We conduct business in and rely on sources for merchandise located in foreign markets and our business may therefore be adversely affected by legal, regulatory, economic and political risks associated with international trade in those markets.***

The majority of our merchandise is manufactured in Asia and South America, depending on the nature of the product mix. These products are either imported directly by us or indirectly by distributors who, in turn, sell products to us. Any increase in the cost of merchandise purchased from these vendors or restrictions on the merchandise made available by these vendors could have an adverse effect on our business and results of operations.

We also sell our products globally. Our reliance on vendors in foreign markets and the marketing of products to customers in foreign markets creates risks inherent in doing business in foreign jurisdictions, including:

- the burdens of complying with a variety of foreign laws and regulations, including trade and labor restrictions;
- economic and political instability in the countries and regions where our customers or vendors are located;
- adverse fluctuations in currency exchange rates;
- compliance with United States and other country laws relating to foreign operations, including the Foreign Corrupt Practices Act, and the U.K. Bribery Act;
- changes in United States and non-United States laws affecting the importation and taxation of goods, including duties, tariffs and quotas, enhanced security measures at United States ports, or imposition of new legislation relating to import quotas;

- increases in shipping, labor, fuel, travel and other transportation costs;
- the imposition of anti-dumping or countervailing duty proceedings resulting in the potential assessment of special anti-dumping or countervailing duties;
- transportation delays and interruptions, including those due to the failure of vendors or distributors to comply with import regulations;
- political instability and acts of terrorism; and
- changes in tariffs in the United States that may have an impact on the trading status of certain countries and may include retaliatory duties or other trade sanctions.

Any inability on our part to rely on our foreign sources of production due to any of the factors listed above could have an adverse effect on our business, results of operations and financial condition.

***The United Kingdom's exit from the European Union will continue to have uncertain effects and could adversely impact our business, results of operations and financial condition.***

The United Kingdom withdrew from the European Union effective January 31, 2020 and concluded a trade agreement with the European Union days before the December 31, 2020 end of the transition period. Given the shortness of time, there remains considerable uncertainty around the impact of new, post-Brexit regulations, volatility in the securities markets and in currency exchange rates. As new regulations are developed and the implementation of such matures, we could incur additional costs and customs duties fulfilling orders in Europe which could adversely affect our business.

***Our efforts to expand our channels and geographic reach may not be successful.***

Our strategy includes initiatives to further our reach in the United States and in several countries throughout the world, through various channels and brands, including through relationships with third party eCommerce marketplaces. We have limited experience operating in many of these locations and with third parties and face major, established competitors. We may also experience barriers to entry. We may seek additional business partners or licensees to assist us in these efforts, however we may not be successful in establishing such relationships. Moreover, consumer tastes and trends may differ in many of these locations from those in our existing locations, and as a result, the sales of our products may not be successful or profitable. If our expansion efforts are not successful or do not deliver an appropriate return on our investments, our business could be adversely affected.

#### **RISKS RELATED TO INFORMATION TECHNOLOGY, CYBERSECURITY AND DATA PRIVACY**

***If we do not maintain our current information technology systems or fail to effectively implement new information technology systems, it could result in significant disruptions to our operations.***

We rely upon sophisticated systems to operate our business including web sites, point of sale, telecommunications, email, inventory management, warehouse management, and financial and human resources. Some of these systems are based on end-of-life or legacy technology, operate with minimal or no vendor support and are otherwise difficult to maintain. Our systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, catastrophic events such as fires, tornadoes and hurricanes, and usage errors by our employees or vendors. Operating legacy systems subjects us to inherent costs and risks associated with maintaining, upgrading and replacing these systems. We must recruit and retain sufficiently skilled personnel to maintain and operate the systems and demands on management time along with other risks and costs. Our eCommerce websites are subject to numerous risks associated with selling merchandise, including unanticipated operating problems, reliance on third-party computer hardware and software providers and system failures.

Our strategic initiatives include implementing new information technology systems, support, and infrastructure enhancements to provide improved capabilities to better serve our customers and accommodate future growth. Implementation of these systems is highly dependent on coordination of numerous software, hardware and cloud-based system providers and internal business teams. Additionally, the deployment of new technology systems,

may require substantial investments in our infrastructure and network. As we deploy, update and make enhancements, we must, among other things, continue to update internal controls and operational processes as implementation progresses, recruit and train qualified personnel to assist with change management, and conduct, manage and control routine business functions.

We plan to start the planning and implementation of a multi-year project for a new warehouse management system in Fiscal 2021. Implementation of a warehouse management system is highly dependent on coordination of numerous software and system providers and internal business teams. The interdependence of these systems is a significant risk to the successful completion and the failure could have a material adverse effect on our overall information technology infrastructure. The first phase of this project will be focused on labor savings and package consolidation while optimizing our third party carrier rates. We expect this implementation to drive operational efficiencies and working capital improvements. We may experience difficulties as we transition to the new warehouse management system, including inability to receive product from vendors, inability to ship or delayed shipments to customers, decreases in productivity as our personnel and third-party providers implement and become familiar with the new warehouse management system, loss or corruption of data and increased costs and lost revenues.

Any difficulties encountered in completing these activities, as well as problems in technical resources, system performance or system adequacy, including loss or corruption of data, could delay implementation and deployment of new technologies, delayed shipments, decreases in productivity. Failure to successfully deploy new technologies, enhancements of the infrastructure in a cost-effective manner, and in a manner that satisfies consumers' expectations, could have an adverse impact on our capital resources, financial condition, results of operations or cash flows.

***If we do not adequately protect against cyber security threats or maintain the security of customer, employee or company information, we could experience significant business interruption, damage to our reputation, incur substantial additional costs, and become subject to litigation.***

Our information technology systems are potentially vulnerable to malicious intrusion and targeted or random cyber-attacks. Although we have invested in the protection and monitoring of our information technology network, proprietary and customer data and systems, there can be no assurance that these efforts will prevent breaches in our information technology systems that could adversely affect our business.

The regulatory environment related to information security and privacy is increasingly rigorous, with new and rapidly changing requirements applicable to our business. We could be held liable to our customers or other parties or be subject to regulatory or other actions for breaching privacy and information security laws and regulations, and our business and reputation could be adversely affected by any resulting loss of customer confidence, litigation, civil or criminal penalties or adverse publicity.

Any significant compromise or breach of customer, employee or company data security, could significantly damage our reputation and result in additional costs, lost sales, fines and lawsuits. There is no guarantee that the procedures that the Company or our third-party providers have implemented to protect against unauthorized access to secured data are adequate to safeguard against all data security breaches.

#### **RISKS RELATED TO MAJORITY OWNERSHIP**

***ESL, whose interests may be different from the interests of other stockholders, may be able to exert substantial influence over our company.***

According to an amendment to Schedule 13D filed with the SEC on March 3, 2021, ESL beneficially owned 55.0% of our outstanding shares of common stock as of March 1, 2021. Accordingly, ESL could have substantial influence over many, if not all, actions to be taken or approved by our stockholders, including in the election of directors and any transactions involving a change of control. The interests of ESL, which has investments in other

companies (including Sears Holdings and Transform Holdco), may from time to time diverge from the interests of our other stockholders.

***Our common stock price may decline if ESL decides to sell a portion of its holdings of our common stock.***

ESL is not subject to any contractual obligation to maintain its ownership position in us. Consequently, we cannot assure you that ESL will maintain its ownership interest in us. Any sale by ESL of our common stock, or any announcement by ESL that it has decided to sell shares of our common stock, could have an adverse impact on the price of our common stock.

***Potential liabilities may arise related to the Separation, which could have an adverse effect on our financial condition and our results of operations.***

The Official Committee of Unsecured Creditors of Sears Holdings Corporation has filed a lawsuit against ESL, former Sears directors and others alleging that several transactions, including the Separation, can be avoided as fraudulent transfers, and attacking the Separation and the decision to undertake the Separation on other similar theories of liability. If a court were to determine that the Separation was voidable, in whole or in part, then subject to various defenses, the court might require ESL or other recipients of value received in connection with the Separation (potentially including our stockholders as recipients of shares of our common stock in connection with the Separation), to return some or all of the property received, or enter judgment against the recipient in the amount of the some or all of the value received. If any of the agreements we entered into with Sears as part of the Separation (or payments we received thereunder) are challenged and avoided, subject to various defenses, the court might require us to return some or all of the property received, or enter judgment against us in the amount of some or all of the value received, under or in connection with those agreements.

**GENERAL RISKS**

***Failure to retain our executive management team and to attract qualified new personnel could adversely affect our business and results of operations.***

We depend on the talents and continued efforts of our executive management team. The loss of members of our executive management may disrupt our business and adversely affect our results of operations. Furthermore, our ability to manage further expansion will require us to continue to train, motivate and manage employees and to attract, motivate and retain additional qualified personnel. Competition for these types of personnel is intense, and we may not be successful in attracting, assimilating and retaining the personnel required to grow and operate our business profitably.

***Other factors may have an adverse effect on our business, results of operations and financial condition.***

Many other factors may affect our profitability and financial condition, including:

- changes in laws and regulations and changes in their interpretation or application, including changes in accounting standards, taxation rates and requirements, product marketing application standards and environmental laws;
- differences between the fair value measurement of assets and liabilities and their actual value, particularly for intangibles and goodwill; and for contingent liabilities such as litigation, the absence of a recorded amount, or an amount recorded at the minimum, compared to the actual amount;
- changes in the rate of inflation, interest rates and the performance of investments held by us;
- changes in the creditworthiness of counterparties that transact business with or provide services to us;
- changes in business, economic and political conditions, including war, political instability, terrorist attacks, the threat of future terrorist activity and related military action; natural disasters; the cost and availability of insurance due to any of the foregoing events; labor disputes, strikes, slow-downs or other forms of labor or union activity; and pressure from third-party interest groups; and



- the Company is self-insured for employee medical claims and workers' compensation claims. If there were negative claim experiences and higher than normal large claims this could have a significant effect on the Company's profitability.

***Our share price may be volatile.***

The market price of our common stock may fluctuate significantly due to several factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- changes in earnings estimated by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- changes to the regulatory and legal environment under which we operate; and
- domestic and worldwide economic conditions.

Further, when the market price of a company's common stock drops significantly, stockholders often initiate securities class action lawsuits against the company. A lawsuit against the Company could cause us to incur substantial costs and could divert the time and attention of our senior management and other resources.

***Your percentage ownership in Lands' End may be diluted in the future.***

In the future, your percentage ownership in Lands' End may be diluted because of equity issuances for acquisitions, strategic investments, capital market transactions or otherwise, including equity awards that we may grant to our directors, officers and employees.

***Exposure to periodic litigation and other regulatory proceedings, including with respect to product liability claims. These proceedings may be affected by changes in laws and government regulations or changes in their enforcement.***

From time to time, we may be involved in lawsuits and regulatory actions relating to our business or products we sell or have sold. These proceedings may be in jurisdictions with reputations for aggressive application of laws and procedures against corporate defendants. We are impacted by trends in litigation, including class-action allegations brought under various consumer protection and employment laws, including wage and hour laws, privacy laws, and laws relating to eCommerce. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have an adverse effect on our business and results of operations.

***Potential assessments for additional state taxes, which could adversely affect our business.***

In accordance with current law, we pay, collect and/or remit taxes for Federal, State and local and foreign jurisdictions where we are required by law. While we believe that we have appropriately remitted all taxes based on our interpretation of applicable law, tax laws are complex, and their application differs by taxing jurisdiction.

An increasing number of taxing jurisdictions may attempt to assess additional taxes and penalties on us or assert an error in our calculation. These include new obligations to collect sales, consumption, value added, or other taxes on online marketplaces and remote sellers, or other requirements that may result in liability for third party obligations. A change in the application of law, or an interpretation of the law that differs from our own may, if successful, adversely affect our business and results of operations.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

## **ITEM 2. PROPERTIES**

### **Facilities and Store Locations**

We own or lease domestic and international properties used as offices, customer sales/service centers, distribution centers and Company Operated stores. We believe that our existing facilities are well maintained and are sufficient to meet our current needs. We review all leases set to expire in the short term to determine the appropriate action to take with respect to them, including moving or closing Company Operated stores or entering into new leases.

#### ***Domestic Headquarters, Customer Service and Distribution Properties***

The headquarters for our business is located on an approximately 200 acre campus in Dodgeville, Wisconsin. The Dodgeville campus includes approximately 1.7 million square feet of building space between multiple different buildings that are all owned by the Company. The primary functions of these buildings are customer sales/service, distribution center and corporate headquarters. We also own customer sales/service and distribution centers in Reedsburg and Stevens Point, Wisconsin.

#### ***International Offices, Customer Service and Distribution Properties***

We own a distribution center and customer sales/service center in Oakham, United Kingdom that supports our northern European business. We lease two buildings in Mettlach, Germany for customer sales/service center supporting our central European business. We lease office space in Shin Yokohama, Japan for a customer sales/service center as well as general administrative offices and a distribution center in Fujieda, Japan. We also lease office space for an international sourcing office in Kwun Tong, Hong Kong.

#### ***Lands' End Retail Properties***

As of January 29, 2021, our U.S. retail footprint consists of 31 Company Operated stores. The U.S. Company Operated stores average approximately 7,300 square feet. Additionally, we have one smaller school uniform showroom that is used for fittings.

## **ITEM 3. LEGAL PROCEEDINGS**

See Part II, Item 8, *Financial Statements and Supplementary Data and Notes to Consolidated Financial Statements*, Note 10, *Commitments and Contingencies*, for additional information regarding legal proceedings.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

PART II

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

**Market Information**

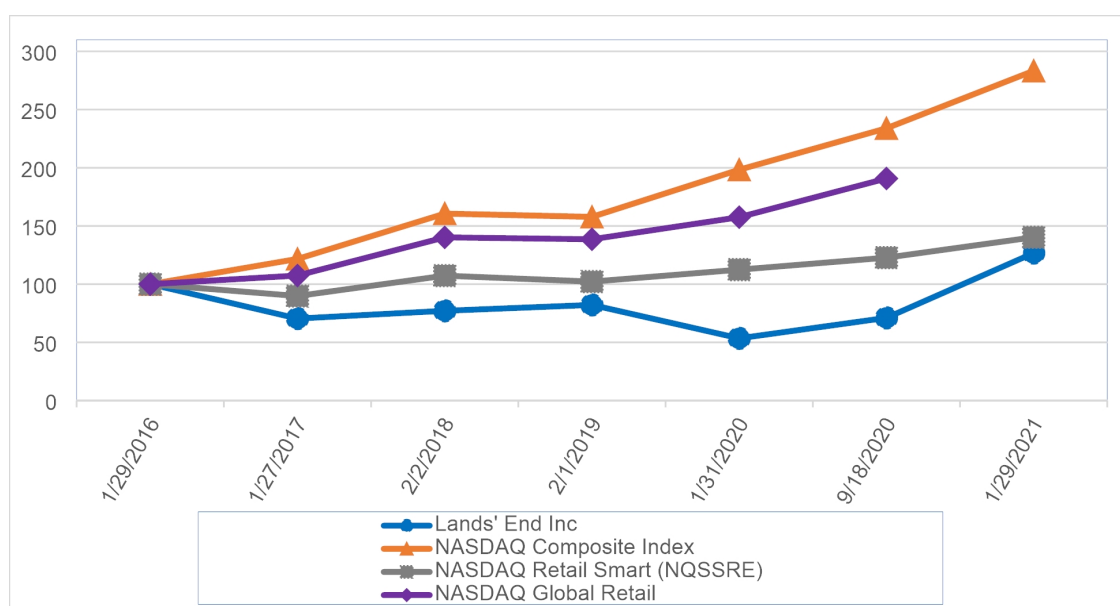
Lands' End's common stock is traded on the NASDAQ Stock Market under the ticker symbol LE. There were 6,916 stockholders of record as of March 23, 2021.

**Stock Performance Graph**

The following graph compares the cumulative total return to stockholders on Lands' End common stock from January 29, 2016 through January 29, 2021, with the return on the NASDAQ Composite Index and the NASDAQ Retail Smart Index (NQSSRE) for the same period.

On September 18, 2020 the NASDAQ Global Retail Index was terminated. The cumulative total shareholder return as of September 18, 2020 (the last day information was made available by NASDAQ Global Retail Index) was \$191. In accordance with SEC rules, the most recent available information for the NASDAQ Global Retail Index is presented below, in addition to the NASDAQ Retail Smart Index which we have selected to replace the NASDAQ Global Retail Index for our Stock Performance Graph.

The graph assumes an initial investment of \$100 on January 29, 2016 in each of our common stock, the NASDAQ Composite Index and the NASDAQ Retail Smart Index.



	<u>1/29/2016</u>	<u>1/27/2017</u>	<u>2/2/2018</u>	<u>2/1/2019</u>	<u>1/31/2020</u>	<u>9/18/2020</u>	<u>1/29/2021</u>
Lands' End, Inc.	\$ 100	\$ 70	\$ 77	\$ 82	\$ 53	\$ 71	\$ 127
NASDAQ Composite Index	\$ 100	\$ 122	\$ 161	\$ 158	\$ 198	\$ 234	\$ 283
NASDAQ Retail Smart Index	\$ 100	\$ 90	\$ 107	\$ 102	\$ 112	\$ 123	\$ 140
NASDAQ Global Retail Index	\$ 100	\$ 107	\$ 140	\$ 139	\$ 158	\$ 191	

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act or incorporated by reference into any of our filings, as amended, with the SEC, except as shall be expressly set forth by specific reference in such filing.

**Dividends**

Since the Separation we have not paid and we do not expect to pay in the foreseeable future, dividends on our common stock. Any payment of dividends will be at the discretion of our board of directors and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, any contractual restrictions with respect to payment of dividends, restrictions imposed by applicable law, general business conditions and other factors that our board of directors may deem relevant. Additionally, the Debt Facilities contain various representations and warranties and restrictive covenants that, among other things, and subject to specified exceptions, restrict the ability of Lands' End and its subsidiaries to make dividends or distributions with respect to capital stock.

**ITEM 6. SELECTED FINANCIAL DATA**

Not applicable.

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

*You should read the following discussion in conjunction with the Consolidated Financial Statements and accompanying notes included elsewhere in this Annual Report on Form 10-K. Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. See "Cautionary Statements Concerning Forward-Looking Statements" below and Item 1A, Risk Factors, in this Annual Report on Form 10-K for a discussion of the uncertainties, risks and assumptions associated with these statements.*

*This section discusses our results of operations for the year ended January 29, 2021 as compared to the year ended January 31, 2020. For a discussion and analysis of the year ended January 31, 2020 compared to February 1, 2019, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 of our Annual Report on Form 10-K for the year ended January 31, 2020, filed with the SEC on March 23, 2020.*

*As used in this Annual Report on Form 10-K, references to the "Company", "Lands' End", "we", "us", "our" and similar terms refer to Lands' End, Inc. and its subsidiaries. Our fiscal year ends on the Friday preceding the Saturday closest to January 31.*

### Executive Overview

#### **Description of the Company**

Lands' End, Inc. is a leading uni-channel retailer of casual clothing, accessories, footwear and home products. Operating out of America's heartland, we believe our vision and values make a strong connection with our core customers. We offer products online at [www.landsend.com](http://www.landsend.com), on third-party online marketplaces and through our own Company Operated store locations and third-party retail stores. We are a classic American lifestyle brand with a passion for quality, legendary service and real value. We seek to deliver timeless style for women, men, kids and the home.

Lands' End was founded in 1963 by Gary Comer and his partners to sell sailboat hardware and equipment by catalog. While our product focus has shifted significantly over the years, we have continued to adhere to our founder's motto as one of our guiding principles: "Take care of the customer, take care of the employee and the rest will take care of itself."

Lands' End seeks to provide a common customer experience regardless of whether our customers are interacting with us on our company websites, third-party marketplaces, at Company Operated stores or other points of distribution.

We have one external reportable segment and identify our operating segments according to how our business activities are managed and evaluated. Our operating segments consist of: U.S. eCommerce, Outfitters, Europe eCommerce, Japan eCommerce, Third Party, and Retail. We have determined that each of our operating segments share similar economic and other qualitative characteristics, and therefore, the results of our operating segments are aggregated into one external reportable segment.

#### **Product Channels**

Lands' End identifies five separate distribution channels for revenue reporting purposes:

U.S. eCommerce offers products through the Company's eCommerce website utilizing digital marketing and direct mail catalogs.

International offers products primarily to consumers located in Europe and Japan through eCommerce international websites, and third-party affiliates.

Outfitters sells products to end consumers, located primarily in the U.S., through negotiated arrangements to make specific styles or customized products available to employees and members of client organizations, as well as through the Company's eCommerce websites.

Third Party sells the same products as U.S. eCommerce but to domestic wholesale customers or direct to consumers through third-party marketplaces and websites.

Retail sells products and services through Company Operated stores.

### ***Impact of the COVID-19 Pandemic***

A novel strain of coronavirus ("COVID-19") surfaced in late 2019 and in March 2020, the World Health Organization declared COVID-19 a pandemic.

#### *Health and Safety of Employees and Consumers*

From the beginning of the COVID-19 pandemic, the Company's priority has been the safety of employees and customers. On March 16, 2020, the Company temporarily closed its 26 U.S. Company Operated stores. These Company Operated stores reopened during Second Quarter 2020. Additionally, the Company opened four new Company Operated stores in Second Quarter 2020 and one new Company Operated store in Third Quarter 2020. These new Company Operated stores were already planned and construction underway prior to the start of the COVID-19 pandemic. In response to the COVID-19 pandemic, the Company has implemented extra precautions in its Company Operated stores, offices and distribution centers. These precautions were developed in line with guidance from global, federal and state health authorities, including work from home policies, social distancing, thermal scanning and partitions in all facilities.

#### *Customer Demand*

The eCommerce channel experienced a decline in customer demand in First Quarter 2020, which rebounded in Second Quarter 2020 and continued to be strong the remainder of the year. Consequently, Fiscal 2020 eCommerce revenue increased compared to prior year. Fiscal 2020 revenue in the Outfitters and Retail channels was lower than in Fiscal 2019 due to the reduction in customer demand caused by the COVID-19 pandemic. Retail revenue also declined due to lengthy store closures. The ultimate timing and impact of customer demand levels will depend on the duration and scope of the COVID-19 pandemic, overall economic conditions and consumer preferences.

#### *Supply Chain*

The Company has not experienced significant supply chain disruptions related to the COVID-19 pandemic. The Company continues to place a priority on business continuity and contingency planning. The Company may experience disruptions in the supply chain as the COVID-19 pandemic continues, though the Company cannot reasonably estimate the potential impact or timing of those events, and the Company may not be able to mitigate such impact.

#### *Expense Reduction*

Beginning in First Quarter 2020, the Company took the following actions to reduce overall expenses as a response to decreased customer demand due to the COVID-19 pandemic:

- Temporarily reduced base salaries, including a reduction of 50% in the base salary of its Chief Executive Officer, 20% reductions in the base salaries of the Company's other senior management members and scaled salary reductions throughout the Company. All salaries were reinstated during Third Quarter 2020.
- Furloughed approximately 70% of corporate employees from March 28, 2020 to April 13, 2020. As work demand increased, the remaining workforce returned to work on an as needed basis with all furloughs ending by mid-Second Quarter 2020. When the Company Operated stores temporarily closed nearly 100% of Company Operated store employees were furloughed until reopening.

- Fiscal 2020 merit increases were eliminated.
- The Board of Directors compensation was temporarily reduced. This compensation was reinstated in Third Quarter 2020.
- The Company's 401(k) matching contribution was suspended from April 16, 2020 until January 30, 2021.
- Other discretionary operating expenses were significantly reduced.

In response to the COVID-19 pandemic, the Company's planned capital expenditures for Fiscal 2020 were significantly reduced.

#### *Goodwill and Indefinite-Lived Intangible Asset*

The Company considered the COVID-19 pandemic to be a triggering event in First Quarter 2020 for its Outfitters and Japan eCommerce reporting units and therefore completed an interim test for impairment of goodwill for these reporting units as of May 1, 2020. This testing resulted in no impairment of the Company's Outfitters reporting unit and full impairment of the \$3.3 million of goodwill allocated to the Company's Japan eCommerce reporting unit recorded in the First Quarter 2020. There were no triggering events or impairment charges for any reporting unit in the remainder of Fiscal 2020.

#### **Corporate Restructuring**

The Company reduced approximately 10% of corporate positions during the Second Quarter 2020. The Company incurred total severance costs of approximately \$2.9 million related to the reduction of corporate positions which was recorded in Other operating expense (income), net in the Consolidated Statements of Operations. As of January 29, 2021, approximately \$0.2 million of the severance costs had yet to be paid. In Fiscal 2019, the Company closed five school uniform showrooms.

#### **Basis of Presentation**

The Consolidated Financial Statements have been prepared in accordance with GAAP and include the accounts of Lands' End, Inc. and its subsidiaries. All intercompany transactions and balances have been eliminated.

#### **Related party**

Following the Separation, we began operating as a separate, publicly traded company, independent from Sears Holdings. At the time of the Separation, ESL beneficially owned significant portions of both the Company's and Sears Holdings' outstanding shares of common stock and therefore, Sears Holdings, the Company's former parent company, was considered a related party both prior to and after the Separation. On February 11, 2019, Transform Holdco acquired from Sears Holdings substantially all of the go-forward retail footprint and other assets and component businesses of Sears Holdings as a going concern. We believe that ESL holds a significant portion of the membership interests of Transform Holdco and therefore consider that entity to be a related party as well.

#### **Seasonality**

We experience seasonal fluctuations in our net revenue and operating results and historically have realized a significant portion of our net revenue and earnings for the year during our fourth fiscal quarter. We generated 37.7% and 37.9% of our net revenue in the fourth fiscal quarter of Fiscal 2020 and Fiscal 2019 respectively. Thus, lower than expected fourth quarter net revenue could have an adverse impact on our annual operating results.

Working capital requirements typically increase during the second and third quarters of the fiscal year as inventory builds to support peak shipping/selling periods and typically decrease during the fourth quarter of the fiscal year as inventory is shipped/sold. Cash provided by operating activities is typically higher in the fourth quarter of the fiscal year due to reduced working capital requirements during that period.

**Results of Operations**

*Fiscal Year.* Our fiscal year end is on the Friday preceding the Saturday closest to January 31 each year. The fiscal periods in this report are presented as follows, unless the context otherwise requires:

Fiscal Year	Ended	Weeks
2020	January 29, 2021	52
2019	January 31, 2020	52

The following tables sets forth, for the periods indicated, selected income statement data:

<i>(in thousands)</i>	Fiscal 2020		Fiscal 2019	
	\$'s	% of Net Revenue	\$'s	% of Net Revenue
Net revenue	\$ 1,427,448	100.0%	\$ 1,450,201	100.0%
Cost of sales (excluding depreciation and amortization)	821,595	57.6%	828,309	57.1%
Gross profit	605,853	42.4%	621,892	42.9%
Selling and administrative	518,897	36.4%	543,962	37.5%
Depreciation and amortization	37,343	2.6%	31,136	2.1%
Other operating expense, net	8,471	0.6%	1,357	0.1%
Operating income	41,142	2.9%	45,437	3.1%
Interest expense	27,754	1.9%	25,987	1.8%
Other expense (income), net	796	0.1%	(1,912)	(0.1)%
Income before income taxes	12,592	0.9%	21,362	1.5%
Income tax expense	1,756	0.1%	2,072	0.1%
Net income	\$ 10,836	0.8%	\$ 19,290	1.3%

Depreciation and amortization are not included in our cost of sales because we are a reseller of inventory and do not believe that including depreciation and amortization is meaningful. As a result, gross profit may not be comparable to other entities that include depreciation and amortization related to the sale of their product in their gross profit measure.

**Net Income and Adjusted EBITDA**

We recorded Net income of \$10.8 million and \$19.3 million for Fiscal 2020 and Fiscal 2019, respectively. In addition to our Net income determined in accordance with GAAP, for purposes of evaluating operating performance, we use an Adjusted EBITDA measurement. Adjusted EBITDA is computed as Net income appearing on the Consolidated Statements of Operations net of Income tax expense, Interest expense, Depreciation and amortization and certain significant items set forth below. We use Adjusted EBITDA to evaluate the operating performance of our business for comparable periods and as the basis for an executive compensation metric. The methods we use to calculate our non-GAAP financial measures may differ significantly from methods other companies use to compute similar measures. As a result, any non-GAAP financial measures presented herein may not be comparable to similar measures provided by other companies. Adjusted EBITDA should not be used by investors or other third parties as the sole basis for formulating investment decisions as it excludes a number of important cash and non-cash recurring items.

While Adjusted EBITDA is a non-GAAP measurement, management believes that it is an important indicator of operating performance, and useful to investors, because:

- EBITDA excludes the effects of financings, investing activities and tax structure by eliminating the effects of interest, depreciation and income tax.
- Other significant items, while periodically affecting our results, may vary significantly from period to period and have a disproportionate effect in a given period, which affects comparability of results. We



have adjusted our results for these items to make our results more comparable and therefore more useful to investors as the items are not representative of our ongoing operations.

- Corporate restructuring – Severance costs associated with the reduction in corporate positions in Fiscal 2020 and closure of five school uniform showrooms in Fiscal 2019.
- Goodwill and long-lived asset impairment – charges associated with the non-cash write-down of goodwill and certain long-lived assets in Fiscal 2020 and Fiscal 2019.
- Gain or loss on disposal of property and equipment - management considers the gains or losses on asset valuation to result from investing decisions rather than ongoing operations in Fiscal 2020 and Fiscal 2019.

<i>(in thousands)</i>	Fiscal 2020		Fiscal 2019	
	\$'s	% of Net Revenue	\$'s	% of Net Revenue
Net income	\$ 10,836	0.8%	\$ 19,290	1.3%
Income tax expense	1,756	0.1%	2,072	0.1%
Other expense (income), net	796	0.1%	(1,912)	(0.1)%
Interest expense	27,754	1.9%	25,987	1.8%
Operating income	41,142	2.9%	45,437	3.1%
Depreciation and amortization	37,343	2.6%	31,136	2.1%
Other operating expense	383	0.0%	—	—%
Corporate restructuring	2,941	0.2%	258	0.0%
Goodwill and long-lived asset impairment	3,844	0.3%	1,365	0.1%
Loss (gain) on disposal of property and equipment	1,303	0.1%	(266)	(0.0)%
Adjusted EBITDA	\$ 86,956	6.1%	\$ 77,930	5.4%

## Discussion and Analysis

### Fiscal 2020 Compared to Fiscal 2019

#### Net revenue

Total Net revenue for Fiscal 2020 was \$1.43 billion, a decrease of \$22.8 million or 1.6% from Fiscal 2019. U.S. eCommerce and International saw increased demand as customers reacted positively to the continued enhancements in our seasonal product assortments and digital capabilities, along with an increase in Third Party revenues with the launch of our product with Kohl's. However, this was more than offset by the decrease across our entire Outfitters and Retail channels due to decreased customer demand related to the COVID-19 pandemic.

Net revenue is presented by product channel in the following table:

<i>(in thousands)</i>	Fiscal 2020	% of Revenue	Fiscal 2019	% of Revenue
U.S. eCommerce	\$ 961,911	67.4%	\$ 910,088	62.8%
International	222,878	15.6%	181,087	12.5%
Outfitters	174,260	12.2%	285,807	19.7%
Third Party	39,945	2.8%	13,654	0.9%
Retail	28,454	2.0%	59,565	4.1%
Total Net revenue	\$ 1,427,448		\$ 1,450,201	

U.S. eCommerce Net revenue was \$961.9 million in Fiscal 2020, an increase of \$51.8 million or 5.7% from \$910.1 million during the same period of the prior year. The increase in U.S. eCommerce was largely attributable to an increase in online shopping as customers reacted positively to the continued enhancements in our seasonal

product assortments and digital capabilities, which drove a year over year increase in our new customers acquired and overall customer file.

International Net revenue was \$222.9 million in Fiscal 2020, an increase of \$41.8 million or 23.1% from \$181.1 million during the same period of the prior year. The increase in International was largely attributable to an increase in online shopping as customers reacted positively to the U.S. eCommerce digital capabilities leveraged globally and the continued enhancements in our seasonal product assortments, which drove a year over year increase in new customers acquired and overall customer file.

Outfitters Net revenue was \$174.3 million in Fiscal 2020, a decrease of 39.0% from \$285.8 million during the same period of the prior year. Excluding the approximately \$36 million net impact from the American Airlines launch, net revenue would have decreased 30.7%. The remaining decrease in Outfitters was largely attributable to the impact of the COVID-19 pandemic due to the decrease in travel that impacted the national account clients, as over 50% of these sales are to travel-related companies. Additionally, reduced customer demand from our small and medium sized businesses and temporary closures of schools impacted the Outfitters product channel.

Net revenue in Third Party was \$39.9 million in Fiscal 2020, an increase of \$26.3 million or 192.6% from \$13.7 million during the same period of the prior year. The increase was primarily attributed to the launch of Lands' End product on Kohls.com and at 150 Kohl's retail locations. Due to the early success with Kohl's, the Company plans to expand to 300 Kohl's retail locations by the end of Fiscal 2021.

Net revenue in Retail was \$28.5 million in Fiscal 2020, a decrease of \$31.1 million or 52.2% from \$59.6 million during the same period of the prior year. Approximately \$21.3 million of the decrease was attributed to the closure of all Lands' End Shops at Sears in Fiscal 2019 and the remaining attributable to the temporary closures of our retail stores and lower traffic since reopening due to the COVID-19 pandemic. On January 29, 2021 there were 31 U.S. Company Operated stores compared to 25 U.S. Company Operated stores on January 31, 2020.

### ***Gross Profit***

In Fiscal 2020, total gross profit decreased 2.6% to \$605.9 million compared with \$621.9 million for Fiscal 2019. Gross margin decreased 50 basis points to 42.4% of total Net revenue in Fiscal 2020 from 42.9% of total Net revenue in Fiscal 2019 due to increased shipping costs and surcharges partially offset by improved promotional strategies and continued use of analytics.

### ***Selling and Administrative Expenses***

Selling and administrative expenses were \$518.9 million, or 36.4% of total Net revenue in Fiscal 2020 compared with \$544.0 million, or 37.5% of total Net revenue in Fiscal 2019. The approximately 110 basis points decrease was primarily due to strong controls to manage non-essential operating expenses and structural costs in response to the initial uncertainty surrounding the COVID-19 pandemic partially offset by increases in digital marketing.

### ***Depreciation and Amortization***

Depreciation and amortization were \$37.3 million in Fiscal 2020, an increase of \$6.2 million or 19.9%, compared with \$31.1 million in Fiscal 2019. The increase in depreciation and amortization was primarily attributable to the depreciation associated with our Enterprise Order Management system implementation, continued investment in our digital infrastructure and an increased number of Company Operated stores.

### ***Other Operating Expense, Net***

Other operating expense, net was \$8.5 million in Fiscal 2020 compared to \$1.4 million in Fiscal 2019. The increase of \$7.1 million was primarily related to the \$3.3 million impairment charge of goodwill allocated to the

Company's Japan eCommerce reporting unit and \$2.9 million of severance costs paid as part of the restructuring of corporate positions.

### ***Operating Income***

Operating income was \$41.1 million in Fiscal 2020, compared with \$45.4 million in Fiscal 2019. The decrease of \$4.3 million was primarily due to the reduction in gross profit, increased depreciation and certain other operating expenses, partially offset by reductions in overall selling and administrative expenses.

### ***Interest Expense***

Interest expense was \$27.8 million in Fiscal 2020, compared with \$26.0 million in Fiscal 2019. The increase of \$1.8 million in interest expense was driven by higher interest rates associated with the Current Term Loan Facility.

### ***Other Expense (Income)***

Other expense was \$0.8 million in Fiscal 2020 compared to Other income of \$1.9 million in Fiscal 2019. The increase in Other expense was attributed to less interest income and the final payment to an affiliate of Transform Holdco associated with the transitioning of a sourcing office.

### ***Income Tax Expense***

Income tax expense of \$1.8 million was recorded for Fiscal 2020 which resulted in an effective tax rate of 13.9%. This compared to income tax expense of \$2.1 million in Fiscal 2019 which resulted in an effective tax rate of 9.7%. The Fiscal 2020 tax rate reflected a \$3.1 million benefit as a result of the CARES Act. The Fiscal 2019 tax rate reflected a \$3.4 million benefit related to the Company's election to treat certain foreign entities as a U.S. Branch.

### ***Net Income***

As a result of the above factors, Net Income was \$10.8 million, or \$0.33 per diluted share in Fiscal 2020 compared to \$19.3 million, or \$0.60 per diluted share in Fiscal 2019.

### ***Adjusted EBITDA***

As a result of the above factors, Adjusted EBITDA increased 11.6% to \$87.0 million in Fiscal 2020, compared to Adjusted EBITDA of \$77.9 million in Fiscal 2019.

## **Liquidity and Capital Resources**

Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures, debt service and for general corporate purposes. Our cash and cash equivalents and the ABL Facility serve as sources of liquidity for short-term working capital needs and general corporate purposes. The revolving ABL Facility had a balance outstanding of \$25 million at January 29, 2021, other than for letters of credit. Cash generated from our net revenue and profitability, and somewhat to a lesser extent our changes in working capital, are driven by the seasonality of our business, with a significant amount of net revenue and operating cash flows generally occurring in the fourth fiscal quarter of each year. We expect that our cash on hand and cash flows from operations, along with borrowings on the ABL Facility, will be adequate to meet our capital requirements and operational needs for at least the next 12 months.

## **Description of Material Indebtedness**

### **Debt Arrangements**

In Fiscal 2020, the Company exercised the “accordion” feature under the ABL Facility increasing the maximum borrowings available under the facility from \$175 million to \$275 million, subject to a borrowing base (the “Loan Cap”). This was completed in two transactions. The first was a \$25 million increase effective March 19, 2020, and the second a \$75 million increase effective September 9, 2020. The latter was completed through the Second Amendment to the ABL Facility executed on August 12, 2020. The revolving ABL Facility has a letter of credit sublimit of \$70.0 million and matures on November 16, 2022, subject to customary extension provisions provided for therein, and is available for working capital and other general corporate liquidity needs. The balance outstanding on January 29, 2021, was \$25 million. There was no balance outstanding as of January 31, 2020. The balance of outstanding letters of credit was \$27.1 million and \$23.3 million on January 29, 2021, and January 31, 2020, respectively.

On September 9, 2020, the Company entered into the Current Term Loan Facility which provides a term loan facility of \$275 million, the proceeds of which were used, along with borrowings of \$125 million under the Company’s revolving ABL Facility, to repay all the indebtedness under the Former Term Loan Facility and pay fees and expenses in connection with the financing. Origination costs, including an Original Issue Discount (OID) of 3% and \$5.0 million in debt origination fees were paid upon entering into the Current Term Loan Facility.

### **Maturity; Amortization and Prepayments**

The Current Term Loan Facility matures on September 9, 2025 and will amortize at a rate equal to 1.25% per quarter. It is subject to mandatory prepayments in an amount equal to a percentage of the borrower’s excess cash flows in each fiscal year, ranging from 0% to 75% depending on the Company’s total leverage ratio, and with the proceeds of certain asset sales, casualty events and extraordinary receipts. The loan may not be voluntarily prepaid during the first two years of its term, without significant penalties. A prepayment premium is applicable to voluntary prepayments and certain mandatory prepayments made prior to the fourth anniversary of the closing date of the Current Term Loan Facility.

### **Guarantees; Security**

All obligations under the Debt Facilities are unconditionally guaranteed by the Company and, subject to certain exceptions, each of its existing and future direct and indirect subsidiaries. The ABL Facility is secured by a first priority security interest in certain working capital of the borrowers and guarantors consisting primarily of accounts receivable and inventory. The Current Term Loan Facility is secured by a second priority security interest in the same collateral, with certain exceptions.

The Current Term Loan Facility is secured by a first priority security interest in certain property and assets of the borrowers and guarantors, including certain fixed assets such as real estate, stock of the subsidiaries and intellectual property, in each case, subject to certain exceptions. The ABL Facility is secured by a second priority interest in the same collateral, with certain exceptions.

The Former Term Loan Facility, which was replaced by the Current Term Loan Facility on September 9, 2020, had the same priority security interest in the same collateral, with certain exceptions.

### **Interest; Fees**

The interest rates per annum applicable to the loans under the Current Term Loan Facility are based on a fluctuating rate of interest measured by reference to, at the borrower’s election, either (1) and adjusted LIBOR (with a minimum rate of 1%) plus 9.75% or (2) an alternative base rate (which is the greater of (i) the prime rate published in the Wall Street Journal, (ii) the federal funds rate, which shall be no lower than 0% plus ½ of 1%, and (iii) the one month LIBOR rate plus 1% per annum) plus 8.75%.

The borrowing margin under the ABL Facility is subject to adjustment based on the average daily total loans outstanding under the ABL Facility for the preceding fiscal quarter. For LIBOR loans, the interest rate is LIBOR (subject to an interest rate floor of 0.75%) plus a borrowing margin which is, where the average daily total loans outstanding for the previous quarter are (i) less than \$50.0 million, 1.75%, (ii) equal to or greater than \$50.0 million but less than \$100.0 million, 2.00%, (iii) equal to or greater than \$100.0 million but less than \$200.0 million, 2.25%, and (iv) greater than \$200.0 million, 3.50%. For Base Rate loans, the borrowing margin is, where the average daily total loans outstanding for the previous quarter are (i) less than \$50.0 million for the previous quarter, 1.00%, (ii) equal to or greater than \$50.0 million but less than \$100.0 million, 1.25%, (iii) equal to or greater than \$100.0 million but less than \$200.0 million, 1.50%, and (iv) greater than \$200.0 million, 2.75%.

The ABL Facility includes (i) commitment fees which range from 0.25% to 0.375% based upon the average daily unused commitment (aggregate commitment less loans and letters of credit outstanding) under the ABL Facility for the preceding fiscal quarter and (ii) customary letter of credit fees.

Customary agency fees are payable in respect of the Debt Facilities.

#### *Representations and Warranties; Covenants*

Subject to specified exceptions, the Debt Facilities contain various representations and warranties and restrictive covenants that, among other things, restrict the ability of the Company and its subsidiaries ability to incur indebtedness (including guarantees), grant liens, make investments, make dividends or distributions with respect to capital stock, make prepayments on other indebtedness, engage in mergers or change the nature of their business.

The Current Term Loan Facility contains certain financial covenants, including a quarterly maximum total leverage ratio test, a weekly minimum liquidity test and an annual maximum capital expenditure amount.

If excess availability under the ABL Facility falls below the greater of 10% of the Loan Cap amount or \$15.0 million, the Company will be required to comply with a minimum fixed charge coverage ratio of 1.0 to 1.0. The ABL Facility also has a cash maintenance provision, which applies a limit of \$75 million on the amount of cash and cash equivalents (subject to certain exceptions) that the Company may hold when outstanding loans under the ABL Facility are equal to or exceed \$125 million.

The Debt Facilities contain certain affirmative covenants, including reporting requirements such as delivery of financial statements, certificates and notices of certain events, maintaining insurance and providing additional guarantees and collateral in certain circumstances.

As of January 29, 2021, the Company was in compliance with all covenants related to the Debt Facilities.

#### *Events of Default*

The Debt Facilities include customary events of default including non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations or warranties, cross defaults related to certain other material indebtedness, bankruptcy and insolvency events, invalidity or impairment of guarantees or security interests and material judgments and change of control.

#### ***Cash Flows from Operating Activities***

Operating activities generated net cash of \$91.6 million and \$27.3 million in Fiscal 2020 and Fiscal 2019, respectively. Our primary source of operating cash flows is the sale of merchandise goods and services to customers, while the primary use of cash in operations is the purchase of merchandise inventories.

In Fiscal 2020, net cash provided by operating activities increased \$64.3 million compared to Fiscal 2019 primarily due to a reduction in accounts receivable balances related to the timing of the American Airlines launch in Fiscal 2019, higher deferred revenue and the timing of expense accruals.

**Cash Flows from Investing Activities**

Net cash used in investing activities was \$30.1 million and \$38.0 million for Fiscal 2020 and Fiscal 2019, respectively. Cash used in investing activities for all periods was primarily used in investing in information technology infrastructure, Company Operated stores and property and equipment.

For Fiscal 2021, we plan to invest approximately \$26 million in capital expenditures for strategic investments and infrastructure, primarily in technology and general corporate needs.

**Cash Flows from Financing Activities**

Net cash used in financing activities was \$103.1 million and \$105.9 million for Fiscal 2020 and Fiscal 2019, respectively. The financing activities in Fiscal 2020 resulted in the Current Term Loan Facility which was approximately \$100 million less than the Former Term Loan Facility. The financing activities in Fiscal 2019 consisted primarily of a \$100 million voluntary prepayment of the Former Term Loan Facility.

**Contractual Obligations and Off-Balance-Sheet Arrangements**

We have no material off-balance-sheet arrangements other than the guarantees and contractual obligations that are discussed below.

Information concerning our obligations and commitments to make future payments under contracts such as lease agreements, and other contingent commitments, as of January 29, 2021, is aggregated in the following table:

<i>(in thousands)</i>	<b>Payments Due by Period</b>				
	<b>Total</b>	<b>1 Year or less</b>	<b>2-3 Years</b>	<b>3-4 Years</b>	<b>After 5 years</b>
Operating leases (1)	\$ 57,970	\$ 10,458	\$ 16,112	\$ 12,064	\$ 19,336
Principal payments on long-term debt	296,563	13,750	52,500	230,313	—
Interest on long-term debt and ABL Facility fees	142,339	32,312	58,845	51,182	—
Purchase obligations	262,179	262,179	—	—	—
<b>Total contractual obligations (2)</b>	<b>\$ 759,051</b>	<b>\$ 318,699</b>	<b>\$ 127,457</b>	<b>\$ 293,559</b>	<b>\$ 19,336</b>

(1) Operating lease obligations consist primarily of future minimum lease commitments related to the Company's operating leases (refer to Note 4, *Leases*, of the Consolidated Financial Statements for further details).

(2) Purchase obligations primarily represent open purchase orders for inventory.

**Financial Instruments with Off-Balance-Sheet Risk**

In Fiscal 2020, the Company exercised the "accordion" feature under the ABL Facility increasing the maximum borrowings available under the facility from \$175 million to \$275 million, subject to a borrowing base. This was completed in two transactions. The first was a \$25 million increase effective March 19, 2020, and the second a \$75 million increase effective September 9, 2020. The latter was completed through the Second Amendment to the ABL Facility executed on August 12, 2020. The ABL Facility has a letter of credit sublimit of \$70.0 million and matures on November 16, 2022, subject to customary extension provisions provided for therein. The revolving ABL Facility is available for working capital and other general corporate liquidity needs. The balance outstanding on January 29, 2021, was \$25 million. There was no balance outstanding as of January 31, 2020. The balance of outstanding letters of credit was \$27.1 million and \$23.3 million on January 29, 2021, and January 31, 2020, respectively.

**Application of Critical Accounting Policies and Estimates**

Our Consolidated Financial Statements have been prepared in accordance with GAAP, which requires management to make estimates and judgments that affect amounts reported in the Consolidated Financial Statements

and accompanying notes. While our estimates and assumptions are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from our estimates and assumptions. Our estimation processes contain uncertainties because they require management to make assumptions and apply judgment to make these estimates. Should actual results be different than our estimates, we could be exposed to gains or losses from differences that may be material.

For a summary of our significant accounting policies, please refer to Note 2, *Summary of Significant Accounting Policies*, of our Consolidated Financial Statements. We believe the accounting policies discussed below represent the accounting policies we apply that are the most critical to understanding our Consolidated Financial Statements.

### ***Inventory Valuation***

Our inventories consist of merchandise purchased for resale and are recorded at the lower of cost or market. The nature of our business requires that we make a significant amount of our merchandising decisions and corresponding inventory purchase commitments with vendors several months in advance of the time in which a particular merchandise item is intended to be included in the merchandise offerings. These decisions and commitments are based upon, among other possible considerations, historical sales with identical or similar merchandise, our understanding of then-prevailing trends and influences, and an assessment of likely economic conditions and various competitive factors.

For financial reporting and tax purposes, the Company's United States inventory, primarily merchandise held for sale, is stated at last-in, first-out ("LIFO") cost, which is adjusted to the lower of cost or market. The Company accounts for its non-United States inventory on the first-in, first-out ("FIFO") method. The United States inventory accounted for using the LIFO method as of percentage of the total inventory was 87% at January 29, 2021 and 90% at January 31, 2020.

The Company continually makes assessments as to whether the carrying cost of inventory exceeds its market value and, if so, by what dollar amount. Excess inventories may be disposed of through our normal course of business. Based on historical results experienced through various methods of disposition, the Company will write down the carrying value of inventories that are not expected to be sold at or above cost. The excess and obsolete reserve balances were \$22.8 million and \$11.0 million as of January 29, 2021, and January 31, 2020, respectively. The \$11.8 million increase in the excess and obsolescence reserve is primarily due to the Company's limited ability throughout the COVID-19 pandemic to sell through returned embroidered, hemmed or damaged product compared to prior years. For the inventory marked down to net realizable value, a one percentage point increase in our assumed recovery rates at January 29, 2021, would have had an immaterial impact on our Consolidated Financial Statements.

### ***Goodwill and Trade Name Impairment Assessments***

Goodwill and the trade name indefinite-lived intangible asset are tested separately for impairment annually, during the fourth quarter, or are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Frequently our impairment loss calculations contain multiple uncertainties because the calculation requires management to make assumptions and to apply judgment to estimate future cash flows and asset fair values, including forecasting cash flows under different scenarios. We perform goodwill and indefinite-lived intangible asset impairment tests on an annual basis and update these annual impairment tests mid-year if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit or indefinite-lived intangible asset below its carrying amount. If actual results fall short of our estimates and assumptions used in estimating future cash flows and asset fair values, we may be exposed to future impairment losses that could be material.

### *Goodwill impairment assessments*

The Company tests goodwill for impairment using a one-step quantitative test. The quantitative test compares the reporting unit's fair value to its carrying value. An impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of goodwill. The Company estimates fair value of its reporting units using a discounted cash flow model, commonly referred to as the income approach. The income approach uses a reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions appropriate to the Company's reporting unit. The discounted cash flow model uses projections based on management's best estimates of economic and market conditions over the projected period using the best information available, including growth rates in revenues, costs and estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, weighted average cost of capital and changes in future working capital requirements.

In response to the COVID-19 pandemic, during First Quarter 2020 the Company tested its Outfitters and Japan eCommerce reporting units for goodwill impairment. The testing resulted in no impairment of the Outfitters reporting unit and full impairment of the \$3.3 million of goodwill allocated to the Company's Japan eCommerce reporting unit. The Company completed its Fiscal 2020 annual goodwill impairment analysis during the fourth fiscal quarter and determined that the fair value of the U.S. eCommerce and Outfitters reporting units exceeded their carrying values by 61.7% and 108.8%, respectively. In Fiscal 2019, the fair value of the reporting units exceeded their carrying values and as such, the Company did not record a goodwill impairment charge.

Goodwill impairment charges may be recognized in future periods to the extent changes in factors or circumstances occur, including deterioration in the macroeconomic environment, retail industry or in the equity markets, deterioration in our performance or our future projections, or changes in our plans for the reporting unit.

### *Indefinite-lived intangible asset impairment assessments*

The Company's indefinite-lived intangible asset is the Lands' End trade name. The Company reviews the trade name for impairment on an annual basis during our fourth fiscal quarter or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The fair value of the trade name indefinite-lived intangible asset is estimated using the relief-from-royalty valuation method. The relief from royalty method of the income approach was most appropriate for analyzing the Company's indefinite-lived asset. This method is based on the assumption that, in lieu of ownership, a firm would be willing to pay a royalty in order to exploit the related benefits of this asset class. The relief from royalty method involves two steps: (1) estimation of reasonable royalty rates for the assets and (2) the application of these royalty rates to a forecasted net revenue stream and discounting the resulting cash flows to determine a present value. The Company multiplied the selected royalty rate by the forecasted net revenue stream to calculate the cost savings (relief from royalty payment) associated with the asset. The cash flows are then discounted to present value using the selected discount rate and compared to the carrying value of the asset.

In Fiscal 2020 the Company performed the annual testing of the indefinite-lived intangible asset, the Lands' End trade name. The fair value exceeded the carrying value by 61.2% and as such, no trade name impairment charges were recorded in Fiscal 2020. The fair value of the Lands' End trade name exceeded its carrying value by 19.1% in Fiscal 2019 and as such, no trade name impairment charges were recorded.

See Note 2, *Summary of Significant Accounting Policies*, and Note 8, *Goodwill and Indefinite-Lived Intangible Assets*, of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K for more information about these assets and the related impairment charges.



### ***Revenue Recognition***

While revenue recognition for the Company does not involve significant judgment, it represents an important accounting policy. For sales shipped from our distribution centers, we recognize revenue and the related cost of goods sold at the time the products are expected to be received by the customers. For sales transacted at stores, revenue is recognized when the customer receives and pays for the merchandise at the register. We record an allowance for estimated returns based on our historical return patterns and various other assumptions that management believes to be reasonable.

We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to calculate our sales return allowance. However, if the actual rate of sales returns increases significantly, our operating results could be adversely affected. We have not made any material changes in the accounting methodology used to estimate future sales returns in the past three fiscal years.

### ***Provision for Income taxes***

We record a valuation allowance against our deferred tax assets when it is more likely than not that some portion or all of such deferred tax assets will not be realized. In determining the need for a valuation allowance, management is required to make assumptions and to apply judgment, including forecasting future income, taxable income and the mix of income or losses in the jurisdictions in which we operate. Our effective tax rate in a given financial statement period may also be materially impacted by changes in the mix and level of income or losses, changes in the expected outcome of audits, or changes in the deferred tax valuation allowance.

At any point in time, many tax years are subject to or in the process of being audited by various taxing authorities. To the extent our estimates of settlements change, or the final tax outcome of these matters is different from the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made. Our income tax expense includes changes in our estimated liability for exposures associated with our various tax filing positions. Determining the income tax expense for these potential assessments requires management to make assumptions that are subject to factors such as proposed assessments by tax authorities, changes in facts and circumstances, issuance of new regulations, and resolution of tax audits. The Company performed an evaluation over its deferred tax assets and determined that a valuation allowance is considered necessary. See Note 9, *Income Taxes*, for further details on the valuation allowance.

We believe the judgments and estimates discussed above are reasonable. However, if actual results fall short of our estimates or assumptions, we may be exposed to losses or gains that could be material.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document contains forward-looking statements. Forward-looking statements reflect our current views with respect to, among other things, future events and performance. These statements may discuss, among other things, our net sales, gross margin, operating expenses, operating income, net income, cash flow, financial condition, financings, impairments, expenditures, growth, strategies, plans, achievements, dividends, capital structure, organizational structure, future store openings, market opportunities and general market and industry conditions. We generally identify forward-looking statements by words such as “anticipate,” “estimate,” “expect,” “intend,” “project,” “plan,” “predict,” “believe,” “seek,” “continue,” “outlook,” “may,” “might,” “will,” “should,” “can have,” “likely,” “targeting” or the negative version of these words or comparable words. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialize, or if management’s underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. These risks and uncertainties include those set forth under Item 1A, *Risk Factors*, in this Annual Report on Form 10-K. Forward-looking statements speak only as of the date on which they are made. We expressly disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable securities laws and regulations.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The market risk inherent in our financial instruments represents the potential loss arising from adverse changes in currency rates. We have not been materially impacted by fluctuations in foreign currency exchange rates as a significant portion of our business is transacted in United States dollars and is expected to continue to be transacted in United States dollars or United States dollar-based currencies. As of January 29, 2021, the Company had \$29.5 million of cash and cash equivalents denominated in foreign currency, principally in British Pound sterling, Euro and Japanese yen. We do not utilize financial instruments for trading purposes or hedging and have not used any derivative financial instruments. We do not consider our foreign earnings to be permanently reinvested.

The Company is subject to interest rate risk with the Current Term Loan Facility and the ABL Facility, as both require the Company to pay interest on outstanding borrowings at variable rates. Each one percentage point change in interest rates (above the 1% LIBOR floor) associated with the Current Term Loan Facility would result in a \$2.7 million change in our annual cash interest expenses. Assuming our ABL Facility was fully drawn to a principal amount equal to \$275.0 million, each one percentage point change in interest rates (above the 0.75% LIBOR floor) would result in a \$2.8 million change in our annual cash interest expense.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Lands' End, Inc.

### Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Lands' End, Inc. and subsidiaries (the "Company") as of January 29, 2021 and January 31, 2020, the related consolidated statements of operations, comprehensive operations, cash flows, changes in stockholders' equity for each of the three fiscal years in the period ended January 29, 2021, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of January 29, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 29, 2021 and January 31, 2020, and the results of its operations and its cash flows for each of the three fiscal years in the period ended January 29, 2021, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 29, 2021, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

### Basis for Opinions

The Company's management is responsible for these financial statements, 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 Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

## **Change in Accounting Principle**

As discussed in Note 4 to the consolidated financial statements, the Company changed its method of accounting for leases in the year ended January 31, 2020 due to the adoption of ASU No. 2016-02 Leases (Topic 842) using the modified retrospective method.

## **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.

## **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### **Goodwill & Indefinite-Lived Intangible Asset — Refer to Notes 2 and 8 to the financial statements**

#### *Critical Audit Matter Description*

The Company has goodwill and a trade name that are indefinite-lived intangible assets. As of January 29, 2021, the consolidated carrying value of the goodwill is \$106.7 million, and is associated with the U.S. eCommerce and Outfitters reporting units. The consolidated carrying value of the indefinite lived trade name is \$257.0 million. Goodwill and the indefinite-lived trade name intangible asset are tested separately for impairment on an annual basis during the fourth fiscal quarter or more frequently whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company estimates fair value of the reporting units using a discounted cash flow model, commonly referred to as the income approach. The fair value of the trade name indefinite-lived intangible asset is estimated using the relief-from-royalty valuation method. The discounted cash flow model uses projections based on management's best estimates of economic and market conditions over the projected period using the best information available, including growth rates in revenues, costs, and estimates of future expected changes in operating margins. Other significant estimates and assumptions include terminal value growth rates, weighted average cost of capital, and changes in future working capital requirements. The relief from royalty valuation method is based on the assumption that, in lieu of ownership, a firm would be willing to pay a royalty in

order to exploit the related benefits of this asset class. The relief from royalty method involves two steps: (1) estimation of reasonable royalty rates for the assets and (2) the application of these royalty rates to a forecasted net revenue stream and discounting the resulting cash flows to determine a present value. If actual results fall short of the Company's estimates and assumptions used in estimating future cash flows and asset fair values, the Company may be exposed to losses that could be material.

We identified goodwill and the indefinite-lived intangible asset as a critical audit matter due to the considerable amount of management judgment required to estimate fair value, especially as it relates to the projection of future operating cash flows, including growth rates in revenues, costs, estimates of future expected changes in operating margins and selection of the weighted-average cost of capital and royalty rate. Auditing these estimates requires a higher degree of audit effort including the need to engage specialists to assist with our evaluation of the valuation assumptions used.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the projected future operating cash flows, and the selection of the weighted-average cost of capital for the U.S. eCommerce and Outfitters reporting units and royalty rate and weighted-average cost of capital for the trade name included the following, among others:

- We tested the effectiveness of controls over goodwill and the indefinite-lived intangible asset, including those over the projected future operating cash flows and the selection of the weighted-average cost of capital and royalty rate.
- We evaluated the reasonableness of management's projected future operating cash flows, by comparing to (1) current and historical performance, (2) external market and industry data, and (3) forecasted information included in Company press releases and internal communications to management and the Board of Directors as well as performing a sensitivity analysis to understand those judgments made by management which have the biggest impact on the determination of fair value.
- We evaluated the impact of changes in management's forecasts from the annual measurement date to January 29, 2021.
- With the assistance of our fair value specialists, we evaluated management's judgments as it relates to the selection of the weighted-average cost of capital, terminal growth rate, royalty rate, and selected valuation methodologies, including testing the underlying source information and the mathematical accuracy of the calculations by developing a range of independent estimates and comparing those to the rates selected by management.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois

March 25, 2021

We have served as the Company's auditor since 2012.

**LANDS' END, INC.**  
**Consolidated Statements of Operations**  
**for Fiscal Years Ended January 29, 2021, January 31, 2020 and February 1, 2019**

*(in thousands except per share data)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>			
Net revenue	\$ 1,427,448	\$ 1,450,201	\$ 1,451,592
Cost of sales (excluding depreciation and amortization)	<u>821,595</u>	<u>828,309</u>	<u>835,536</u>
<b>Gross profit</b>	605,853	621,892	616,056
Selling and administrative	518,897	543,962	545,590
Depreciation and amortization	37,343	31,136	27,558
Other operating expense, net	8,471	1,357	309
Total costs and expenses	<u>564,711</u>	<u>576,455</u>	<u>573,457</u>
Operating income	<u>41,142</u>	<u>45,437</u>	<u>42,599</u>
Interest expense	27,754	25,987	28,909
Other expense (income), net	796	(1,912)	4,059
Income before income taxes	<u>12,592</u>	<u>21,362</u>	<u>9,631</u>
Income tax expense (benefit)	<u>1,756</u>	<u>2,072</u>	<u>(1,959)</u>
<b>NET INCOME</b>	<u>\$ 10,836</u>	<u>\$ 19,290</u>	<u>\$ 11,590</u>
<b>NET INCOME PER COMMON SHARE</b>			
<b>ATTRIBUTABLE TO STOCKHOLDERS</b>			
Basic:	<u>\$ 0.33</u>	<u>\$ 0.60</u>	<u>\$ 0.36</u>
Diluted:	<u>\$ 0.33</u>	<u>\$ 0.60</u>	<u>\$ 0.36</u>
Basic weighted average common shares outstanding	32,566	32,343	32,190
Diluted weighted average common shares outstanding	32,652	32,345	32,526

See accompanying Notes to Consolidated Financial Statements.



**LANDS' END, INC.**  
**Consolidated Statements of Comprehensive Operations**  
**for Fiscal Years Ended January 29, 2021, January 31, 2020 and February 1, 2019**

<i>(in thousands)</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>NET INCOME</b>	\$ 10,836	\$ 19,290	\$ 11,590
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	1,767	195	(2,591)
<b>COMPREHENSIVE INCOME</b>	<u>\$ 12,603</u>	<u>\$ 19,485</u>	<u>\$ 8,999</u>

See accompanying Notes to Consolidated Financial Statements.

**LANDS' END, INC.**  
**Consolidated Balance Sheets**

(in thousands except per share data)

	<u>January 29, 2021</u>	<u>January 31, 2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 33,933	\$ 77,148
Restricted cash	1,861	2,149
Accounts receivable, net	37,574	50,953
Inventories, net	382,106	375,670
Prepaid expenses and other current assets	40,356	39,458
<b>Total current assets</b>	<u>495,830</u>	<u>545,378</u>
Property and equipment, net	145,288	157,665
Operating lease right-of-use asset	35,475	38,665
Goodwill	106,700	110,000
Intangible asset, net	257,000	257,000
Other assets	5,215	4,921
<b>TOTAL ASSETS</b>	<u>\$ 1,045,508</u>	<u>\$ 1,113,629</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Current portion of long-term debt	\$ 13,750	\$ 5,150
Accounts payable	134,007	158,436
Lease liability - current	5,183	5,864
Other current liabilities	161,982	114,116
<b>Total current liabilities</b>	<u>314,922</u>	<u>283,566</u>
Long-term borrowings on ABL Facility	25,000	—
Long-term debt, net	245,632	378,657
Lease liability - long-term	37,811	39,841
Deferred tax liabilities	47,346	57,651
Other liabilities	5,094	5,532
<b>TOTAL LIABILITIES</b>	<u>675,805</u>	<u>765,247</u>
Commitments and contingencies		
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, par value \$0.01 - authorized: 480,000 shares; issued and outstanding: 32,614 and 32,382, respectively	326	324
Additional paid-in capital	369,372	360,656
Retained earnings	11,226	390
Accumulated other comprehensive loss	(11,221)	(12,988)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>369,703</u>	<u>348,382</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 1,045,508</u>	<u>\$ 1,113,629</u>

See accompanying Notes to Consolidated Financial Statements.

**LANDS' END, INC.**  
**Consolidated Statements of Cash Flows**  
**for Fiscal Years Ended January 29, 2021, January 31, 2020 and February 1, 2019**

<i>(in thousands)</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 10,836	\$ 19,290	\$ 11,590
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	37,343	31,136	27,558
Amortization of debt issuance costs	3,110	1,722	1,755
Loss (gain) on disposal of property and equipment	1,303	(266)	278
Stock-based compensation	9,201	8,690	6,161
Deferred income taxes	(10,770)	(456)	223
Goodwill impairment	3,300	—	—
Other	1,852	1,635	—
Change in operating assets and liabilities:			
Accounts receivable, net	15,012	(13,741)	14,675
Inventories	(4,081)	(53,819)	7,773
Accounts payable	(21,208)	32,716	(29,433)
Other operating assets	(376)	(3,167)	3,149
Other operating liabilities	46,111	3,549	4,471
Net cash provided by operating activities	<u>91,633</u>	<u>27,289</u>	<u>48,200</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sales of property and equipment	—	906	456
Purchases of property and equipment	(30,149)	(38,878)	(44,852)
Net cash used in investing activities	<u>(30,149)</u>	<u>(37,972)</u>	<u>(44,396)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings under ABL Facility	235,000	99,550	—
Payments of borrowings under ABL Facility	(210,000)	(99,550)	—
Proceeds from issuance of term loan	266,750	—	—
Payments on term loan	(388,825)	(105,150)	(5,150)
Payments of employee withholding taxes on share-based compensation	(483)	(763)	(603)
Payment of debt issuance costs	(5,517)	—	—
Net cash used in financing activities	<u>(103,075)</u>	<u>(105,913)</u>	<u>(5,753)</u>
Effects of exchange rate changes on cash, cash equivalents and restricted cash	<u>(1,912)</u>	<u>540</u>	<u>(635)</u>
<b>NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<u>(43,503)</u>	<u>(116,056)</u>	<u>(2,584)</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR</b>	<u>79,297</u>	<u>195,353</u>	<u>197,937</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR</b>	<u>\$ 35,794</u>	<u>\$ 79,297</u>	<u>\$ 195,353</u>
<b>SUPPLEMENTAL CASH FLOW DATA</b>			
Unpaid liability to acquire property and equipment	\$ 3,245	\$ 7,364	\$ 5,521
Income taxes paid, net of refunds	\$ 288	\$ 3,069	\$ 1,221
Interest paid	\$ 21,595	\$ 23,728	\$ 27,243

See accompanying Notes to Consolidated Financial Statements.

**LANDS' END, INC.**  
**Consolidated Statements of Changes in Stockholders' Equity**

<i>(in thousands)</i>	<u>Common Stock Issued</u>		<u>Additional Paid-in Capital</u>	<u>(Accumulated Deficit) / Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>				
<b>Balance at February 2, 2018</b>	32,102	\$ 320	\$ 347,175	\$ (29,810)	\$ (10,592)	\$ 307,093
Net income	—	—	—	11,590	—	11,590
Cumulative translation adjustment, net of tax	—	—	—	—	(2,591)	(2,591)
Change in accounting principle related to revenue recognition	—	—	—	1,061	—	1,061
Stock-based compensation expense	—	—	6,161	—	—	6,161
Vesting of restricted shares	151	—	—	—	—	—
Restricted stock shares surrendered for taxes	(33)	—	(603)	—	—	(603)
<b>Balance at February 1, 2019</b>	32,220	320	352,733	(17,159)	(13,183)	322,711
Net income	—	—	—	19,290	—	19,290
Cumulative translation adjustment, net of tax	—	—	—	—	195	195
Change in accounting principle related to lease accounting, net of tax	—	—	—	(1,741)	—	(1,741)
Stock-based compensation expense	—	—	8,690	—	—	8,690
Vesting of restricted shares	210	4	(4)	—	—	—
Restricted stock shares surrendered for taxes	(48)	—	(763)	—	—	(763)
<b>Balance at January 31, 2020</b>	32,382	324	360,656	390	(12,988)	348,382
Net income	—	—	—	10,836	—	10,836
Cumulative translation adjustment, net of tax	—	—	—	—	1,767	1,767
Stock-based compensation expense	—	—	9,201	—	—	9,201
Vesting of restricted shares	299	2	(2)	—	—	—
Restricted stock shares surrendered for taxes	(67)	—	(483)	—	—	(483)
<b>Balance at January 29, 2021</b>	32,614	\$ 326	\$ 369,372	\$ 11,226	\$ (11,221)	\$ 369,703

See accompanying Notes to Consolidated Financial Statements.

**LANDS' END, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1. BACKGROUND AND BASIS OF PRESENTATION****Description of Business**

*Lands' End, Inc. ("Lands' End" or the "Company") is a leading uni-channel retailer of casual clothing, accessories, footwear and home products. Lands' End offers products online at [www.landsend.com](http://www.landsend.com), on third-party online marketplaces and through retail locations.*

*Terms that are commonly used in the Company's Notes to the Consolidated Financial Statements are defined as follows:*

- *ABL Facility - Asset-based senior secured credit agreements, dated as of November 16, 2017, with Wells Fargo, N.A. and certain other lenders, as amended to date*
- *ASC - Financial Accounting Standards Board Accounting Standards Codification, which serves as the source for authoritative GAAP, as supplemented by rules and interpretive releases by the SEC which are also sources of authoritative GAAP for SEC registrants*
- *ASU - Financial Accounting Standards Board Accounting Standards Update*
- *CARES Act – The Coronavirus Aid, Relief and Economic Security Act signed into law on March 27, 2020*
- *Current Term Loan Facility – Term loan credit agreement, dated as of September 9, 2020, among the Company, the Fortress Credit Corp., as Administrative Agent and Collateral Agent, and the lenders party thereto*
- *Debt Facilities - Collectively, the ABL Facility and Current Term Loan Facility*
- *Deferred Awards - Time vesting stock awards*
- *EPS - Earnings per share*
- *ERP - Enterprise resource planning software solutions*
- *ESL - ESL Investments, Inc. and its investment affiliates, including Edward S. Lampert*
- *FASB - Financial Accounting Standards Board*
- *First Quarter 2020 - The 13 weeks ended May 1, 2020*
- *Fiscal 2020 – The 52 weeks ended January 29, 2021*
- *Fiscal 2021 – The Company's next fiscal year representing the 52 weeks ending January 28, 2022*
- *Former Term Loan Facility - Term loan credit agreement, dated as of April 4, 2014, with Bank of America, N.A. and certain other lenders, and replaced by the Current Term Loan Facility on September 9, 2020*
- *Fourth Quarter 2020 – The 13 weeks ended January 29, 2021*
- *GAAP - Accounting principles generally accepted in the United States*
- *LIBOR - London inter-bank offered rate*
- *Option Awards - Stock option awards*
- *Performance Awards - Performance-based stock awards*

- *Sears Holdings - Sears Holdings Corporation, a Delaware corporation, and its consolidated subsidiaries*
- *Sears Roebuck - Sears, Roebuck and Co., a subsidiary of Sears Holdings*
- *SEC - United States Securities and Exchange Commission*
- *Second Quarter 2020 – The 13 weeks ended July 31, 2020*
- *Separation - On April 4, 2014 Sears Holdings distributed 100% of the outstanding common stock of Lands' End to its shareholders*
- *Tax Act - The Tax Cuts and Jobs Act passed by the United States government on December 22, 2017*
- *Third Quarter 2020 – The 13 weeks ended October 30, 2020*
- *Transform Holdco - Transform Holdco LLC, an affiliate of ESL, which on February 11, 2019 acquired from Sears Holdings substantially all of the go-forward retail footprint and other assets and component businesses of Sears Holdings as a going concern*
- *UTBs - Gross unrecognized tax benefits*

## **Basis of Presentation**

The Consolidated Financial Statements include the accounts of Lands' End, Inc. and its subsidiaries. All intercompany transactions and balances have been eliminated.

The accompanying Consolidated Financial Statements have been prepared in accordance with GAAP. In the opinion of management, all material adjustments are of a normal and recurring nature necessary for a fair presentation of the results have been reflected for the periods presented. Dollar amounts are reported in thousands, except per share data, unless otherwise noted.

### ***Impact of the COVID-19 Pandemic***

A novel strain of coronavirus (“COVID-19”) surfaced in late 2019 and in March 2020, the World Health Organization declared COVID-19 a pandemic.

#### *Health and Safety of Employees and Consumers*

From the beginning of the COVID-19 pandemic, the Company’s priority has been the safety of employees and customers. On March 16, 2020, the Company temporarily closed its 26 U.S. stores. These stores reopened during Second Quarter 2020. Additionally, the Company opened four new stores in Second Quarter 2020 and one new store in Third Quarter 2020. These new Company Operated stores were already planned and construction underway prior to the start of the COVID-19 pandemic. In response to the COVID-19 pandemic, the Company has implemented extra precautions in its Company Operated stores, offices and distribution centers. These precautions were developed in line with guidance from global, federal and state health authorities, including work from home policies, social distancing, thermal scanning and partitions in all facilities.

#### *Customer Demand*

The eCommerce channel experienced a decline in customer demand in First Quarter 2020, which rebounded in Second Quarter 2020 and continued to be strong the remainder of the year. Consequently, Fiscal 2020 eCommerce revenue has increased compared to prior year. Fiscal 2020 revenue in the Outfitters and Retail channels is lower than Fiscal 2019 due to the reduction in customer demand caused by the COVID-19 pandemic. Retail revenue also declined due to lengthy store closures. The ultimate timing and impact of customer demand levels will depend on the duration and scope of the COVID-19 pandemic, overall economic conditions and consumer preferences.

### *Supply Chain*

The Company has not experienced significant supply chain disruptions related to the COVID-19 pandemic. The Company continues to place a priority on business continuity and contingency planning. The Company may experience disruptions in the supply chain as the COVID-19 pandemic continues, though the Company cannot reasonably estimate the potential impact or timing of those events, and the Company may not be able to mitigate such impact.

### *Expense Reduction*

Beginning in First Quarter 2020, the Company took the following actions to reduce overall expenses as a response to decreased customer demand due to the COVID-19 pandemic:

- Temporarily reduced base salaries, including a reduction of 50% in the base salary of its Chief Executive Officer, 20% reductions in the base salaries of the Company's other senior management members and scaled salary reductions throughout the Company. All salaries were reinstated during Third Quarter 2020.
- Furlough of approximately 70% of corporate employees from March 28, 2020 to April 13, 2020. As work demand increased the remaining workforce returned to work on an as needed basis with all work furloughs ending by mid-Second Quarter 2020. When the Company Operated stores temporarily closed nearly 100% of Company Operated store employees were furloughed until reopening.
- Fiscal 2020 merit increases were eliminated.
- The Board of Directors compensation was temporarily reduced. This compensation was reinstated in Third Quarter 2020.
- The Company's 401(k) matching contribution was temporarily suspended from April 16, 2020 until January 30, 2021.
- Other discretionary operating expenses were significantly reduced.

In response to the COVID-19 pandemic, the Company's planned capital expenditures for Fiscal 2020 were significantly reduced.

### *Goodwill and Indefinite-Lived Intangible Asset*

The Company considered the COVID-19 pandemic to be a triggering event in First Quarter 2020 for the Company's Outfitters and Japan eCommerce reporting units and therefore completed an interim test for impairment of goodwill for these reporting units as of May 1, 2020. This testing resulted in no impairment of the Company's Outfitters reporting unit and full impairment of the \$3.3 million of goodwill allocated to the Company's Japan eCommerce reporting unit recorded in the First Quarter 2020. There was not a triggering event or impairment charge for any reporting unit in the remainder of Fiscal 2020.

### *Corporate Restructuring*

The Company reduced approximately 10% of corporate positions during the Second Quarter 2020. The Company incurred total severance costs of approximately \$2.9 million related to the reduction of corporate positions which was recorded in Other operating expense (income), net in the Consolidated Statements of Operations. As of January 29, 2021, approximately \$0.2 million of the severance costs had yet to be paid. In Fiscal 2019, the Company closed five school uniform showrooms.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Fiscal Year**

The Company's fiscal year end is on the Friday preceding the Saturday closest to January 31 each year. The fiscal periods in this report are presented as follows, unless the context otherwise requires:

<u>Fiscal Year</u>	<u>Ended</u>	<u>Weeks</u>
2020	January 29, 2021	52
2019	January 31, 2020	52
2018	February 1, 2019	52

**Seasonality**

The Company's operations have historically been seasonal, with a disproportionate amount of net revenue occurring in the fourth fiscal quarter, reflecting increased customer demand during the year-end holiday selling season. The impact of seasonality on results of operations is more pronounced since the level of certain fixed costs, such as occupancy and overhead expenses, do not vary with sales. The Company's results of operations also may fluctuate based upon such factors as the timing of certain holiday seasons and promotions, the amount of net revenue contributed by new and existing stores, the timing and level of markdowns, competitive factors, weather and general economic conditions.

Working capital requirements typically increase during the second and third quarters of the fiscal year as inventory builds to support peak shipping/selling periods and, accordingly, typically decrease during the fourth quarter of the fiscal year as inventory is shipped/sold. Cash provided by operating activities is typically higher in the fourth quarter of the fiscal year due to reduced working capital requirements during that period.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reportable amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents**

Cash and cash equivalents consist of highly liquid temporary instruments purchased with original maturities of three months or less. It also includes deposits in-transit from banks for payments related to third-party credit card and debit card transactions.

**Restricted cash**

The Company classifies cash balances pledged as collateral as Restricted cash on the Consolidated Balance Sheets.



## Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts based on historical loss experience, collection experience, delinquency trends, economic conditions and specific identification. The Accounts receivable balance on the Consolidated Balance Sheets is presented net of the Company's allowance for doubtful accounts and is comprised of various customer-related accounts receivable.

Changes in the balance of the allowance for doubtful accounts are as follows:

<i>(in thousands)</i>	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>
Beginning balance	\$ 511	\$ 542
Provision	286	151
Write-offs	(117)	(182)
Ending balance	<u>\$ 680</u>	<u>\$ 511</u>

## Inventory

Inventories primarily consist of merchandise purchased for resale. For financial reporting and tax purposes, the Company's United States inventory, primarily merchandise held for sale, is stated at last-in, first-out ("LIFO") cost, which is lower than net realizable value. The Company accounts for its non-United States inventory on the first-in, first-out ("FIFO") method. The United States inventory accounted for using the LIFO method was 87% of total inventory as of January 29, 2021 and 90% as of January 31, 2020. If the FIFO method of accounting for inventory had been used, the effect on inventory would have been an increase of \$0.2 million and \$0.9 million as of January 29, 2021 and January 31, 2020, respectively.

The Company maintains a reserve for excess and obsolete inventory. The reserve is calculated based on historical experience related to liquidation/disposal of identified inventory. The excess and obsolescence reserve balances were \$22.8 million and \$11.0 million as of January 29, 2021 and January 31, 2020, respectively. The \$11.8 million increase in the excess and obsolescence reserve is primarily due to the Company's limited ability throughout the COVID-19 pandemic to sell through returned embroidered, hemmed or damaged product compared to prior years.

## Deferred Catalog Costs and Marketing

Costs incurred for direct response marketing consist primarily of catalog production and mailing costs that are generally amortized within two months from the date catalogs are mailed. Unamortized marketing costs reported as prepaid assets were \$10.2 million and \$14.7 million as of January 29, 2021 and January 31, 2020, respectively. The Company expenses the costs of marketing for website, magazine, newspaper, radio and other general media when the marketing takes place. Marketing expenses, including catalog costs amortization, website-related costs and other print media were \$195.4 million, \$194.9 million and \$186.9 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively. These costs are included within Selling and administrative expenses in the accompanying Consolidated Statements of Operations.

**Property and Equipment**

Property and equipment are recorded at cost, less accumulated depreciation. Additions and substantial improvements are capitalized and include expenditures that materially extend the useful lives of existing facilities and equipment. Maintenance and repairs that do not materially improve or extend the lives of the respective assets are expensed as incurred. As of the balance sheet dates, Property and equipment, net consisted of the following:

<i>(in thousands)</i>	<u>Asset Lives (years)</u>	<u>January 29, 2021</u>	<u>January 31, 2020</u>
Land	-	\$ 3,475	\$ 3,459
Buildings and improvements	15-30	101,421	100,269
Furniture, fixtures and equipment	3-10	61,807	59,731
Computer hardware and software	3-10	210,823	181,160
Leasehold improvements	3-7	12,941	8,423
Construction in progress		8,343	22,796
Gross property and equipment		<u>398,810</u>	<u>375,838</u>
Accumulated depreciation		<u>(253,522)</u>	<u>(218,173)</u>
Total property and equipment, net		<u>\$ 145,288</u>	<u>\$ 157,665</u>

As of both January 29, 2021 and January 31, 2020, assets in development relate primarily to technological investments.

Depreciation expense is recorded over the estimated useful lives of the respective assets using the straight-line method. Leasehold improvements are depreciated over the shorter of the associated lease term or the estimated useful life of the asset. Depreciation expense was \$37.3 million, \$31.1 million and \$27.6 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

*Impairment of Property and Equipment*

Property and equipment are subject to a review for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Company Operated store long-lived assets, including right-of-use assets, are regularly reviewed for impairment indicators. Impairment is assessed at the individual store level which is the lowest level of identifiable cash flows and considers the estimated undiscounted cash flows over the asset's remaining life. If estimated undiscounted cash flows are insufficient to recover the investment, an impairment loss is recognized equal to the difference between the estimated fair value of the asset and its carrying value, net of salvage, and any costs of disposition. The fair value estimate is generally the discounted amount of estimated store-specific cash flows. During Fiscal 2020 an impairment of \$0.4 million was recognized for property and equipment in one Company Operated store location. During Fiscal 2019 an impairment of \$1.4 million was recognized for property and equipment in two Company Operated store locations. There was \$0.3 million of impairments of property and equipment recognized in Fiscal 2018.

*Goodwill and Indefinite-lived Intangible Asset Impairment Assessments*

Goodwill and the indefinite-lived trade name intangible asset are tested separately for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Frequently, impairment assessments contain multiple uncertainties because the calculation requires management to make assumptions and to apply judgment to estimate future cash flows and asset fair values, including forecasting cash flows under different scenarios. The Company performs goodwill and indefinite-lived intangible asset impairment tests on an annual basis and updates these annual impairment tests mid-year if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit or indefinite-lived intangible asset below its carrying amount. If actual results fall short of the Company's estimates and assumptions

used in estimating future cash flows and asset fair values, the Company may be exposed to future impairment losses that could be material.

#### *Goodwill impairment assessments*

The Company tests goodwill for impairment using a one-step quantitative test. The quantitative test compares the reporting unit's fair value to its carrying value. An impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of goodwill. The Company estimates fair value of its reporting units using a discounted cash flow model, commonly referred to as the income approach. The income approach uses a reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions appropriate to the Company's reporting unit. The discounted cash flow model uses management's best estimates of economic and market conditions over the projected period using the best information available, including growth rates in revenues, costs and estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, weighted average cost of capital and changes in future working capital requirements.

In response to the COVID-19 pandemic, during First Quarter 2020 the Company tested its Outfitters and Japan eCommerce reporting units for goodwill impairment. The testing resulted in no impairment of the Company's Outfitters reporting unit and full impairment of the \$3.3 million of goodwill allocated to the Company's Japan eCommerce reporting unit. At the end of Fiscal 2020, the fair value of the U.S. eCommerce and Outfitters reporting units exceeded the carrying value by 61.7% and 108.8%, respectively. In Fiscal 2019, the fair value of the reporting units exceeded their carrying value and as such, the Company did not record a goodwill impairment charge.

Goodwill impairment charges may be recognized in future periods to the extent changes in factors or circumstances occur, including deterioration in the macroeconomic environment, retail industry or in the equity markets, deterioration in performance or future projections, or changes in plans for the reporting unit.

#### *Indefinite-lived intangible asset impairment assessments*

The Company's indefinite-lived intangible asset is the Lands' End trade name. The Company reviews the trade name for impairment on an annual basis during the fourth fiscal quarter, or whenever events or changes in circumstances indicate the carrying value may not be recoverable. The fair value of the trade name indefinite-lived intangible asset is estimated using the relief from royalty method. The relief from royalty method is based on the assumption that, in lieu of ownership, a firm would be willing to pay a royalty in order to exploit the related benefits of this asset class. The relief from royalty method involves two steps: (1) estimation of reasonable royalty rates for the assets and (2) the application of these royalty rates to a forecasted net revenue stream and discounting the resulting cash flows to determine a present value. The Company multiplied the selected royalty rate by the forecasted net revenue stream to calculate the cost savings (relief from royalty payment) associated with the asset. The cash flows are then discounted to present value using the selected discount rate and compared to the carrying value of the asset.

In Fiscal 2020, Fiscal 2019, and Fiscal 2018, the Company tested the indefinite-lived intangible asset as required resulting in the fair value exceeding the carrying value by 61.2%, 19.1% and 45.1% respectively. As such, no trade name impairment charges were recorded in all periods presented.

#### **Financial Instruments with Off-Balance-Sheet Risk**

In Fiscal 2020, the Company exercised the "accordion" feature under the ABL Facility increasing the maximum borrowings available under the facility from \$175 million to \$275 million, subject to a borrowing base. This was completed in two transactions. The first was a \$25 million increase effective March 19, 2020 and the second was a \$75 million increase effective September 9, 2020. The latter completed through the Second Amendment to the ABL Facility executed on August 12, 2020. The ABL Facility has a letter of credit sublimit of \$70.0 million and matures on November 16, 2022, subject to customary extension provisions provided for therein.

The revolving ABL Facility is available for working capital and other general corporate liquidity needs. The balance outstanding on January 29, 2021 was \$25 million. There was no balance outstanding as of January 31, 2020. The balance of outstanding letters of credit was \$27.1 million and \$23.3 million on January 29, 2021 and January 31, 2020, respectively.

### **Fair Value of Financial Instruments**

The Company determines the fair value of financial instruments in accordance with accounting standards pertaining to fair value measurements. Such standards define fair value and establish a framework for measuring fair value in accordance with GAAP. Under fair value measurement accounting standards, fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The Company reports or discloses the fair value of financial assets and liabilities based on the fair value hierarchy prescribed by accounting standards for fair value measurements, which prioritizes the inputs to valuation techniques used to measure fair value into three levels.

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of accounts receivable. Total accounts receivable was \$37.6 million and \$51.0 million as of January 29, 2021 and January 31, 2020, respectively.

Cash and cash equivalents, accounts receivable, accounts payable and other current liabilities are reflected in the Consolidated Balance Sheets at cost, which approximates fair value due to the short-term nature of these instruments.

Long-term debt, net is reflected in the Consolidated Balance Sheets at amortized cost. The fair value of debt was determined utilizing Level 3 valuation techniques based on observed market data on January 29, 2021. The fair value of debt on January 31, 2020 was determined utilizing Level 2 valuation techniques based on the closing inactive market bill price on January 31, 2020. See Note 7, *Fair Value of Financial Assets and Liabilities*.

### **Foreign Currency Translations and Transactions**

The Company translates the assets and liabilities of foreign subsidiaries from their respective functional currencies to United States dollars at the appropriate spot rates as of the balance sheet date. Revenue and expenses of operations are translated to United States dollars using weighted average exchange rates during the year. The foreign subsidiaries use the local currency as their functional currency. The effects of foreign currency translation adjustments are included as a component of Accumulated other comprehensive loss in the accompanying Consolidated Statements of Changes in Stockholders' Equity. The Company recognized a foreign exchange transaction gain of \$3.4 million in Fiscal 2020, a loss of \$3.4 million in Fiscal 2019 and an insignificant gain in Fiscal 2018. These are recorded in either Cost of sales (excluding depreciation and amortization) or Selling and administrative in the accompanying Consolidated Statements of Operations based on the underlying nature of the transactions giving rise to the gain or loss.

### **Revenue Recognition**

Revenue includes sales of merchandise and delivery revenue related to merchandise sold. Substantially all of the Company's revenue is recognized when control of product passes to customers, which for the eCommerce and Outfitters channels is when the merchandise is expected to be received by the customer and for the Retail channel is at the time of sale in the store. The Company recognizes revenue, including shipping and handling fees billed to customers, in the amount expected to be received when control of the Company's products transfers to customers, and is presented net of various forms of promotions, which range from contractually-fixed percentage price reductions to sales returns, discounts, and other incentives that may vary in amount. Variable amounts are estimated based on an analysis of historical experience and adjusted as better estimates become available. The Company's revenue is disaggregated by channel and geographic location.

The Company excludes from revenue, taxes assessed by governmental authorities, including value-added and other sales-related taxes, that are imposed on and concurrent with revenue-producing activities.

### Contract Liabilities

Contract liabilities consist of payments received in advance of the transfer of control to the customer. As products are delivered and control transfers, the Company recognizes the deferred revenue in Net revenue in the Consolidated Statements of Operations. The following table summarizes the deferred revenue associated with payments received in advance of the transfer of control to the customer reported in Other current liabilities in the Consolidated Balance Sheets and amounts recognized through Net revenue for each period presented. The majority of deferred revenue as of January 29, 2021 is expected to be recognized in Net revenue in the fiscal quarter ending April 30, 2021, as products are delivered to customers.

<i>(in thousands)</i>	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>
Deferred revenue beginning of period	\$ 8,096	\$ 9,051
Deferred revenue recognized in period	(7,882)	(9,051)
Revenue deferred in period	16,973	8,096
Deferred revenue end of period	<u>\$ 17,187</u>	<u>\$ 8,096</u>

Revenue from gift cards is recognized when (i) the gift card is redeemed by the customer for merchandise, or (ii) as gift card breakage, an estimate of gift cards which will not be redeemed where the Company does not have a legal obligation to remit the value of the unredeemed gift cards to the relevant jurisdictions. Gift card breakage is recorded within Net revenue in the Consolidated Statements of Operations. Prior to their redemption, gift cards are recorded as a liability, included within Other current liabilities in the Consolidated Balance Sheets. The liability is estimated based on expected breakage that considers historical patterns of redemption. The following table provides the reconciliation of the contract liability related to gift cards:

<i>(in thousands)</i>	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>
Balance as of beginning of period	\$ 22,592	\$ 18,191
Gift cards sold	52,315	65,662
Gift cards redeemed	(47,061)	(60,043)
Gift card breakage	(1,048)	(1,218)
Balance as of end of period	<u>\$ 26,798</u>	<u>\$ 22,592</u>

### Refund Liabilities

Refund liabilities, primarily associated with product sales returns and retrospective volume rebates, represent variable consideration and are estimated and recorded as a reduction to Net revenue based on historical experience. As of January 29, 2021 and January 31, 2020, \$25.7 million and \$21.6 million, respectively, of refund liabilities, primarily associated with product returns, were reported in Other current liabilities in the Consolidated Balance Sheets.

### Cost of Sales

Cost of sales are comprised principally of the costs of merchandise, in-bound freight, duty, warehousing and distribution (including receiving, picking, packing, store delivery and value added costs), customer shipping and handling costs and physical inventory losses. Depreciation and amortization are not included in the Company's Cost of sales.

### Selling and Administrative Expenses

Selling and administrative expenses are comprised principally of payroll and benefits costs, marketing, information technology expenses, third-party services, occupancy costs of Company Operated stores and corporate facilities, and other administrative expenses. All stock-based compensation is recorded in Selling and administrative expenses. See Note 5, *Stock-Based Compensation*.

## **Income Taxes**

Deferred income tax assets and liabilities are based on the estimated future tax effects of differences between the financial and tax basis of assets and liabilities based on currently enacted tax laws. The tax balances and income tax expense recognized are based on management's interpretation of the tax laws of multiple jurisdictions. Income tax expense also reflects best estimates and assumptions regarding, among other things, the level of future taxable income and tax planning. Future changes in tax laws, changes in projected levels of taxable income, tax planning and adoption and implementation of new accounting standards could impact the effective tax rate and tax balances recorded.

Tax positions are recognized when they are more likely than not to be sustained upon examination. The amount recognized is measured as the largest amount of benefit that is more likely than not to be realized upon settlement. The Company is subject to periodic audits by the United States Internal Revenue Service and other state and local taxing authorities. These audits may challenge certain of the Company's tax positions such as the timing and amount of income and deductions and the allocation of taxable income to various tax jurisdictions. The Company evaluates its tax positions and establishes liabilities in accordance with the applicable accounting guidance on uncertainty in income taxes. These tax uncertainties are reviewed as facts and circumstances change and are adjusted accordingly. This requires significant management judgment in estimating final outcomes. Interest and penalties are classified as Income tax expense in the Consolidated Statements of Operations. See Note 9, *Income Taxes*, for further details.

The Company performed an evaluation over its deferred tax assets and determined that a valuation allowance is considered necessary for certain jurisdictions. See Note 9, *Income Taxes*, for further details on the valuation allowance.

## **Self-Insurance**

The Company has a self-insured plan for health and welfare benefits and provides an accrual to cover the obligation. The accrual for the self-insured liability is based on claims filed and an estimate of claims incurred but not yet reported. The Company considers a number of factors, including historical claims information, when determining the amount of the accrual. Costs related to the administration of the plan and related claims are expensed as incurred. Total expenses, net of employee contributions, were \$17.1 million, \$17.4 million and \$17.1 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

The Company also has a self-insured plan for certain costs related to workers' compensation. The Company obtains third-party insurance coverage to limit exposure to this self-insured risk.

## **Retirement Benefit Plan**

The Company has a 401(k) retirement plan, which covers most regular employees and allows them to make contributions. The Company also provides a matching contribution on a portion of the employee contributions. Total expenses incurred under this plan were \$0.7 million, \$3.6 million and \$3.5 million for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively. The decrease in Fiscal 2020 was attributed to the temporary suspension of the Company's 401(k) matching contribution as part of the expense reductions in response to the COVID-19 pandemic.

### Other Comprehensive Income (Loss)

Other comprehensive income (loss) encompasses all changes in equity other than those arising from transactions with stockholders and is comprised solely of foreign currency translation adjustments and net income (loss).

	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>
Beginning balance: Accumulated other comprehensive loss (net of tax of \$3,453, \$3,505 and \$2,816, respectively)	\$ (12,988)	\$ (13,183)	\$ (10,592)
Other comprehensive income (loss)			
Foreign currency translation adjustments (net of tax of \$(466), \$(52) and \$689, respectively)	<u>1,767</u>	<u>195</u>	<u>(2,591)</u>
Ending Balance: Accumulated other comprehensive loss (net of tax of \$2,987, \$3,453 and \$3,505, respectively)	<u>\$ (11,221)</u>	<u>\$ (12,988)</u>	<u>\$ (13,183)</u>

### Stock-Based Compensation

Stock-based compensation expense for restricted stock units is determined based on the grant date fair value. The fair value is determined based on the Company's stock price on the date of the grant. The Company recognizes stock-based compensation cost net of estimated forfeitures and revises the estimates in subsequent periods if actual forfeitures differ from the estimates. The Company estimates the forfeiture rate based on historical data as well as expected future behavior. Stock-based compensation is recorded in Selling and administrative expense in the Consolidated Statements of Operations over the period in which the employee is required to provide service in exchange for the restricted stock units.

Stock option awards ("Option Awards") provide the recipient with the option to purchase a set number of shares at a stated exercise price over the term of the contract, which is ten years for all Option Awards currently outstanding. Options are granted with a strike price equal to the stock price on the date of grant and vest ratably over a four-year period.

### Earnings per Share

The numerator for both basic and diluted EPS is net income attributable to the Company. The denominator for basic EPS is based upon the number of weighted average shares of the Company's common stock outstanding during the reporting periods. The denominator for diluted EPS is based upon the number of weighted average shares of the Company's common stock and common stock equivalents outstanding during the reporting periods using the treasury stock method in accordance with ASC 260, *Earnings Per Share*.

The following table summarizes the components of basic and diluted EPS:

<i>(in thousands)</i>	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>
Net income	\$ 10,836	\$ 19,290	\$ 11,590
Basic weighted average shares outstanding	32,566	32,343	32,190
Dilutive impact of stock awards	<u>86</u>	<u>2</u>	<u>336</u>
Diluted weighted average shares outstanding	<u>32,652</u>	<u>32,345</u>	<u>32,526</u>
Basic earnings per share	\$ 0.33	\$ 0.60	\$ 0.36
Dilutive earnings per share	\$ 0.33	\$ 0.60	\$ 0.36

Stock awards are considered anti-dilutive based on the application of the treasury stock method or in the event of a net loss. There were 1,093,274, 745,575 and 438,583 anti-dilutive shares excluded from the diluted weighted average shares outstanding in Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

### **Recently Adopted Accounting Pronouncements**

In April 2020, the FASB issued Topic 842 and Topic 840: *Accounting for Lease Concessions Related to the Effects of the COVID-19 Pandemic*, indicating that entities may elect not to evaluate whether a concession provided by lessors is a lease modification. Under existing lease guidance, an entity would have to determine if a lease concession was the result of a new arrangement reached with the landlord, which would be accounted for under the lease modification framework, or if the concession was under the enforceable rights and obligations that existed in the original lease, which would be accounted for outside the lease modification framework. The FASB guidance provides entities with the option to elect to account for lease concessions as though the enforceable rights and obligations existed in the original lease.

During Second Quarter 2020 and Third Quarter 2020 as a result of the COVID-19 pandemic, the Company negotiated certain lease concessions with respect to some of its Company Operated stores and continues to negotiate with landlords for other leased properties. The Company elected the FASB's relief to not evaluate whether the enforceable rights and obligations existed in the original lease. The related impact of the concessions did not have a material impact on the Company's Consolidated Financial Statements for the year ended January 29, 2021.

In June 2016, the FASB issued ASU 2016-13, *Financial Statements - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires companies to measure credit losses utilizing a methodology that reflects expected credit losses and requires a consideration of a broader range of reasonable and supportable information to inform credit loss estimates relating to trade receivables, loans and other financial instruments. The standard is effective for fiscal years beginning after December 15, 2019. The Company adopted this accounting standard in First Quarter 2020. There was no material impact on the Company's Consolidated Financial Statements and related disclosures as a result of adoption.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* which modifies and adds certain disclosure requirements in Topic 820 "Fair Value Measurement". The standard eliminates certain disclosures related to transfers and the valuation process, modifies disclosures for investments that are valued based on net asset values, clarifies the measurement uncertainty disclosure, and requires additional disclosures for Level 3 fair value measurements. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods therein. The Company adopted this standard in First Quarter 2020 and the adoption did not have a material impact on the Company's Consolidated Financial Statements and related disclosures.

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*. The amendments in the standard align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The Company adopted this standard on a prospective basis in First Quarter 2020 and the adoption did not have a material impact on the Company's Consolidated Financial Statements and related disclosures.

### **Recently Issued Accounting Pronouncements**

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and by clarifying and amending existing guidance to improve consistent application. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted. Certain amendments within this ASU are required to be applied on a retrospective basis, certain other amendments are required to be applied on a modified retrospective basis and all other amendments on a prospective basis. The Company is currently evaluating the impact the adoption of this standard will have on its Consolidated Financial Statements.



**NOTE 3. DEBT**
**Debt Arrangements**

In Fiscal 2020, the Company exercised the “accordion” feature under the ABL Facility increasing the maximum borrowings available under the facility from \$175 million to \$275 million, subject to a borrowing base (the “Loan Cap”). This was completed in two transactions. The first was a \$25 million increase effective March 19, 2020 and the second was a \$75 million increase effective September 9, 2020. The latter completed through the Second Amendment to the ABL Facility executed on August 12, 2020. The revolving ABL Facility has a letter of credit sublimit of \$70.0 million and matures on November 16, 2022, subject to customary extension provisions provided for therein, and is available for working capital and other general corporate liquidity needs. The balance outstanding on January 29, 2021 was \$25 million. There was no balance outstanding as of January 31, 2020. The balance of outstanding letters of credit was \$27.1 million and \$23.3 million on January 29, 2021 and January 31, 2020, respectively.

On September 9, 2020, the Company entered into the Current Term Loan Facility which provides a term loan facility of \$275 million, the proceeds of which were used, along with borrowings of \$125 million under the Company’s revolving ABL Facility, to repay all of the indebtedness under the Former Term Loan Credit Facility and to pay fees and expenses in connection with the financing. Origination costs, including an Original Issue Discount (“OID”) of 3% and \$5.0 million in debt origination fees, were paid upon entering into the Current Term Loan Facility. The OID and the debt origination fees are presented as a direct deduction from the carrying value of the Current Term Loan Facility and are amortized over the term of the loan to Interest expense in the Consolidated Statements of Operations.

The Company’s term loan debt and interest rates as of January 29, 2021 and January 31, 2020 consisted of the following:

<i>(in thousands)</i>	<u>January 29, 2021</u>		<u>January 31, 2020</u>	
	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>
Former Term Loan Facility	\$ —	—%	\$ 385,388	5.05%
Current Term Loan Facility, maturing September 9, 2025	\$ 271,563	10.75%	—	—%
	<u>271,563</u>		<u>385,388</u>	
Less: current maturities	13,750		5,150	
Less: unamortized debt issuance costs	12,181		1,581	
Long-term debt, net	<u>\$ 245,632</u>		<u>\$ 378,657</u>	

The following table summarizes the Company’s borrowing availability under the ABL Facility:

<i>(in thousands)</i>	<u>January 29, 2021</u>		<u>January 31, 2020</u>	
	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>
ABL Facility maximum borrowing	\$ 275,000		\$ 175,000	
Less: Outstanding borrowings	25,000	3.00%	—	—%
Less: Outstanding letters of credit	27,131		23,299	
Borrowing availability under ABL Facility	<u>\$ 222,869</u>		<u>\$ 151,701</u>	

**Interest; Fees**

The interest rates per annum applicable to the loans under the Current Term Loan Facility are based on a fluctuating rate of interest measured by reference to, at the borrower's election, either (1) an adjusted LIBOR (with a minimum rate of 1%) plus 9.75%, or (2) an alternative base rate (which is the greater of (i) the prime rate published in the Wall Street Journal, (ii) the federal funds rate, which shall be no lower than 0% plus ½ of 1%, and (iii) the one month LIBOR rate plus 1% per annum) plus 8.75%.

The borrowing margin under the ABL Facility is subject to adjustment based on the average daily total loans outstanding under the ABL Facility for the preceding fiscal quarter. For LIBOR loans, the interest rate is LIBOR (subject to an interest rate floor of 0.75%) plus a borrowing margin which is, where the average daily total loans outstanding for the previous quarter are (i) less than \$50.0 million, 1.75%, (ii) equal to or greater than \$50.0 million but less than \$100.0 million, 2.00%, (iii) equal to or greater than \$100.0 million but less than \$200.0 million, 2.25%, and (iv) greater than \$200.0 million, 3.50%. For Base Rate loans, the borrowing margin is, where the average daily total loans outstanding for the previous quarter are (i) less than \$50.0 million, 1.00%, (ii) equal to or greater than \$50.0 million but less than \$100.0 million, 1.25%, (iii) equal to or greater than \$100.0 million but less than \$200.0 million, 1.50%, and (iv) greater than \$200.0 million, 2.75%.

The ABL Facility also includes (i) commitment fees which range from 0.25% to 0.375% based upon the average daily unused commitment (aggregate commitment less loans and letter of credit outstanding) under the ABL Facility for the preceding fiscal quarter and (ii) customary letter of credit fees.

Customary agency fees are payable in respect of the Debt Facilities.

**Maturity; Amortization and Prepayments**

The Current Term Loan Facility matures on September 9, 2025 and amortizes at a rate equal to 1.25% per quarter. It is subject to mandatory prepayments in an amount equal to a percentage of the borrower's excess cash flows in each fiscal year, ranging from 0% to 75% depending on the Company's total leverage ratio, and with the proceeds of certain asset sales, casualty events and extraordinary receipts. The loan may not be voluntarily prepaid during the first two years of its term, without significant penalties. A prepayment premium is applicable to voluntary prepayments and certain mandatory prepayments made prior to the fourth anniversary of the closing date of the Current Term Loan Facility.

The Company's aggregate scheduled maturities of the Current Term Loan Facility and ABL Facility as of January 29, 2021 are as follows:

<i>(in thousands)</i>	
2021	\$ 13,750
2022	38,750
2023	13,750
2024	13,750
2025	216,563
Total	<u>\$ 296,563</u>

**Guarantees; Security**

All obligations under the Debt Facilities are unconditionally guaranteed by the Company and, subject to certain exceptions, each of its existing and future direct and indirect subsidiaries. The ABL Facility is secured by a first priority security interest in certain working capital of the borrowers and guarantors consisting primarily of accounts receivable and inventory. The Current Term Loan Facility is secured by a second priority security interest in the same collateral with certain exceptions.

The Current Term Loan Facility is secured by a first priority security interest in certain property and assets of the borrowers and guarantors, including certain fixed assets such as real estate, stock of the subsidiaries and

intellectual property, in each case, subject to certain exceptions. The ABL Facility is secured by a second priority interest in the same collateral, with certain exceptions.

### ***Representations and Warranties; Covenants***

Subject to specified exceptions, the Debt Facilities contain various representations and warranties and restrictive covenants that, among other things and subject to specified exceptions, restrict the Company and its subsidiaries' ability to incur indebtedness (including guarantees), grant liens, make investments, make dividends or distributions with respect to capital stock, make prepayments on other indebtedness, engage in mergers or change the nature of their business.

The Current Term Loan Facility is subject to certain financial covenants, including a quarterly maximum total leverage ratio test, a weekly minimum liquidity test and an annual maximum capital expenditure amount.

If excess availability under the ABL Facility falls below the greater of 10% of the Loan Cap amount or \$15.0 million, the Company will be required to comply with a minimum fixed charge coverage ratio of 1.0 to 1.0. The ABL Facility also has a cash maintenance provision which applies a limit of \$75 million on the amount of cash and cash equivalents (subject to certain exceptions) that the Company may hold when outstanding loans under the ABL Facility are equal to or exceed \$125 million.

The Debt Facilities contain certain affirmative covenants, including reporting requirements such as delivery of financial statements, certificates and notices of certain events, maintaining insurance, and providing additional guarantees and collateral in certain circumstances.

As of January 29, 2021, the Company was in compliance with all covenants related to the Debt Facilities.

### ***Events of Default***

The Debt Facilities include customary events of default including non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations or warranties, cross default to certain other material indebtedness, bankruptcy and insolvency events, invalidity or impairment of guarantees or security interests, material judgments and change of control.

### **NOTE 4. LEASES**

In February 2016, the FASB issued ASU 2016-02, Leases ("Topic 842"), which changed how companies account for leases. On February 2, 2019, the Company adopted the guidance using the Comparatives under 840 option approach which waives the requirement to apply ASC 842 in the comparative periods presented within the financial statements in the year of adoption. Lands' End elected the practical expedient package, which among other practical expedients, includes the option to retain the historical classification of leases entered into prior to February 2, 2019. The Company also elected the practical expedient to combine lease and non-lease components.

The Company is a lessee under various lease agreements for its equipment and Company Operated store operations. The determination of whether an arrangement contains a lease and the classification of a lease, if applicable, is made at lease commencement (date in which the Company takes possession of the asset). At lease commencement the Company also measures and recognizes a right-of-use asset, representing the Company's right to use the underlying asset, and a lease liability, representing the Company's obligation to make lease payments under the terms of the arrangement. The lease term is defined as the noncancelable portion of the lease term plus any periods covered by an option to extend the lease, if it is reasonably certain that the option will be exercised. For the purposes of recognizing right-of-use assets and lease liabilities associated with the Company's leases, the Company has elected the practical expedient of not recognizing a right-of-use asset or lease liability for short-term leases, which are leases with a term of twelve months or less. The Company's leases are classified as operating leases, which are included in the Operating lease right-of-use asset, Lease liability - current and Lease liability - long-term on the Company's Consolidated Balance Sheets.

Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments, over the lease term, as of the commencement date. Minimum lease payments include the fixed lease component of the agreement as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew. If it is determined the lease will not be renewed, the right-of-use asset and lease liability for that lease will be adjusted to reflect the updated lease term. The Company does not have any leases with residual value guarantees or restrictions or covenants imposed by the lease.

Due to the absence of an implicit rate in the Company's lease contracts, the Company estimates its incremental borrowing rate for each lease based on the lease term, lease currency and the Company's credit spread. The yield curve selected at the lease commencement date represents one notch above the Company's unsecured credit rating, and therefore is considered a close proxy for the incremental borrowing rate the Company would incur for secured debt.

Lease expense is recognized on a straight-line basis over the lease term and is included in Selling and administrative expense in the Consolidated Statements of Operations. Variable lease payments that do not depend on a rate or index and short-term rentals (leases with terms less than 12 months) are expensed as incurred.

At the time of implementation in Fiscal 2019, the Company determined certain Operating lease right-of-use assets were impaired and recorded a \$1.7 million adjustment to beginning retained earnings related to these impairments, net of tax.

The Company is a lessee under various lease agreements for its Company Operated store operations and equipment. All leases are classified as operating leases. The Company's leases have remaining terms of less than one year to ten years and contain various renewal options. The period which is subject to an option to extend the lease is included in the lease term if it is reasonably certain that the option will be exercised. Options to extend are reviewed within two years of option date.

The components of lease expense are as follows:

<i>(in thousands)</i>	Fiscal 2020	Fiscal 2019
Operating lease expense	\$ 8,516	\$ 9,210
Variable lease expense	2,303	1,682
Ending Balance	\$ 10,819	\$ 10,892

Short-term lease cost was not material for Fiscal 2020 or Fiscal 2019.

Supplemental balance sheet information related to operating leases are as follows:

<i>(in thousands)</i>	Fiscal 2020	Fiscal 2019
Operating lease right-of-use asset	\$ 35,475	\$ 38,665
Lease liability - current	5,183	5,864
Lease liability - long-term	37,811	39,841
Weighted average remaining lease term in years	7.56	8.03
Weighted average discount rate	6.44%	6.39%

Supplemental cash flow information related to operating leases are as follows:

<i>(in thousands)</i>	Fiscal 2020	Fiscal 2019
Operating cash outflows from operating leases	\$ 8,710	\$ 10,631
Operating lease right-of-use-assets obtained in exchange for lease liabilities	3,406	19,584

Maturities of operating lease liabilities as of January 29, 2021 are as follows:

<i>(in thousands)</i>	
2021	\$ 10,458
2022	8,972
2023	7,140
2024	6,290
2025	5,774
Thereafter	19,336
Total operating lease payments	\$ 57,970
Less imputed interest	14,976
Present value of lease liabilities	\$ 42,994

#### NOTE 5. STOCK-BASED COMPENSATION

The Company expenses the fair value of all stock awards over their respective vesting periods, ensuring that, the amount of cumulative compensation cost recognized at any date is at least equal to the portion of the grant-date value of the award that is vested at that date. The Company has elected to adjust compensation expense for an estimated forfeiture rate for those shares not expected to vest and to recognize compensation cost on a straight-line basis for awards that only have a service requirement with multiple vest dates.

The Company has granted the following types of stock awards to employees at management levels and above:

- i. Time vesting stock awards ("Deferred Awards") are in the form of restricted stock units and only require each recipient to complete a service period for the awards to be earned. Deferred Awards generally vest over three years. The fair value of Deferred Awards is based on the closing price of the Company's common stock on the grant date and is reduced for estimated forfeitures of those awards not expected to vest due to employee turnover.
- ii. Performance-based stock awards ("Performance Awards") are in the form of restricted stock units and have, in addition to a service requirement, performance criteria that must be achieved for the awards to be earned. For Performance Awards granted in Fiscal 2018 and after, the Target Shares earned can range from 50% to 200% once minimum thresholds have been reached, and depend on the achievement of Adjusted EBITDA and revenue performance measures for the cumulative three-fiscal year performance period beginning in the fiscal year of the grant date. The applicable percentage of the Target Shares, as determined by performance, vest after the completion of the applicable three-year performance period, and unearned Target Shares are forfeited. The fair value of the Performance Awards granted in Fiscal 2018 and after are based on the closing price of the Company's common stock on the grant date. Stock based compensation expense is recognized ratably over the related service period reduced for estimated forfeitures of those awards not expected to vest due to employee turnover and adjusted based on the Company's estimate of the percentage of the aggregate Target Shares expected to be earned. Typically, the Company accrues for Performance Awards on a 100% payout unless it becomes probable that the outcome will be significantly different, or the performance can be accurately measured. The performance period has been completed for the 2018 Performance Awards and based on the Company's performance relative to the Adjusted EBITDA and revenue performance measures these awards are accrued at 111%. The 2019 Performance Awards are accrued at 100% payout.
- iii. Stock option awards ("Option Awards") provide the recipient with the option to purchase a set number of shares at a stated exercise price over the term of the contract, which is ten years for all Option Awards currently outstanding. Options are granted with a strike price equal to the stock price on the date of grant and vest ratably over a four-year period. The fair value of each Option Award is estimated on the grant date using the Black-Scholes option pricing model.

The following table summarizes the Company's stock-based compensation expense, which is included in Selling and administrative expense in the Consolidated Statements of Operations:

<i>(in thousands)</i>	Fiscal 2020	Fiscal 2019	Fiscal 2018
Deferred Awards	\$ 5,752	\$ 5,591	\$ 4,407
Performance Awards	2,701	2,352	1,006
Option Awards	748	748	748
Total stock-based compensation expense	<u>\$ 9,201</u>	<u>\$ 8,690</u>	<u>\$ 6,161</u>

#### Deferred Awards

The following table provides a summary of the Deferred Awards activity for Fiscal 2020 and Fiscal 2019:

<i>(in thousands, except per share amounts)</i>	Fiscal Year Ended			
	January 29, 2021		January 31, 2020	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Unvested deferred awards at beginning of year	745	\$ 18.49	594	\$ 21.96
Granted	765	6.97	428	15.62
Vested	(299)	19.68	(210)	21.93
Forfeited	(118)	12.22	(67)	20.65
Unvested deferred awards at end of year	<u>1,093</u>	<u>\$ 10.86</u>	<u>745</u>	<u>\$ 18.49</u>

Total unrecognized stock-based compensation expense related to unvested Deferred Awards was approximately \$5.4 million as of January 29, 2021, which is expected to be recognized ratably over a weighted average period of 1.7 years. Deferred Awards granted to employees during Fiscal 2020 vest ratably over a period of three years.

#### Performance Awards

The following table provides a summary of the Performance Awards activity for Fiscal 2020 and Fiscal 2019:

<i>(in thousands, except per share amounts)</i>	Fiscal Year Ended			
	January 29, 2021		January 31, 2020	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Unvested performance awards at beginning of year	412	\$ 18.15	176	\$ 21.93
Granted	—	—	265	15.73
Change in estimate - performance	16	21.90	—	—
Vested	—	—	—	—
Forfeited	(35)	18.02	(29)	18.85
Unvested performance awards at end of year	<u>393</u>	<u>\$ 18.32</u>	<u>412</u>	<u>\$ 18.15</u>

Total unrecognized stock-based compensation expense related to unvested Performance Awards was approximately \$1.5 million as of January 29, 2021 which is expected to be recognized ratably over a weighted average period of 1.0 years. Performance Awards granted to employees during Fiscal 2019 and Fiscal 2018 vest, if earned, after completion of the applicable three-year performance period.

### Options Awards

The following table provides a summary of the Options Award activity for Fiscal 2020 and Fiscal 2019:

	Fiscal Year Ended			
	January 29, 2021		January 31, 2020	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
<i>(in thousands, except per share amounts)</i>				
Unvested option awards at beginning of year	171	\$ 8.73	257	\$ 8.73
Granted	—	—	—	—
Vested	(86)	8.73	(86)	8.73
Forfeited	—	—	—	—
Unvested option awards at end of year	<u>85</u>	<u>\$ 8.73</u>	<u>171</u>	<u>\$ 8.73</u>

Total unrecognized stock-based compensation expense related to unvested Option Awards was approximately \$0.1 million as of January 29, 2021, which is expected to be recognized ratably over a weighted average period of 0.2 years. The Option Awards have a life of ten years and vest ratably over the first four years. As of January 29, 2021, 257,351 shares related to Option Awards were exercisable. No options were exercised during the fiscal year ended January 29, 2021.

### NOTE 6. OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following:

	January 29, 2021	January 31, 2020
<i>(in thousands)</i>		
Accrued employee compensation and benefits	\$ 54,944	\$ 42,809
Deferred gift card revenue	26,798	22,592
Reserve for sales returns and allowances	25,716	21,641
Accrued property, sales and other taxes	24,905	9,242
Deferred revenue	17,187	8,096
Other	12,432	9,736
Total other current liabilities	<u>\$ 161,982</u>	<u>\$ 114,116</u>

### NOTE 7. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Company determines fair value of financial assets and liabilities based on the following fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs—unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occurs with sufficient frequency and volume to provide ongoing pricing information.

Level 2 inputs—inputs other than quoted market prices included in Level 1 that are observable, either directly or indirectly, for the asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates.

Level 3 inputs—unobservable inputs for the asset or liability.

Restricted cash is reflected on the Consolidated Balance Sheets at fair value. The fair value of Restricted cash as of January 29, 2021 and January 31, 2020 was \$1.9 million and \$2.1 million, respectively, based on Level 1 inputs. Restricted cash amounts are valued based upon statements received from financial institutions.

Carrying values and fair values of other financial instruments in the Consolidated Balance Sheets are as follows:

<i>(in thousands)</i>	<u>January 29, 2021</u>		<u>January 31, 2020</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Long-term debt, including current portion	\$ 271,563	\$ 277,265	\$ 385,388	\$ 378,643

Long-term debt, net is reflected in the Consolidated Balance Sheets at amortized cost. The fair value of debt was determined utilizing Level 3 valuation techniques based on a third-party analysis as of January 29, 2021. The fair value of debt on January 31, 2020 was determined utilizing Level 2 valuation techniques based on the closing inactive market bid price on January 31, 2020. There were no nonfinancial assets or nonfinancial liabilities recognized at fair value on a nonrecurring basis as of January 29, 2021 and January 31, 2020.

#### **NOTE 8. GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSET**

The Company's intangible assets, consisting of a goodwill and trade name, were originally valued in connection with a business combination accounted for under the purchase accounting method. Goodwill represents the excess of the purchase price over the fair value of the net assets acquired.

The following table summarizes the Company's goodwill and indefinite-lived intangible asset:

<i>(in thousands)</i>	<u>January 29, 2021</u>		<u>January 31, 2020</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Goodwill balance	\$ 106,700	\$ 110,000	\$ 110,000	\$ 110,000
Trade name balance	\$ 257,000	\$ 257,000	\$ 257,000	\$ 257,000

ASC 350, *Intangibles - Goodwill and Other*, requires companies to test goodwill and indefinite-lived intangible assets for impairment annually, or more often if an event or circumstance indicates that the carrying amount may not be recoverable. In First Quarter 2020, the Company tested goodwill for impairment in response to the COVID-19 pandemic for its Outfitters and Japan eCommerce reporting units. The testing resulted in no impairment for the Outfitters reporting unit and full impairment of the \$3.3 million goodwill allocated to the Japan eCommerce reporting unit, which is recorded in Other operating expense, net in the Consolidated Statements of Operations. The Company completed its annual impairment test for all reporting units in Fiscal 2020 and no further impairment charges were recorded. Of the total \$106.7 million of goodwill recorded as of January 29, 2021, \$70.4 million and \$36.3 million relates to the Company's U.S. eCommerce and Outfitters reporting units, respectively. The Company conducted impairment testing of its goodwill in Fiscal 2019 and Fiscal 2018 and there was no impairment charge recorded for goodwill.

In Fiscal 2020, Fiscal 2019, and Fiscal 2018, the Company conducted impairment testing of its indefinite-lived intangible asset. There were no impairments of the trade name during any period presented.



**NOTE 9. INCOME TAXES**

The Company's income (loss) before income taxes in the United States and in foreign jurisdictions is as follows:

<i>(in thousands)</i>	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>
Income before income taxes			
United States	\$ 173	\$ 21,406	\$ 16,297
Foreign	12,419	(44)	(6,666)
Total income before income taxes	<u>\$ 12,592</u>	<u>\$ 21,362</u>	<u>\$ 9,631</u>

Certain foreign operations are branches of Lands' End and are subject to U.S. as well as foreign income tax. The pretax income by location and the analysis of the income tax provision by taxing jurisdiction are not directly related.

The components of the provision for (benefit from) income taxes are as follows:

<i>(in thousands)</i>	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>
United States	\$ 725	\$ 2,105	\$ (1,959)
Foreign	1,031	(33)	—
Total provision (benefit)	<u>\$ 1,756</u>	<u>\$ 2,072</u>	<u>\$ (1,959)</u>

<i>(in thousands)</i>	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>
Current:			
Federal	\$ 8,334	\$ 979	\$ (4,457)
State	3,675	1,549	2,275
Foreign	517	—	—
Total current	<u>12,526</u>	<u>2,528</u>	<u>(2,182)</u>
Deferred:			
Federal	(8,413)	340	1,650
State	(2,871)	(763)	(1,427)
Foreign	514	(33)	—
Total deferred	<u>(10,770)</u>	<u>(456)</u>	<u>223</u>
Total provision (benefit)	<u>\$ 1,756</u>	<u>\$ 2,072</u>	<u>\$ (1,959)</u>

A reconciliation of the statutory federal income tax rate to the effective income tax rate is as follows:

	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>
Tax at statutory federal tax rate	21.0%	21.0%	21.0%
State income taxes, net of federal tax benefit	5.0%	2.9%	10.0%
Foreign differential	2.7%	(4.0)%	(4.6)%
Permanent differences	16.8%	4.3%	23.4%
CARES Act	(24.6)%	—%	—%
Repatriation of foreign earnings	—%	—%	(38.4)%
Uncertain tax benefits	(1.6)%	(0.8)%	(38.6)%
Change in foreign valuation allowance	(3.8)%	4.2%	19.2%
Foreign branches	—%	(15.9)%	—%
Other, net	(1.6)%	(2.0)%	(12.3)%
Total	<u>13.9%</u>	<u>9.7%</u>	<u>(20.3)%</u>

Deferred tax assets and liabilities consisted of the following:

<i>(in thousands)</i>	<u>January 29, 2021</u>	<u>January 31, 2020</u>	<u>February 1, 2019</u>
<b><u>Deferred tax assets</u></b>			
Deferred revenue	\$ 4,882	\$ 3,797	\$ 3,053
Legal accruals	3,551	1,938	1,714
Deferred compensation	16,147	12,507	10,360
Reserve for returns	3,072	2,654	2,271
Inventory	6,390	3,413	3,690
CTA investment in foreign subsidiaries	2,987	3,453	3,505
Operating lease liabilities	9,677	10,319	—
Other	2,668	2,764	3,041
Net operating loss carryforward	3,093	6,018	5,117
Total deferred tax assets	<u>52,467</u>	<u>46,863</u>	<u>32,751</u>
Less valuation allowance	<u>(3,896)</u>	<u>(6,526)</u>	<u>(5,079)</u>
Net deferred tax assets	<u>\$ 48,571</u>	<u>\$ 40,337</u>	<u>\$ 27,672</u>
<b><u>Deferred tax liabilities</u></b>			
Intangible assets	\$ 62,372	\$ 62,397	\$ 62,959
LIFO reserve	15,191	17,503	16,382
Property and equipment	8,660	7,208	5,098
Operating lease right-of-use assets	7,882	8,586	—
Catalog advertising	1,812	2,294	1,903
Total deferred tax liabilities	<u>95,917</u>	<u>97,988</u>	<u>86,342</u>
Net deferred tax liability	<u>\$ 47,346</u>	<u>\$ 57,651</u>	<u>\$ 58,670</u>

As of January 29, 2021, the Company had \$8.5 million of state net operating loss (“NOL”) carryforwards (generating a \$0.6 million deferred tax asset) available to offset future taxable income. The state NOL carryforwards generally expire between 2022 and 2038 with certain state NOLs generated after 2017 having indefinite carryforward. The Company’s foreign subsidiaries had \$8.9 million of NOL carryforwards (generating a \$2.5 million deferred tax asset) available to offset future taxable income. These foreign NOLs can be carried forward indefinitely, however, a valuation allowance was established since the future utilization of these NOLs is uncertain.

A reconciliation of the beginning and ending amount of UTBs is as follows:

	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>
Gross UTB balance at beginning of period	\$ 1,202	\$ 1,458	\$ 4,531
Tax positions related to the prior periods - gross decreases	(190)	(179)	(2,588)
Settlements	—	(77)	(485)
Gross UTB balance at end of period	<u>\$ 1,012</u>	<u>\$ 1,202</u>	<u>\$ 1,458</u>

As of January 29, 2021, the Company had UTBs of \$1.0 million. Of this amount, \$0.8 million would, if recognized, impact its effective tax rate. The Company does not expect that UTBs will fluctuate significantly in the next 12 months for tax audit settlements and the expiration of the statute of limitations for certain jurisdictions. Tax years 2015 through 2019 remain open for examination by the Internal Revenue Service as well as various state and foreign jurisdictions.

The Company classifies interest expense and penalties related to UTBs and interest income on tax overpayments as components of income tax expense. As of January 29, 2021, the total amount of interest expense and penalties recognized on the balance sheet was \$0.6 million (\$0.5 million net of federal benefit). As of January 31, 2020, the total amount of interest and penalties recognized on the balance sheet was \$0.7 million (\$0.6 million net of federal benefit). The total amount of net interest expense recognized in the Consolidated Statements of Operations was insignificant for all periods presented. The Company files income tax returns in both the United States and various foreign jurisdictions.

#### **Impacts of the Tax Act**

On December 22, 2017, the Tax Act was signed into law. The Tax Act contains significant changes to corporate taxation, including (i) the reduction of the corporate income tax rate to 21%, (ii) the acceleration of expensing for certain business assets, (iii) the nonrecurring transition tax related to the transition of U.S. international tax from a worldwide tax system to a territorial tax system, (iv) the repeal of the domestic production deduction, (v) additional limitations on the deductibility of interest expense, and (vi) expanded limitations on the deductibility of executive compensation.

In December 2017, the SEC staff issued Staff Accounting Bulletin (SAB) 118 to provide guidance for companies that had not completed their accounting for the income tax effects of the Tax Act. Due to the complexities involved in accounting for the enactment of the Tax Act, SAB 118 allowed for a provisional estimate of the impacts of the Tax Act in the Company's earnings for the year ended February 2, 2018, as well as up to a one-year measurement period that ended on December 22, 2018, for any subsequent adjustments to such provisional estimate. Pursuant to SAB 118, the Company completed its analysis of the impacts of the Tax Act, including analyzing the effects of any Internal Revenue Service (IRS) and U.S. Treasury guidance issued, and state tax law changes enacted, within the maximum one-year measurement period resulting in an additional \$3.7 million benefit in Fiscal 2018.

#### **Impacts of the CARES Act**

In response to the COVID-19 pandemic, the CARES Act was signed into law on March 27, 2020. The CARES Act, among other things, includes provisions related to refundable payroll tax credits, deferment of employer side social security payments, net operating loss utilization and carryback periods, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. In Fiscal 2020, the Company recorded a \$3.1 million benefit related to the technical corrections aspect of the CARES Act related to carryback of net operating losses in years beginning in 2017.

### **NOTE 10. COMMITMENTS AND CONTINGENCIES**

#### **Legal Proceedings**

The Company is party to various claims, legal proceedings and investigations arising in the ordinary course of business. Some of these actions involve complex factual and legal issues and are subject to uncertainties. At this time, the Company is not able to either predict the outcome of these legal proceedings or reasonably estimate a potential range of loss with respect to the proceedings. While it is not feasible to predict the outcome of such pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate resolution should not have a material adverse effect on results of operations, cash flows or financial position taken as a whole.

Lands' End is the defendant in three separate lawsuits, each of which allege adverse health events and personal property damage as a result of wearing uniforms manufactured by Lands' End: (1) *Gilbert et al. v. Lands' End, Inc.*, United States District Court for the Western District of Wisconsin, Civil Action No. 3:19-cv-00823-JDP, complaint filed October 3, 2019; (2) *Andrews et al. v. Lands' End, Inc.*, United States District Court for the Western District of

Wisconsin, Civil Action No. 3:19-cv-01066-JDP, complaint filed on December 31, 2019, on behalf of 521 named plaintiffs, later amended to include 1,089 named plaintiffs; and (3) *Davis et al. v. Lands' End, Inc. and Lands' End Business Outfitters, Inc.*, United States District Court for the Western District of Wisconsin, Case No. 3:20-cv-00195, complaint filed on March 4, 2020. Plaintiffs in *Gilbert, Andrews, and Davis* seek nationwide class certification on behalf of similarly situated Delta employees.

By order dated April 20, 2020, the Court consolidated the *Gilbert* and *Andrews* cases (the “Consolidated Wisconsin Action”) and stayed the *Davis* case. Plaintiffs in the Consolidated Wisconsin Action and *Davis* each assert that the damages sustained by the members of the proposed class exceed \$5,000,000. Plaintiffs in each case seek damages for personal injuries, pain and suffering, severe emotional distress, financial or economic loss, including medical services and expenses, lost income and other compensable injuries. Plaintiffs in the Consolidated Wisconsin Action seek class certification with respect to performance of the uniforms and warranty claims and maintain individual claims for personal injury by numerous named plaintiffs.

The Consolidated Wisconsin Action has several motions pending before the Court and continues to be in discovery. Lands' End is vigorously defending these lawsuits and believes they are without merit.

#### **NOTE 11. RELATED PARTY AGREEMENTS AND TRANSACTIONS**

At the time of the Separation, ESL beneficially owned significant portions of both the Company’s and Sears Holdings’ outstanding shares of common stock and therefore, Sears Holdings, the Company’s former parent company, was considered a related party both prior to and after the Separation.

On February 11, 2019, Transform Holdco acquired from Sears Holdings substantially all of the go-forward retail footprint and other assets and component businesses of Sears Holdings as a going concern. The Company believes that ESL holds a significant portion of the membership interests of Transform Holdco and therefore consider that entity to be a related party as well.

In connection with and subsequent to the Separation, the Company entered into various agreements with Sears Holdings which, among other things, (i) governed specified aspects of the Company’s relationship following the Separation, especially with regards to the Lands’ End Shops at Sears, and (ii) established terms pursuant to which subsidiaries of Sears Holdings provided services to the Company. Some of these agreements have been assumed by and assigned to Transform Holdco.

##### **Lands’ End Shops at Sears**

All Lands’ End Shops at Sears closed by January 31, 2020 and accordingly there was no rent or retail operation related party transactions with Sears Holdings or Transform Holdco in Fiscal 2020. Total rent, retail services and other costs related to Lands’ End Shops at Sears were \$7.7 million in Fiscal 2019 and \$30.6 million in Fiscal 2018.

##### **Sourcing**

The Company contracted with a subsidiary of Sears Holdings, which became a subsidiary of Transform Holdco, to provide agreed upon buying agency services, on a non-exclusive basis, in foreign territories from where the Company purchases merchandise. These sourcing services, primarily based upon quantities purchased, included quality-control functions, regulatory compliance, product claims management and new vendor selection and setup assistance. The Company’s contract for these services expired on June 30, 2020

Total expense from these sourcing services was \$2.2 million for Fiscal 2020, \$7.5 million for Fiscal 2019 and \$7.5 million for Fiscal 2018. These amounts were capitalized into inventory and expensed through cost of goods sold over the course of inventory turns and included in Cost of sales in the Consolidated Statements of Operations. Additionally, a final payment of \$1.0 million was paid to the affiliate of Transform Holdco associated with the transitioning of a sourcing office. This was recorded in Other expense (income), net in the Consolidated Statements

of Operations.

In anticipation of the expiration of the buying agency service agreement, the Company established a sourcing office located in Hong Kong which became operational in April 2020.

## NOTE 12. SEGMENT REPORTING

The Company's operating segments consist of U.S. eCommerce, Outfitters, Europe eCommerce, Japan eCommerce, Third Party and Retail. The Company reviewed its current structure of its business units and the internal reporting used to provide information to management. As a result of this process, the Company concluded there is one additional operating segment, Third Party. This business consists of U.S. wholesale revenues and sales on third-party marketplaces. The Company determined that each of the operating segments share similar economic and other qualitative characteristics thus the results of the operating segments are aggregated into one external reportable segment, consistent with the Company's multi-channel business approach.

Lands' End identifies five separate distribution channels for revenue reporting purposes:

U.S. eCommerce offers products through the Company's eCommerce website utilizing digital marketing and direct mail catalogs.

International offers products primarily to consumers located in Europe and Japan through eCommerce international websites and third party affiliates.

Outfitters sells products to end consumers, located primarily in the U.S., through negotiated arrangements to make specific styles or customized products available to employees and members of client organizations, as well as through the Company's eCommerce websites.

Third Party sells the same products as U.S. eCommerce but to domestic wholesale customers or direct to consumer through third-party marketplaces and websites.

Retail sells products and services through Company Operated stores.

Net revenue is presented by product channel in the following table:

<i>(in thousands)</i>	<b>Fiscal 2020</b>	<b>% of Revenue</b>	<b>Fiscal 2019</b>	<b>% of Revenue</b>	<b>Fiscal 2018</b>	<b>% of Revenue</b>
U.S. eCommerce	\$ 961,911	67.4%	\$ 910,088	62.8%	\$ 854,361	58.9%
International	222,878	15.6%	181,087	12.5%	179,637	12.4%
Outfitters	174,260	12.2%	285,807	19.7%	289,251	19.9%
Third Party	39,945	2.8%	13,654	0.9%	5,931	0.4%
Retail	28,454	2.0%	59,565	4.1%	122,412	8.4%
Total Net revenue	<u>\$ 1,427,448</u>		<u>\$ 1,450,201</u>		<u>\$ 1,451,592</u>	

The geographical allocation of Net revenue is based upon where the product is shipped. The following presents summarized geographical information:

<i>(in thousands)</i>	<b>Fiscal 2020</b>	<b>% of Revenue</b>	<b>Fiscal 2019</b>	<b>% of Revenue</b>	<b>Fiscal 2018</b>	<b>% of Revenue</b>
United States	\$ 1,191,346	83.4%	\$ 1,247,288	86.0%	\$ 1,245,157	85.8%
Europe	175,011	12.3%	137,134	9.5%	138,761	9.6%
Asia	49,725	3.5%	48,470	3.3%	50,203	3.5%
Other	11,366	0.8%	17,309	1.2%	17,471	1.1%
Total Revenue	<u>\$ 1,427,448</u>		<u>\$ 1,450,201</u>		<u>\$ 1,451,592</u>	

Other than the United States and Europe, no geographic region represented more than 10% of Net revenue.

Property and equipment, net by geographical location are as follows:

<i>(in thousands)</i>	<b>Fiscal 2020</b>	<b>Fiscal 2019</b>	<b>Fiscal 2018</b>
United States	\$ 136,038	\$ 148,340	\$ 140,663
Europe	8,267	8,716	8,773
Asia	983	609	458
Total Property and equipment, net	<u>\$ 145,288</u>	<u>\$ 157,665</u>	<u>\$ 149,894</u>

Other than the United States, no geographic region is greater than 10% of total Property and equipment, net.

**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 the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to the officers who certify the Company's financial reports and to other members of senior management and the Board of Directors as appropriate to allow timely decisions regarding required disclosure.

Based on their evaluation, the Chief Executive Officer and the President and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15-d-15(e) under the Securities Exchange Act of 1934, as amended) are effective as of January 29, 2021.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed under the supervision of the Chief Executive Officer and the President and Chief Financial Officer to provide reasonable assurance regarding the reliability of our 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 is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected on a timely basis.

Management, including our Chief Executive Officer and our President and Chief Financial Officer conducted an evaluation of the design and effectiveness of our internal control over financial reporting based on the criteria set forth in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation our management concluded that our internal control over financial reporting was effective as of January 29, 2021. Our independent registered public accounting firm has issued an audit report on the effectiveness of our internal control over financial reporting, which is included herein.

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

Regulations under the Exchange Act require public companies including our Company, to evaluate any change in our "internal control over financial reporting" as such term is defined in Rule 13a-15(f) and Rule 15d-15(f) of the Exchange Act. We have not experienced any material impact to our internal controls over financial reporting despite the fact that most of our employees are working remotely due to the COVID-19 pandemic. We continually monitor and assess the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

**ITEM 9B. OTHER INFORMATION**

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by Item 10 with respect to directors, the audit committee, audit committee financial experts and Section 16(a) beneficial ownership reporting compliance is included under the headings "Item 1. Election of Directors - Committees of the Board," "Corporate Governance - Director Independence" and in the biographies of the directors contained in "Item 1. Election of Directors," in our definitive proxy statement for our annual meeting of stockholders to be held on May 13, 2021 (the "2021 Proxy Statement") which are incorporated herein by reference. With regard to the information required by this item regarding compliance with Section 16(a) of the Exchange Act, we will provide disclosure of delinquent Section 16(a) reports, if any, in our Proxy Statement related to the 2020 Annual Meeting of Shareholders under the heading "Other Information - Delinquent Section 16(a) Reports", and such disclosure, if any, is incorporated herein by reference. The 2021 Proxy Statement will be filed within 120 days after the end of our fiscal year.

The information required by this Item 10 regarding the Company's executive officers is set forth under the heading "Information about our Executive Officers" in Part I of this Form 10-K and is incorporated herein by reference.

Lands' End has adopted a Code of Conduct, which applies to all employees, including our principal executive officer, principal financial officer and principal accounting officer, and a Code of Conduct for its Board of Directors. Directors who are also officers of Lands' End are subject to both codes of conduct. Each code of conduct is a code of ethics as defined in Item 406 of SEC Regulation S-K. The codes of conduct are available on the Corporate Governance section under Investor Relations on our website at [www.landsend.com](http://www.landsend.com). Any amendment to, or waiver from, a provision of either code of conduct will be posted to the above-referenced website.

There were no changes to the process by which stockholders may recommend nominees to the Board of Directors during the last year.



## **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this item is set forth in our 2021 Proxy Statement under Item 1. Election of Directors (i) under the heading "Compensation of Directors," and (ii) under the heading "Executive Compensation," under the subheadings "Compensation Discussion and Analysis," "Compensation Committee Report," and "Compensation Committee Interlocks and Insider Participation," "Summary Compensation Table," "Grants of Plan-Based Awards," "Outstanding Equity Awards at 2020 Fiscal Year End," "Option Exercises and Stock Vested," "Employment Arrangements," "Potential Payments upon Termination of Employment," and "CEO Pay Ratio," and is incorporated herein by reference. The material incorporated herein by reference to the information set forth under the heading "Executive Compensation - Compensation Committee Report" of the 2021 Proxy Statement shall be deemed furnished, and not filed, in this Annual Report on Form 10-K and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, as a result of this furnishing except to the extent that it is specifically incorporated by reference by the Company.

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

Information regarding security ownership of certain beneficial owners and management is incorporated herein by reference to the material under the heading "Item 1. Election of Directors - Beneficial Ownership of the Company's Common Stock" of the 2021 Proxy Statement.

**Equity Compensation Plan Information**

The following table sets forth certain information regarding the Company's equity compensation plans as of January 29, 2021:

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (in thousands)</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights*</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))** (in thousands)</u>
	(a)	(b)	(c)
Equity compensation plans approved by security holders	1,506	22.00	1,540
Equity compensation plans not approved by security holders***	324	18.10	—
Total	1,830	18.66	—

\* The weighted-average exercise price does not take into account the shares issuable upon vesting of outstanding awards of RSUs, which have no exercise price.

\*\* Represents shares of common stock that may be issued pursuant to the Lands' End, Inc. Amended and Restated 2017 Stock Plan (the "2017 Stock Plan"). Awards under the 2017 Stock Plan may be restricted stock, stock unit awards, incentive stock options, nonqualified stock options, stock appreciation rights, or certain other stock-based awards.

\*\*\* In connection with commencing employment, on March 6, 2017, the current CEO was granted options to purchase 294,118 shares of the Company's common stock all of which were outstanding, and 117,647 restricted stock units, of which 29,411 were unvested as of January 29, 2021. These awards were made as inducement grants outside of our stockholder approved stock plans in accordance with NASDAQ Listing Rule 5635(c) (4).

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

Information regarding certain relationships and related transactions and director independence is incorporated herein by reference to the material under the headings "Certain Relationships and Transactions" and "Corporate Governance" of the 2021 Proxy Statement.

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

Information regarding principal accountant fees and services is incorporated herein by reference to the material under the heading "Item 3. Ratification of Appointment of Independent Registered Public Accounting Firm - Independent Registered Accounting Firm Fees" of the 2021 Proxy Statement.

**PART IV****ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

The following information required under this item is filed as part of this report:

**1. Financial Statements**

See the “Index to Consolidated Financial Statements” on page 43 of this report.

**2. Financial Statement Schedules**

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements and accompanying notes included in this Form 10-K.

**3. Exhibits required by Item 601 of Regulation S-K.**

The following documents are filed as exhibits hereto:

<b>Exhibit Number</b>	<b>Exhibit Description</b>
<a href="#">2.1</a>	Separation and Distribution Agreement, dated as of April 4, 2014, by and between Sears Holdings Corporation and Lands' End, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
<a href="#">3.1</a>	Amended and Restated Certificate of Incorporation of Lands' End, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 20, 2014 (File No. 001-09769)).
<a href="#">3.2</a>	Amended and Restated Bylaws of Lands' End, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 8, 2014 (File No. 001-09769)).
<a href="#">4.1</a>	ABL Credit Agreement, dated as of November 16, 2017, by and between Lands' End, Inc. (as the Lead Borrower), Wells Fargo Bank, N.A. (as Agent, L/C Issuer and Swing Line Lender), the Other Lenders party thereto, Wells Fargo Bank, N.A. (as Sole Lead Arranger and Sole Bookrunner) and BMO Harris Bank, N.A. (as Syndication Agent), and SunTrust Bank (as Documentation Agent) (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2018 (File No. 001-09769)).
<a href="#">4.2</a>	First Amendment to ABL Credit Agreement, dated December 3, 2019, by and between Lands' End, Inc. (as the Lead Borrower), Wells Fargo Bank, N.A. (as Agent, L/C Issuer and Swing Line Lender), the Other Lenders party thereto, Citizens Bank, N.A. (as Lender) and Suntrust Bank (as Lender), BMO Harris Bank N.A. (as Lender), and JPMorgan Chase Bank N.A. (as Lender) (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2020).
<a href="#">4.3</a>	Second Amendment to ABL Credit Agreement, dated August 12, 2020, by and among Lands' End, Inc. (as the Lead Borrower), the guarantors party thereto, the lenders party thereto and Wells Fargo Bank, National Association (as Agent, L/C Issuer and Swing Line Lender) (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2020 (File No. 001-09769)).
<a href="#">4.4</a>	Term Loan Credit Agreement, dated September 9, 2020, among Lands' End Inc., as the Borrower, Fortress Credit Corp., as Administrative Agent and Collateral Agent, and the lenders party thereto (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filed on September 15, 2020 (File No. 001-09769))
<a href="#">4.5</a>	Guaranty and Security Agreement, dated September 9, 2020, by Lands' End, Inc., as the Borrower, and the other grantors party thereto and Fortress Credit Corp., as Agent (incorporated by reference to Exhibit 4.2 of the Company's Form 8-K filed on September 15, 2020 (File No. 001-09769))

- [\\*4.6](#) Description of Securities Registered Under Section 12 of the Exchange Act.
- [10.1](#) Lands' End, Inc. Amended and Restated 2017 Stock Plan (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Lands' End, Inc. on May 13, 2019 (File No. 001-09769)).\*\*
- [10.2](#) Director Compensation Policy effective as of March 19, 2019 (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2019 (File No. 001-09769)).\*\*
- [10.3](#) Lands' End, Inc. Umbrella Incentive Program (As Amended and Restated) (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2015 (File No. 001-09769)).\*\*
- [10.4](#) Lands' End, Inc. 2014 Stock Plan (As Amended and Restated) (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2015 (File No. 001-09769)).\*\*
- [10.5](#) Form of Time-Based Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 16, 2021 (File No. 001-09769)).\*\*
- [10.6](#) Form of Performance-Based Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 16, 2021 (File No. 001-09769)).\*\*
- [10.7](#) Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on March 16, 2021 (File No. 001-09769)).\*\*
- [10.8](#) Lands' End, Inc. Annual Incentive Plan (As Amended and Restated) (incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2015 (File No. 001-09769)).\*\*
- [10.9](#) Lands' End, Inc. Long-Term Incentive Program (As Amended and Restated) (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2015 (File No. 001-09769)).\*\*
- [10.10](#) Lands' End, Inc. Cash Long-Term Incentive Plan (As Amended and Restated) (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2015 (File No. 001-09769)).\*\*
- [10.11](#) Letter from Lands' End, Inc. to Jerome S. Griffith relating to employment, dated December 19, 2016 (incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).\*\*
- [\\*10.12](#) Executive Severance Agreement dated and effective as of December 19, 2016 between Lands' End, Inc. and its affiliates and subsidiaries and Jerome S. Griffith.\*\*
- [10.13](#) Sign-on Restricted Stock Unit Agreement dated and effective as of March 6, 2017 between Lands' End, Inc. and Jerome S. Griffith (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).\*\*
- [10.14](#) Sign-on Nonqualified Stock Option Agreement dated and effective as of March 6, 2017 between Lands' End, Inc. and Jerome S. Griffith (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).\*\*
- [10.15](#) Letter from Lands' End, Inc. to James Gooch relating to employment, dated January 26, 2016 and effective as of January 27, 2016 (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2016 (File No. 001-09769)).\*\*

- [10.16](#) Letter from Lands' End, Inc. to James Gooch relating to employment, dated December 20, 2016 (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).\*\*
- [10.17](#) Letter from Lands' End, Inc. to James Gooch relating to employment, dated March 29, 2017 (incorporated by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K for the fiscal year ended January 27, 2017 (File No. 001-09769)).\*\*
- [10.18](#) Executive Severance Agreement dated and effective as of January 27, 2016 between Lands' End, Inc. and its affiliates and subsidiaries and James Gooch (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 3, 2019 (File No. 001-09769)).\*\*
- [10.19](#) Letter from Lands' End, Inc. to Peter L. Gray relating to employment, dated April 21, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 28, 2017 (File No. 001-09769)).\*\*
- [10.20](#) Executive Severance Agreement dated and effective as of April 21, 2017 between Lands' End, Inc. and its affiliates and subsidiaries and Peter L. Gray (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 28, 2017 (File No. 001-09769)).\*\*
- [10.21](#) Letter from Lands' End, Inc. to Chieh Tsai relating to employment, dated January 3, 2019 (incorporated by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2019 (File No. 001-09769)).\*\*
- [10.22](#) Executive Severance Agreement dated and effective as of January 7, 2019 between Lands' End, Inc. and its affiliates and subsidiaries and Chieh Tsai (incorporated by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2019 (File No. 001-09769)).\*\*
- [10.23](#) Executive Severance Agreement dated and effective as of December 5, 2014 between Lands' End, Inc. and its affiliates and subsidiaries and Kelly Ritchie (incorporated by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2019 (File No. 001-09769)).\*\*
- [\\*10.24](#) Letter from Lands' End, Inc. to Sarah Rasmusen relating to employment, dated October 16, 2017.\*\*
- [\\*10.25](#) Letter from Lands' End, Inc. to Sarah Rasmusen relating to employment, dated September 4, 2019.\*\*
- [\\*10.26](#) Executive Severance Agreement dated and effective as of October 16, 2017 between Lands' End, Inc. and Sarah Rasmusen.\*\*
- [\\*21](#) Subsidiaries of Lands' End, Inc.
- [\\*23](#) Consent of Deloitte & Touche LLP.
- [\\*31.1](#) Certification of Chief Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
- [\\*31.2](#) Certification of Chief Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
- [\\*32.1](#) Certification of Chief Executive Officer and 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
*101.SCH	Inline XBRL Taxonomy Extension Schema Document
*101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	Inline XBRL Taxonomy Extension Definition 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 (Embedded within the Inline XBRL document and included in Exhibit 101)

\* Filed herewith.

\*\* A management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K pursuant to Item 15(b) of Form 10-K.

\*\*\* This exhibit shall be deemed to be "furnished" and not "filed."

Certain of the agreements incorporated by reference into this report contain representations and warranties and other agreements and undertakings by us and third parties. These representations and warranties, agreements and undertakings have been made as of specific dates, may be subject to important qualifications and limitations agreed to by the parties to the agreement in connection with negotiating the terms of the agreement, and have been included in the agreement for the purpose of allocating risk between the parties to the agreement rather than to establish matters as facts. Any such representations and warranties, agreements, and undertakings have been made solely for the benefit of the parties to the agreement and should not be relied upon by any other person.

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

None.



**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.

LANDS' END, INC.

(Registrant)

By: /s/ James Gooch

Name: James Gooch

Title: President and Chief Financial Officer

Date: March 25, 2021

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 and on the dates indicated.

<b>Signature:</b>		<b>Date:</b>
<u>/s/ Jerome Griffith</u> Jerome Griffith	Director and Chief Executive Officer (Principal Executive Officer)	March 25, 2021
<u>/s/ James Gooch</u> James Gooch	President and Chief Financial Officer (Principal Financial Officer)	March 25, 2021
<u>/s/ Bernard McCracken</u> Bernard McCracken	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	March 25, 2021
<u>/s/ Josephine Linden</u> Josephine Linden	Chair of the Board of Directors	March 25, 2021
<u>/s/ Robert Galvin</u> Robert Galvin	Director	March 25, 2021
<u>/s/ Elizabeth Leykum</u> Elizabeth Leykum	Director	March 25, 2021
<u>/s/ John T. McClain</u> John T. McClain	Director	March 25, 2021
<u>/s/ Maureen Mullen Murphy</u> Maureen Mullen Murphy	Director	March 25, 2021
<u>/s/ Jignesh Patel</u> Jignesh Patel	Director	March 25, 2021
<u>/s/ Jonah Staw</u> Jonah Staw	Director	March 25, 2021

**DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Lands' End, Inc. has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our Common Stock.

**DESCRIPTION OF COMMON STOCK**

The following description of our Common Stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") and our Amended and Restated Bylaws (the "Bylaws"), each of which are incorporated by reference as exhibits to the Annual Report on Form 10-K. We encourage you to read our Certificate of Incorporation, our Bylaws and the applicable provisions of the Delaware General Corporation Law, as amended, for additional information.

**Authorized Shares of Capital Stock**

Our authorized capital stock consists of 480,000,000 shares of common stock, \$0.01 par value per share ("Common Stock"). As of January 29, 2021, there were 32,614,088 shares of Common Stock outstanding. The outstanding shares of our Common Stock are fully paid and nonassessable.

**Listing**

Our common stock is listed and principally traded on The Nasdaq Stock Market LLC under the symbol "LE".

**Voting Rights**

Holders of Common Stock are entitled to one vote per share on all matters voted on by the stockholders, including the election of directors. Our Common Stock does not have cumulative voting rights.

**Dividend Rights**

The holders of Common Stock are entitled to receive dividends, if any, as may be declared from time to time by the Board of Directors in its discretion out of funds legally available for the payment of dividends.

**Liquidation Rights**

Holders of Common Stock will share ratably in all assets legally available for distribution to our stockholders in the event of dissolution.

**Other Rights and Preferences**

Our Common Stock has no sinking fund or redemption provisions or preemptive, conversion or exchange rights. Holders of Common Stock may act by unanimous written consent.

**Transfer Agent and Registrar**

Computershare Investor Services is the transfer agent and registrar for our common stock.

## EXECUTIVE SEVERANCE AGREEMENT

This Executive Severance Agreement (“Agreement”) is made effective as of the 19th day of December, 2016 (the “Effective Date”), between Lands’ End, Inc., a Delaware corporation (together with its successors, assigns and Affiliates, the “Company”), and Jerome S. Griffith (“Executive”).

WHEREAS, in light of the Company’s size and its visibility as a publicly traded company that reports its results to the public, the Company has attracted the attention of other companies and businesses seeking to obtain for themselves or their customers some of the Company’s business acumen and know-how; ; and

WHEREAS, the Company and Executive have entered into an employment letter agreement dated December 19th, 2016 (the “Employment Letter”), pursuant to which the Company has agreed to employ Executive commencing on March 6, 2017 (the “Start Date”) on the terms and conditions contained in the Employment Letter, which includes Executive entering into this Agreement, and Executive has agreed to accept such employment on such terms and conditions, including those obligations contained in this Agreement; and

WHEREAS, the Company shall, in connection with Executive commencing employment with the Company, share with Executive certain aspects of its business acumen and know-how as well as specific confidential and proprietary information about the products, markets, processes, costs, developments, ideas, and personnel of the Company; and

WHEREAS, the Company shall, in connection with Executive commencing employment with the Company, imbue Executive with certain aspects of the goodwill that the Company has developed with its customers, vendors, representatives and employees; and

WHEREAS, in consideration for Executive commencing employment with the Company and entering into this Agreement, the Company is extending to Executive the opportunity to receive severance benefits under certain circumstances as provided in this Agreement.

NOW, THEREFORE, in consideration of the foregoing, and of the respective covenants and agreements of the parties set forth in this Agreement, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following terms have the meanings indicated (but if not otherwise defined herein, capitalized terms as used in this Agreement will have the meanings indicated in the Employment Letter):

a. “Accrued Accounts” means (i) unpaid base salary, accrued but unused vacation and expense reimbursements due, which shall be paid promptly after Executive’s Separation from Service, amounts due under any benefit or equity plan, grant or program, paid in accordance with the terms of such plan, grant or program, and any unpaid bonus for any prior completed fiscal year paid when the bonus would otherwise be paid for such prior fiscal year (which, for the avoidance of doubt, shall not be paid in duplication of the same or any similar obligations under any other arrangement) and (iv) to the extent that a Qualifying Termination occurs within the last six calendar months of a given fiscal year, a pro rata bonus that would otherwise be payable under the Company’s Annual Incentive Plan for such fiscal year based on actual results from the fiscal year, multiplied by the ratio of the number of days employed during such fiscal year to the number of days in the year, and paid when bonuses are otherwise paid under the Annual Incentive Plan for such fiscal year (but in no event later than April 15 following the end of such fiscal year).

b. “Affiliate” means any subsidiary or other entity that, directly or indirectly through one or more intermediaries, is controlled by Lands’ End, Inc., whether now existing or hereafter formed or acquired. For purposes hereof, “control” means the power to vote or direct the voting of sufficient securities or other interests to elect one-third of the directors or managers or to control the management of such subsidiary or other entity.

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c. “*Annual Bonus*” shall mean the average bonus (annualized for any partial fiscal year) paid (if any) to Executive under the Company’s Annual Incentive Plan in the last two consecutive completed fiscal years ending prior to the Date of Termination, provided that, (i) Executive’s Target Annual bonus shall be used for either of the fiscal years beginning in each of January 2017 and 2018 to the extent the Date of Termination occurs prior to the date that annual bonuses for the applicable fiscal year has been determined (and, if payable, paid) in respect of both years or (ii) if payment under this Agreement is being triggered upon a Change in Control Termination, Annual Bonus shall for this purpose mean the higher of the applicable amount determined under clause (i) of this definition and the Executive’s Target Annual Bonus.

d. “*Cause*” means (i) a material breach by Executive (other than a breach resulting from Executive’s incapacity due to a condition that with the passing of time would be a Disability) of Executive’s duties and responsibilities which breach is demonstrably willful and deliberate on Executive’s part, is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and is not remedied in a reasonable period of time after receipt of written notice from the Board specifying such breach; (ii) the indictment and conviction of, or pleading of guilty or nolo contendere by, Executive to a felony; or (iii) willful misconduct in connection with Executive’s employment.

e. “*Change in Control*” shall have the meanings such term in the Company’s 2014 stock plan.

f. “*Change in Control Termination*” means a Qualifying Termination occurring either (i) within 180 calendar days prior to a Change in Control, so long as a definitive agreement pursuant to which transactions contemplated thereunder would result in a Change in Control, has been executed by the Company prior to such Date of Termination or (ii) on or with two (2) years after a Change in Control occurs.

g. “*Code*” means the Internal Revenue Code of 1986, as amended.

h. “*Competitive Business*” means any corporation, partnership, association, or other person or entity (including but not limited to Executive) that:

i. is listed on Appendix A or is otherwise included in the Company’s annual proxy statement (the “*Proxy*”) as most recently filed prior to the Date of Termination, each of which Executive acknowledges is a Competitive Business, whether or not it falls within the categories in subsection (c)(ii) immediately below; or

ii. engages in any business which, at any time during the most recent eighteen (18) months of Executive’s Company Employment and regardless of the business format (including but not limited to a department store, specialty store, discount store, direct marketing, or electronic commerce): (A) consists of marketing, manufacturing or selling apparel and/or home products that are material products of the Company, at a price point similar to that of the Company and which entity has a combined annual revenue in excess of \$250 million that is primarily generated by any combination of the products described above ; and (B) the Board of Directors of the Company (the “*Board*”) (or a designated committee thereof) reasonably identifies and adds to Appendix A by written notice to Executive at least ninety (90) days prior to the Date of Termination (provided that the Company’s filing of the Proxy with the Securities and Exchange Commission shall constitute valid notice to Executive of any such identification or addition regardless of whether such filing occurs at least ninety (90) days prior to the Date of Termination).

Notwithstanding the foregoing, in no event shall “Competitive Business” include (A) any activity in which Executive proposes to engage, to which the Board provides its written consent to Executive, not to be unreasonably withheld; or (B) services by Executive as an advisor to any private equity firm, so long as Executive is providing strategic investment and management advice (including on an acquisition, but excluding for the avoidance of doubt, advising in respect of any company that would otherwise meet the definition of a Competitive Business already in, or once it becomes a part of, the private equity firm portfolio) in the area of apparel and/or home products generally and is not otherwise sharing Confidential Information or providing advice and/or guidance to any entity listed as a Competitive Business as referenced in subparagraphs i. and ii. above.

i. “*Confidential Information*” means information related to the Company’s business, not generally known in the trade or industry, which Executive learns or creates during the period of Executive’s Company Employment, which may include but is not limited to product specifications, manufacturing procedures, methods, equipment, compositions, technology, formulas, know-how, research and development programs, sales methods, customer lists, customer usages and requirements, personnel evaluations and compensation data, computer programs and other confidential technical or business information and data that is not otherwise in the public domain.

j. “*Disability*” means disability as defined under the Company’s long-term disability plan (regardless of whether Executive is a participant undersuch plan), including the completion of any time period required for full coverage under such plan.

k. “*Executive’s Company Employment*” means the time during which Executive is employed by any entity comprised within the definition of “Company,” regardless of any change in the entity actually employing Executive.

l. “*Good Reason*” shall mean, without Executive’s prior written consent, (i) a reduction of more than ten percent (10%) from the highest prior level of either the Executive’s annual rate of base salary or Target Annual Bonus under the Company’s Annual Incentive Plan (and for the avoidance of doubt, any reduction that is equal to or less than such 10% amount may only occur to the extent in connection with a general reduction of annual rate of base salary that applies proportionately to all executive officers); (ii) Executive’s mandatory relocation to an office more than fifty (50) miles from the primary location at which Executive was required to perform Executive’s duties prior to such relocation; (iii) Executive is no longer the principal executive officer of the Company; (iv) a material diminution in Executive’s duties, responsibilities or authority, or the assignment of duties or responsibilities materially inconsistent with Executive’s position as principal executive officer of the Company (which shall be presumed to occur if Executive ceases to report directly to the Board); (v) any time that ESL Investments, Inc. and its affiliate entities beneficially own more than twenty percent (20%) of the Company’s shares entitled to vote for directors, and they, in whole or in part, vote against Executive’s reelection to the Board while Executive is serving as the Chief Executive Officer of the Company; or (vi) anyother action or inaction that constitutes a material breach of the terms of the Employment Letter, including the failure of a successor company to assume or fulfill the obligations under the Employment Letter or this Agreement. In each case, Executive must provide Company with written notice of the facts giving rise to a claim that “Good Reason” exists for purposes of this Agreement, within sixty days of the initial existence of such Good Reason event, and Company shall have the right to remedy such event within thirty (30) days after receipt of Executive’s written notice. “Good Reason” shall cease to exist, and may not form the basis for claiming any compensation or benefits under this Agreement, if any of the following occurs:

i. Executive fails to provide the above-referenced written notice of the Good Reason event within sixty (60) days of its occurrence;

ii. Company remedies the Good Reason event within the above-referenced thirty (30) day remediation period; or

iii. Executive fails to resign within fifteen (15) days after the above-referenced thirty (30) day remediation period.

m. “*Qualifying Termination*” means the first to occur of a termination of the Executive’s Company Employment by the Company without Cause or by Executive upon his resignation for Good Reason, in any such case in accordance with the applicable procedural provisions set forth in this Agreement.

n. “*Restricted Period*” means (i) twenty-four (24) months following the Date of Termination that corresponds to any Separation from Service described in Section 2(a) below or (ii) twelve (12) months following the Date of Termination that corresponds to any Separation from Service not described in Section 2(a) below. Notwithstanding any provision of this Agreement to the contrary, on and after the first anniversary of a Qualifying Termination, Executive may elect, by written notice to the Company, to (a) forfeit all rights to the payments and benefits otherwise to be provided under Section 2 of this Agreement between and including the date on which Executive commences engaging in activity that would, but for this provision, constitute a breach of Section 8 of this Agreement (such date to be specified in such notice, the “*Forfeiture Date*”) through the end of the Salary Continuation Period and (b) reimburse the Company, in an amount in cash equal to the prorata portion of the value of the portion of the Sign-On Awards (as such term is defined in the Employment Letter) that became vested in accordance with the terms of the applicable Sign-On Award grant agreements as of Executive’s Date of Termination, with such amount equal to the product of (i) the sum of (x) the net after-tax amount on Executive’s Date of Termination of the shares of Company common stock delivered to Executive in settlement of the Sign-on RSUs (as such term is defined in the Employment Letter) that became vested in accordance with the terms of the applicable Sign-On RSU grant agreement as of Executive’s Date of Termination plus (y) the net after-tax amount that Executive would have realized on the Date of Termination in respect of the Sign-On Options assuming that, as of Executive’s Date of Termination, Executive had exercised in full all Sign-On Options (as such term is defined in the Employment Letter) and (ii) a fraction, equal to (x) the number of calendar days remaining between and including the Forfeiture Date through the end of the Salary Continuation Period, divided by (y) the number of days in the Salary Continuation Period, and upon such forfeiture and reimbursement, the restrictions imposed on Executive under Section 8 of this Agreement shall cease to apply to Executive as of the Forfeiture Date.

o. “*Salary Continuation*” means the sum of monthly base salary, based on Executive’s highest monthly base salary rate prior to the date Executive’s Company Employment terminates (“*Date of Termination*”) and one-twelfth of Executive’s Annual Bonus payable for a period of twenty-four (24) months following the Date of Termination (“*Salary Continuation Period*”), provided that, if the event giving rise to payment of Salary Continuation is a Change in Control Termination, such period shall be thirty (30) months.

p. “*Section 409A Threshold*” means an amount equal to the sum of the following amounts: (x) two times the lesser of (1) Executive’s base salary for services provided to the Company as an employee for the calendar year preceding the calendar year in which Executive has a Separation from Service; and (2) the maximum amount that may be taken into account under a qualified plan in accordance with Code Section 401(a)(17) for the calendar year in which the Executive has a Separation from Service, and (y) the amount of Executive’s Salary Continuation that does not otherwise provide for a deferral of compensation by application of Treasury Regulation Section 1.409A-1(b)(4). In all events, this amount shall be limited to the amounts specified under Treasury Regulation Sections 1.409A-1(b)(9)(iii)(A) and 1.409A-1(b)(9)(iii)(B) and the amount of any payments of Salary Continuation described in Treasury Regulation Section 1.409A-1(b)(4)(i) or any successors thereto.

q. “*Separation from Service*” means a “separation from service” with the Company within the meaning of Code Section 409A (and regulations issued thereunder). Notwithstanding anything herein to the contrary, the fact that Executive is treated as having incurred a Separation from Service under Code Section 409A and the terms of this Agreement shall not be determinative, or in any way affect the analysis, of whether Executive has retired, terminated employment, separated from service, incurred a severance from employment or become entitled to a distribution, under the terms of any qualified retirement plan (including pension plans and 401(k) savings plans) maintained by the Company.

r. “*Specified Employee*” means a “specified employee” under Code Section 409A (and regulations issued thereunder).

s. “*Trade Secret*” means information, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and that is the subject of efforts to maintain its secrecy that are reasonable under the circumstances. Employment.

2. Severance.

a. Upon the occurrence of a Qualifying Termination, Executive shall be entitled to the following:

i. Salary Continuation during the Salary Continuation Period.

ii. Continuation of health, dental and vision coverage for Executive, his spouse and his dependents, as applicable, at the applicable active employee rate (which shall be withheld, as applicable, from payments of Executive’s Salary Continuation) until the end of the pay period that includes the last day of the Salary Continuation Period, on the same terms as they were provided immediately prior to the Date of Termination (the “*Continuation Benefits*”). Any such coverage provided during the Salary Continuation Period shall not run concurrently with the applicable continuation period in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act (“*COBRA*”). If Executive becomes eligible to participate in another medical or dental benefit plan or arrangement through another employer during such period, the Company shall no longer pay for continuation coverage benefits and Executive shall be required to pay the full COBRA premium. Executive is required to notify the Company within thirty (30) days of obtaining other medical or dental benefits coverage. Any coverage provided under this Section 2(a)(ii) shall be subject to such amendments (including termination) of the coverage available to active participants as the Company shall make from time to time at its sole discretion, including but not limited to changes in covered expenses, employee contributions for premiums, and co-payment obligations, and shall be, to the fullest extent permitted by law, secondary to any other coverage Executive may obtain from subsequent employment. If the Company’s health plans are self-funded within the meaning of Code Section 105(h), the premiums paid by the Company for coverage shall be treated as taxable income to Executive.

iii. Reasonable outplacement services considering Executive’s position, mutually agreed upon by the Company and Executive from those vendors used by Company as of the Date of Termination, for a period of up to twelve (12) months or until subsequent employment is obtained, whichever occurs first. In addition, a resignation by Executive for Good Reason under this Agreement shall also be deemed to be a termination without Cause for purposes of Executive’s Relocation Repayment Agreement entered into with the Company on or prior to the Start Date, with all attendant benefits to be provided thereunder.

iv. Accrued Amounts.

Executive shall not be entitled to continuation of compensation or benefits if Executive's employment terminates for any other reason, including due to death or Disability, except as may be provided under any other agreement or benefit plan applicable to Executive at the time of the termination of Executive's employment and except for Accrued Benefits (provided that upon a resignation without Good Reason or Termination for Cause, the pro rata annual bonus otherwise payable in respect of the year in which the Date of Termination occurs shall not be paid). Executive shall also not be entitled to Salary Continuation, the Continuation Benefits nor the outplacement services pursuant to clause iii. above, after Executive materially violates the terms of this Agreement, including the material requirements under Section 8, unless such violation is effectively curable and Executive cures such violation within ten (10) business days after written notice of such violation by the Company. Except as provided in this Section 2, all other compensation and benefits shall terminate as of the Date of Termination.

b. Subject to subsection (c), Company shall pay Executive's Salary Continuation due under Section 2(a)(i) in substantially equal installments on each regular salary payroll date for the Salary Continuation Period, except as otherwise provided in this Agreement. Salary Continuation payments shall be subject to withholdings for federal and state income taxes, FICA, Medicare and other legally required or authorized deductions. For the avoidance of doubt, Executive shall not be obligated to seek affirmatively or accept an employment, contractor, consulting or other arrangement to mitigate Salary Continuation and any other amounts received for such activities shall not reduce the amounts due hereunder. Further, to the extent Executive does not execute and timely submit the General Release and Waiver (in accordance with Section 7) by the deadline specified therein, or revokes such General Release and Waiver, Salary Continuation payments Continuation Benefits shall terminate and forever lapse, and Executive shall be required immediately to reimburse the Company for any portion of the Salary Continuation and health benefits premiums paid during the Salary Continuation Period. For clarity, the Salary Continuation and Continuation Benefits shall, subject to paragraph c below, start immediately upon the Date of Termination and not be delayed until such General Release and Waiver is executed and not revoked. To the extent such Salary Continuation was paid in a calendar year prior to the calendar year in which such reimbursement is received by the Company, the reimbursement shall be in the gross amount of such Salary Continuation on a pre-tax-withholding basis. To the extent such Salary Continuation was paid in the same calendar year as the reimbursement is received by the Company, the reimbursement shall be in the net amount of such Salary Continuation on an after-tax-withholding basis. In the event such reimbursement is required with respect to Salary Continuation payments that are reported on a Form W-2 for Executive, Executive shall be solely responsible for claiming any related tax deduction, and the Company shall not be required to issue a corrected Form W-2 except as required by law.

c. If at the time of Separation from Service, the Executive is a Specified Employee, payment of any nonqualified deferred compensation due during such six (6) month period shall be deferred until the earlier of six (6) months and one (1) day after the Executive's Separation from Service or the Executive's death and then paid in a lump sum; provided that, if the Executive's Separation from Service qualifies under Code 409A for the application of the Section 409A Threshold, such Section 409A Threshold shall be applied, after application of any short term deferral period that applies to payments, such that full payment of the nonqualified deferred compensation shall be made until the Section 409A Threshold is reached and then any remaining payments during such six (6) months period shall be deferred until the end of the period or Executive's earlier death.

d. If the Termination is a Change in Control Termination and occurs prior to the Change in Control, any increased Annual Bonus amount that becomes due as a result of the Change in Control from the period prior to the Change in Control shall be paid in a lump sum upon the Change in Control, but if, and only if, the Change in Control is covered by Treasury Reg. 1-409A-3(i)(v).



e. If any of the payments or benefits received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) constitute “parachute payments” within the meaning of Section 280G of the Code and would, but for this paragraph, be subject to the excise tax imposed under Section 4999 of the Code (the “Excise Tax”), then such payments shall be reduced by the minimum possible amounts until no amount payable to Executive will be subject to the Excise Tax; *provided, however*, that no such reduction shall be made if the net after-tax payment (after taking into account federal, state, local or other income, employment and excise taxes) to which Executive would otherwise be entitled without such reduction would be greater than the net after-tax payment (after taking into account federal, state, local or other income, employment and excise taxes) to Executive resulting from the receipt of such payments with such reduction. In applying any such reduction, the Executive shall be entitled to elect the order of reduction to the extent such right would not be a violation of Code Sections 280G, 409A or 4999. If it is a violation or the Executive does not elect, to the extent any such payments may be subject to Code Section 409A, the reduction shall be applied to in the following order (i) any payments of Salary Continuation starting with the last payment due, (ii) vesting of compensatory awards of shares (or in the absence of shares, restricted stock units) to the extent Treas. Reg 1.280G-Q and A24(c) does not apply in reverse order, (iii) vesting of compensatory awards of shares (or in the absence of shares, restricted stock units) to the extent such Section does not apply in reverse order, (iv) compensatory stock options on the sum basis and sum order as (n) and (m) and then (v) any remaining payments on a pro rata basis in proportion to the amount of such payments that are considered “contingent on a change in ownership or control” within the meaning of Section 280G of the Code. All calculations and determinations under this subsection (e) shall be made by an independent accounting firm or independent tax counsel appointed by the Company whose determinations shall be conclusive and binding on the Company and the Executive for all purposes and who (x) shall provide an opinion to the Company (in respect of which the Company shall use its reasonable best efforts to also require such firm or counsel to provide an opinion to Executive) that can be relied on for filing tax returns and (y) shall provide copies of all such calculations, as well as a copy of a formal valuation of any non-competition provision that impacts the foregoing calculations. All fees and expenses of the accounting firm or tax counsel shall be borne solely by the Company and shall be paid by the Company.

3. Confidentiality. Subject to Section 11(b) below, in addition to all duties of loyalty imposed on Executive by law or otherwise, during the term of Executive’s Company Employment and for two years following the termination of such employment for any reason, other than in the reasonable and good faith performance of his duties to the Company, Executive shall maintain Confidential Information in confidence and secrecy and shall not disclose Confidential Information or use it for the benefit of any person or organization (including Executive) other than the Company without the prior written consent of an authorized officer of the Company (except for disclosures to persons acting on the Company’s behalf with a need to know such information).

4. Non-Disclosure of Trade Secrets. Subject to Section 11(b) below, during Executive’s Company Employment, except in the reasonable and good faith performance of his duties to the Company, Executive shall preserve and protect Trade Secrets of the Company from unauthorized use or disclosure; and after termination of such employment, Executive shall not use or disclose any Trade Secret of the Company for so long as that Trade Secret remains a Trade Secret.

5. Third-Party Confidentiality. Executive shall not disclose to the Company, use on its behalf, or otherwise induce the Company to use any secret or confidential information belonging to persons or entities not affiliated with the Company, which may include a former employer of Executive, if Executive then has an obligation or duty to any person or entity (other than the Company) to not disclose such information to other persons or entities, including the Company. Executive acknowledges that the Company has disclosed that the Company is now, and may be in the future, subject to duties to third parties to maintain information in confidence and secrecy. By executing this Agreement, Executive consents to be bound by any such duty owed by the Company to any third party of which he is informed.

6. Work Product. Executive acknowledges that all ideas, inventions, innovations, improvements, developments, methods, designs, analyses, reports, databases, and any other similar or related information (whether patentable or not) which relate to the actual or anticipated business, research and development, or existing or known future products or services of the Company which are or were conceived, developed or created by Executive (alone or jointly with others) during Executive's Company Employment (the "Work Product") is and shall remain the exclusive property of the Company. Executive acknowledges and agrees that all copyrightable Work Product was created in Executive's capacity as an employee of Lands' End and within the scope of Executive's Company Employment, and thus constitutes a "work made for hire" under the Copyright Act of 1976, as amended. Executive hereby assigns to the Company all right, title and interest in and to all Work Product, and agrees to perform all actions reasonably requested by the Company to establish, confirm or protect the Company's ownership thereof (including, without limitation, executing assignments, powers of attorney and other instruments).

7. General Release and Waiver. Upon or following Executive's Date of Termination potentially entitling Executive to Salary Continuation and other benefits under Section 2 above, Executive will execute a binding general release and waiver of claims in a form substantially similar to the attached Appendix B. If the General Release and Waiver is not signed within the time it requires or is signed but subsequently revoked, Executive will not continue to receive any Salary Continuation otherwise payable, and shall reimburse any Salary Continuation previously paid.

8. Noncompetition. During Executive's Company Employment and thereafter for the applicable Restricted Period, Executive shall not, directly or indirectly, participate in, consult with, be employed by, or assist with the organization, planning, financing, management, operation or control of any Competitive Business, provided the foregoing shall not limit Executive from being involved in the noncompetitive portion of a Competitive Business.

9. Nonsolicitation. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, Executive shall not, directly or indirectly, either by himself or by providing substantial assistance to others (i) solicit any employee of the Company to terminate employment with the Company, or (ii) employ or seek to employ, or cause or assist any other person, company, entity or business to employ or seek to employ, any individual who was both an employee of the Company as of Executive's Date of Termination and has been an employee of the Company in the six (6) months prior to the event. The foregoing shall not be violated by general advertising not targeted at employees of the Company or serving as a reference upon request to an entity with which Executive is not associated.

10. Future Employment. During Executive's Company Employment and thereafter for the applicable Restricted Period, before accepting any employment with any Competitive Business (whether or not Executive believes such employment is prohibited by Section 8), Executive shall disclose to the Company the identity of any such Competitive Business and a complete description of the duties involved in such prospective employment, including a full description of any business, territory or market segment to which Executive will be assigned. Further, during Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, Executive agrees that, before accepting any future employment, Executive will provide a copy of this Agreement to any prospective employer of Executive, and Executive hereby authorizes the Company to do likewise, whether before or after the outset of the future employment.

11. Nondisparagement; Cooperation.

a. During Executive's Company Employment and for two (2) years following the termination of such employment for any reason, Executive (i) will not criticize or disparage the Company or its directors, officers, employees or products, and (ii) will reasonably cooperate with the Company in all investigations, potential litigation or litigation in which the Company is involved or may become involved with respect to matters that relate to Executive's Company Employment (other than any such investigations, potential litigation or litigation between Company and Executive); *provided, that*, with regard to Executive's duties under clause (ii), Executive shall be reimbursed for reasonable travel and out-of-pocket expenses related thereto, but shall otherwise not be entitled to any additional compensation. During Executive's Company employment and for two (2) years following the termination of such employment, the Company's executive officers and its directors shall not, directly or indirectly, except the directors and/or executive officers amongst themselves while Executive is employed in their reasonable and good faith performance of their duties to the Company, criticize or disparage Executive.

b. Notwithstanding the foregoing, nothing in this Section 11 or any other provision of this Agreement shall prevent Executive or the officers and directors from (i) making any truthful statement to the extent, but only to the extent (A) necessary with respect to any litigation, arbitration or mediation involving this Agreement or the Employment Letter, including, but not limited to, the enforcement of this Agreement or the Employment Letter, in the forum in which such litigation, arbitration or mediation properly takes place or (B) required by law, legal process or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with apparent jurisdiction, (ii) making normal competitive statements any time after the expiration of the applicable Restricted Period, (iii) rebut false or misleading statements made by others and/or (iv) making any statements in the reasonable and good faith performance of duties to the Company while Executive is employed by the Company.

12. Indemnification. After termination, the Company shall continue to maintain a directors and officers liability insurance policy covering Executive to the extent the Company provides such coverage for its executive officers and directors and shall continue to cover Executive under any indemnification agreement, by-laws or other existing indemnification rights while liability continues to exist after the Date of Termination.

13. Notices. All notices, request, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given (or received, as applicable) upon the calendar date when delivered by hand or when mailed by United States certified or registered mail with postage prepaid addressed as follows:

a. If to Executive, to such person or address which Executive has furnished to the Company in writing pursuant to the above.

b. If to the Company, to the attention of the Company's General Counsel at the address set forth on the signature page of this Agreement or to such other person or address as the Company shall furnish to Executive in writing pursuant to the above.

14. Enforceability. Executive recognizes that irreparable injury may result to the Company, its business and property, and the potential value thereof in the event of a sale or other transfer, if Executive breaches any of the restrictions imposed on Executive by this Agreement, and Executive agrees that if Executive shall engage in any act in violation of such provisions, then the Company shall be entitled, in addition to such other remedies and damages as may be available, to an injunction prohibiting Executive from engaging in any such act.

15. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon and enforceable by Lands' End, Inc., its successors, pending assigns and Affiliates, all of which (other than Lands' End, Inc.) are intended third-party beneficiaries of this Agreement. Executive hereby consents to the assignment of this Agreement to any person or entity, which is a successor to all or substantially all of the Lands' End business provided such entity assumes the obligation hereunder in writing.

16. Validity. Any invalidity or unenforceability of any provision of this Agreement is not intended to affect the validity or enforceability of any other provision of this Agreement, which the parties intend to be severable and divisible, and to remain in full force and effect to the greatest extent permissible under applicable law.

17. Choice of Law; Jurisdiction. Except to the extent superseded or preempted by federal U.S. law, the rights and obligations of the parties and the terms of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Wisconsin, but without regard to the State of Wisconsin's conflict of laws rules. The parties further agree that the state and federal courts in Madison, Wisconsin, shall have exclusive jurisdiction over any claim which in any way arises out of Executive's employment with the Company, including but not limited to any claim seeking to enforce the provisions of this Agreement.

18. Section 409A Compliance. To the extent that a payment or benefit under this Agreement is subject to Code Section 409A, it is intended that this Agreement as applied to that payment or benefit comply with or be exempt from the requirements of Code Section 409A, and the Agreement shall be administered and interpreted consistent with this intent. Notwithstanding any provision of this Agreement to the contrary, for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment that are considered deferred compensation under Section 409A, references to Executive's "termination of employment" (and corollary terms) with the Company shall be construed to refer to Executive's "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1(h)) with the Company. Whenever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A. With respect to any reimbursement or in-kind benefit arrangements of the Company that constitute deferred compensation for purposes of Section 409A, except as otherwise permitted by Section 409A, the following conditions shall be applicable: (i) the amount eligible for reimbursement, or in-kind benefits provided, under any such arrangement in one calendar year may not affect the amount eligible for reimbursement, or in-kind benefits to be provided, under such arrangement in any other calendar year, (ii) any reimbursement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

19. Effectiveness. The parties to this Agreement each acknowledge and agree that Executive's employment shall not commence, and Executive shall not be subject to or eligible for payments and benefits under this Agreement, in each case until Executive commences Executive's Company Employment on the Start Date. Notwithstanding the foregoing, in the event that, after the Effective Date but prior to the Start Date, (a) the Company terminates the Employment Letter and this Agreement and rescinds the offer to Executive to commence employment with the Company on the Start Date (under circumstances other than those which, if Executive were employed with the Company at such time, would constitute Cause), then Executive shall be entitled to receive the Salary Continuation in accordance with the terms of Section 2.a.i. above, with the Salary Continuation Period to commence on the next regularly scheduled payroll date occurring after the Company has provided written notice to Executive of its termination of the Employment Letter and this Agreement, or (b) Executive terminates the Employment Letter and this Agreement, Executive shall first be required to provide sixty (60) days advance written notice to the Company of such termination, in which case Executive acknowledges and agrees that Executive, for good and valuable consideration, shall be bound by the restrictive covenants set forth in Sections 3 through 9 of this Agreement, as if Executive had resigned without Good Reason on the date of such written notice.

20. Miscellaneous. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement may be modified only by a written agreement signed by Executive and a duly authorized officer or director of the Company.

[END OF DOCUMENT. SIGNATURES ON NEXT PAGE.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

EXECUTIVE

By: /s/ Jerome S. Griffith  
Name: Jerome S. Griffith

LANDS' END, INC.

By: /s/ Josephine Linden  
Name: Josephine Linden  
Its: Chair, Board of Directors

5 Lands' End Lane

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## Appendix A

Amazon.com  
Ann Taylor  
Ascena Retail Group, Inc.  
Bonobos  
Brooks Brothers  
Chico's  
Eddie Bauer  
The Gap Company  
J.C. Penney Company Inc.  
J. Crew  
Jos A. Bank  
Kate Spade  
Kohl's  
L Brands  
L.L. Bean  
Next Retail  
Polo Ralph Lauren  
Talbots  
Target  
Tommy Hilfiger  
Vineyard Vines

Appendix B

**NOTICE: YOU MAY CONSIDER THIS GENERAL RELEASE AND WAIVER FOR UP TO TWENTY-ONE (21) DAYS. YOU MAY NOT SIGN IT UNTIL ON OR AFTER YOUR LAST DAY OF WORK. IF YOU DECIDE TO SIGN IT, YOU MUST DELIVER A SIGNED COPY TO LANDS' END, INC. BY NO LATER THAN THE TWENTY- SECOND (22ND ) DAY AFTER YOUR LAST DAY OF WORK TO THE GENERAL COUNSEL, LANDS' END, INC., 5 LANDS' END LANE, DODGEVILLE, WISCONSIN 53595. YOU MAY REVOKE THE GENERAL RELEASE AND WAIVER WITHIN SEVEN (7) DAYS AFTER SIGNING. ANY REVOCATION WITHIN THIS PERIOD MUST BE IMMEDIATELY SUBMITTED IN WRITING TO THE GENERAL COUNSEL AT THE ADDRESS SET FORTH ABOVE. YOU MAY WISH TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS DOCUMENT.**

**GENERAL RELEASE AND WAIVER**

In consideration of the severance benefits that are described in the attached Executive Severance Agreement that I previously entered into with Lands' End, Inc., dated December 19, 2016, I, for myself, my heirs, administrators, representatives, executors, successors and assigns, do hereby release Lands' End, Inc., its current and former agents, subsidiaries, affiliates, related organizations, employees, officers, directors, shareholders, attorneys, successors, and assigns (collectively, "Lands' End") from any and all claims of any kind whatsoever, whether known or unknown, arising out of, or connected with, my employment with Lands' End and the termination of my employment. Without limiting the general application of the foregoing, this General Release & Waiver releases, to the fullest extent permitted under law, all contract, tort, defamation, and personal injury claims; all claims based on any legal restriction upon Lands' End's right to terminate my employment at will; Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e et seq.; the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq.; the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq.; the Rehabilitation Act of 1973, 29 U.S.C. §§ 701 et seq.; the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. ("ERISA"); 29 U.S.C. § 1985; the Civil Rights Reconstruction Era Acts, 42 U.S.C. §§ 1981-1988; the National Labor Relations Act, 29 U.S.C. §§ 151 et seq.; the Family & Medical Leave Act, 29 U.S.C. §§ 2601 et seq.; the Immigration & Nationality Act, 8 U.S.C. §§ 1101 et seq.; Executive Order 11246 and all regulations thereunder; the Wisconsin Fair Employment Act, Wis. Stat. §§ 111.31-111.395; the Wisconsin Family & Medical Leave Act, Wis. Stat. § 103.10; the Wisconsin Worker's Compensation Act, Wis. Stat. Ch. 102; and any and all other state, federal or local laws of any kind, whether administrative, regulatory, statutory or decisional.

This General Release & Waiver does not apply to any claims that may arise after the date I sign this General Release & Waiver. Also excluded from this General Release & Waiver are any claims that cannot be waived by law, including but not limited to (1) my right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission and (2) my rights or claims to benefits accrued under benefit plans maintained by Lands' End and governed by ERISA. I do, however, waive any right to any monetary or other relief flowing from any agency or third-party claims or charges, including any charge I might file with any federal, state or local agency. I warrant and represent that I have not filed any complaint, charge, or lawsuit against Lands' End with any governmental agency or with any court. The release does not cover any rights to indemnification or rights to directors and officers liability insurance coverage.

I also waive any right to become, and promise not to consent to become a participant, member, or named representative of any class in any case in which claims are asserted against Lands' End that are related in any way to my employment or termination of employment at Lands' End, and that involve events that have occurred as of the date I sign this General Release and Waiver. If I, without my consent, am made a member of a class in any proceeding, I will opt out of the class at the first opportunity afforded to me after learning of my inclusion. In this regard, I agree that I will execute, without objection or delay, an "opt-out" form presented to me either by the court in which such proceeding is pending, by class counsel or by counsel for Lands' End.

I have read this General Release and Waiver and understand all of its terms. I have signed it voluntarily with full knowledge of its legal significance.

I have had the opportunity to seek, and I have been advised in writing of my right to seek, legal counsel prior to signing this General Release & Waiver.

I was given at least twenty-one (21) days to consider signing this General Release & Waiver. I agree that any modification of this General Release & Waiver Agreement will not restart the twenty-one (21) day consideration period.

I understand that if I sign the General Release & Waiver, I can change my mind and revoke it within seven (7) days after signing it by notifying the General Counsel of Lands' End in writing at Lands' End, Inc., 5 Lands' End Lane, Dodgeville, Wisconsin 53595. I understand the General Release & Waiver will not be effective until after the seven (7) day revocation period has expired.

I understand that the delivery of the consideration herein stated does not constitute an admission of liability by Lands' End and that Lands' End expressly denies any wrongdoing or liability.

Date: **SAMPLE ONLY - DO NOT DATE**

Signed by: **SAMPLE ONLY - DO NOT SIGN**

Witness by: **SAMPLE ONLY - DO NOT SIGN**



October 16, 2017

Sarah Rasmusen  
[Address Omitted]

Dear Sarah,

We are pleased to confirm an offer of employment to you as SVP, E-Commerce. We all believe the future of Lands' End will provide us with many opportunities for growth and the company is well positioned for continued success.

Some key elements of the position are as follows:

- Your offer is contingent upon our Board of Directors approval and upon satisfactory completion of a criminal background check, employment authorization and verification and confirmation that you are not subject to any restrictions arising out of your prior employment which would be breached or violated by your accepting a position with Lands' End.
  - The primary work location will be in our Dodgeville, WI office. All requested business travel and lodging will be at company expense subject to Lands' End's applicable Travel & Entertainment Employee Expense Policy.
  - Annual base salary of \$310,000 paid in bi-weekly payments (your first check will be a live check followed by direct deposit the next pay period). Increases will be determined based on a number of factors, with performance typically being the most significant factor. Since you are beginning employment with Lands' End after the start of our new fiscal year you will be first eligible for merit increase consideration in the 2018 merit cycle.
  - You will receive a one-time cash sign-on bonus of \$75,000 ("*Sign-On Bonus*"). If your employment is terminated by Lands' End for Cause (as defined in the Executive Severance Agreement) or by you without Good Reason (as defined in the Executive Severance Agreement) prior to the second anniversary of your Start Date, within 30 days of your last day worked, you will be required to pay back the pre-tax amount of the Sign-On Bonus paid to you within the 365 days immediately preceding the date your employment is terminated. For the avoidance of doubt, you shall not have to return any such amounts if your employment terminates by Lands' End without Cause, by you for Good Reason or as a result of your death or Disability (as defined in the Executive Severance Agreement).
  - You will be eligible for an annual target bonus incentive ("*AIP*") opportunity of 50% of your base salary. The portion of the bonus target paid each year is based on your performance and the company's fiscal results. Since you are beginning employment after the start of the fiscal year, your incentive opportunity under the 2017 AIP will be prorated from your start date through February 2, 2018, the last day of the company's 2017 fiscal year.
  - You will be eligible to receive a restricted stock unit grant valued at \$50,000 as of the grant date. Equity awards are approved by a committee of our Board of Directors and are made quarterly. It is expected that the next quarterly award will be made in early December, soon after the public release of our third quarter results. This grant will be made under the Lands' End, Inc. 2014 Stock Plan (As Amended and Restated) ("*the 2014 Plan*"), be subject to the terms of a Restricted Stock Unit Agreement, which will be provided to you and vest 25%, 25% and 50%, on the first, second and third anniversaries of the grant date.
-

- You will be eligible to participate in the Lands' End Retirement Plan, which includes 401(k) employee contribution and Company Match features. As a past participant you will have the opportunity to start employee deferrals immediately upon rehire. Lands' End will begin matching your contributions at 50% on the first 6% of your eligible earnings, beginning January 1, 2019, if you work 1,000 hours in 2018.
- In recognition of your previous related experience, you will receive 20 business days of vacation as of your start date, with an additional 5 business days after ten years of service.
- With this position, for our 2018 fiscal year, it is our intent to offer an annual long-term incentive with a target value of 75% of your base salary which is \$232,500 annualized. Further details regarding the Fiscal 2018 LTI target award will be provided following approval by the Compensation Committee.
- As a condition of employment, you will be required to sign an Executive Severance Agreement (ESA). While the terms and conditions of the ESA will govern, here is a summary of some of the items covered by the ESA: If your employment with Lands' End is terminated by LE (other than for Cause, death or Disability) or by you for Good Reason (as defined in the ESA), you will receive twelve (12) months of salary continuation, equal to your base salary at the time of termination, reduced by any interim earnings you may otherwise receive. Under the ESA, you agree, among other things, not to disclose confidential information and, for eighteen (18) months following termination of employment, not to solicit our employees. You also agree not to aid, assist or render services for any 'Lands' End Competitor' (as defined in the ESA) for twelve (12) months following termination of employment. The non-disclosure, non-solicitation and non-compete provisions apply regardless of whether you are eligible for severance benefits under the ESA.
- All aspects of this offer are subject to approval by the Compensation Committee of the Lands' End Board of Directors.

If you need additional information or clarification, please call me at 608-935-4377.

Sincerely,

/s/ Kelly Ritchie

Jerome Griffith  
SVP – Employee Services

/s/ Sarah Rasmusen

\_\_\_\_\_  
Sarah Rasmusen

September 4, 2019

Sarah Rasmusen

Dear Sarah,

We are pleased to confirm the details of your salary adjustment effective Aug 31, 2019. Your title will remain Chief Customer Officer and you will continue to report to me. We all believe the future of Lands' End will provide us with many opportunities for growth and the company is well positioned for continued success.

The following outlines the changes to your compensation package:

- Annual base salary of \$425,000 paid in bi-weekly payments.
- Continued participation in the Lands' End, Inc. Annual Incentive Plan ("AIP") with your annual target incentive opportunity increasing to 75% of your base salary as of your effective date. Bonus is based on fiscal earnings and is payable by April 15, 2020. Should Lands' End fiscal results warrant a bonus payment, your incentive payment would be pro-rated based on eligible earnings under each AIP target.
- Participation will continue in the Lands' End Long-term Incentive program ("LTI"). For FY2019, your target incentive opportunity under the LTI will remain at 75% of your base salary, as granted on March 25, 2019. For future LTI Plans, your target incentive opportunity will increase to 100% of your base salary.

Sarah, we all think highly of you and believe there will be opportunity to leverage your knowledge, experience, and leadership as we continue to grow as a trusted American lifestyle brand.

Sincerely,

/s/ Jerome Griffith

Jerome Griffith  
CEO & President

/s/ Sarah Rasmusen

\_\_\_\_\_  
Sarah Rasmusen

## EXECUTIVE SEVERANCE AGREEMENT

This Executive Severance Agreement (“Agreement”) is made as of the 16th day of October, 2017, between Lands’ End, Inc., a Delaware corporation together with its successors, assigns and Affiliates, the “Company”), and **Sarah Rasmusen** (“Executive”).

WHEREAS, in light of the Company’s size and its visibility as a publicly-traded company that reports its results to the public, the Company has attracted attention of other companies and businesses seeking to obtain for themselves or their customers some of the Company’s business acumen and know-how; and

WHEREAS, the Company has shared with Executive certain aspects of its business acumen and know-how as well as specific confidential and proprietary information about the products, markets, processes, costs, developments, ideas, and personnel of the Company; and

WHEREAS, the Company has imbued Executive with certain aspects of the goodwill that the Company has developed with its customers, vendors, representatives and employees; and

WHEREAS, as consideration for entering into this Agreement, the Company is extending to Executive the opportunity to receive severance benefits under certain circumstances as provided in this Agreement; and

WHEREAS, as additional consideration for entering into this Agreement, the Company has granted to Executive restricted stock units pursuant to a Restricted Stock Agreement entered into between the Company and the Executive.

NOW, THEREFORE, in consideration of the foregoing, and of the respective covenants and agreements of the parties set forth in this Agreement, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following terms have the meanings indicated:

a. “Affiliate” means any subsidiary or other entity that, directly or indirectly through one or more intermediaries, is controlled by Lands’ End, Inc., whether now existing or hereafter formed or acquired. For purposes hereof, “control” means the power to vote or direct the voting of sufficient securities or other interests to elect one-third of the directors or managers or to control the management of such subsidiary or other entity. Notwithstanding the foregoing, if the Executive’s “Salary Continuation” exceeds the “Section 409A Threshold” (as such terms are defined below), then Affiliate shall mean any person with whom the Company is considered to be a single employer under Code Section 414(b) and all persons with whom the Company would be considered a single employer under Code Section 414(c), substituting “50%” for the “80%” standard that would otherwise apply.

b. “Cause” means (i) a material breach by Executive (other than a breach resulting from Executive’s incapacity due to a Disability) of Executive’s duties and responsibilities which breach is demonstrably willful and deliberate on Executive’s part, is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach; (ii) the commission by Executive of a felony; or (iii) dishonesty or willful misconduct in connection with Executive’s employment.

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c. “Competitive Business” means any corporation, partnership, association, or other person or entity (including but not limited to Executive) that:

1. is listed on Appendix A, each of which Executive acknowledges is a Competitive Business, whether or not it falls within the categories in subsection (c)(2) immediately below, and further acknowledges that this is not an exclusive list of Competitive Businesses and is not intended to limit the generality of subsection (c)(2) immediately below; or

Executive acknowledges that the Company shall have the right to propose modifications to Appendix A periodically to include (i) emergent Competitive Businesses in the existing lines of business of the Company, and (ii) Competitive Businesses in lines of business that are new for the Company, in each case, with the prior written consent of Executive, which consent shall not be unreasonably withheld.

d. “Code” means the Internal Revenue Code of 1986, as amended.

e. “Confidential Information” means information related to the Company’s business, not generally known in the trade or industry, which Executive learns or creates during the period of Executive’s Company Employment, which may include but is not limited to product specifications, manufacturing procedures, methods, equipment, compositions, technology, formulas, know-how, research and development programs, sales methods, customer lists, customer usages and requirements, personnel evaluations and compensation data, computer programs and other confidential technical or business information and data that is not otherwise in the public domain.

f. “Disability” means disability as defined under the Company’s long-term disability plan (regardless of whether Executive is a participant under such plan).

g. “Executive’s Company Employment” means the time (including time prior to the date hereof) during which Executive is employed by any entity comprised within the definition of “Company”, regardless of any change in the entity actually employing Executive.

h. “Good Reason” shall mean, without Executive’s written consent, (i) a reduction of more than ten percent (10%) in the sum of Executive’s annual base salary and target bonus under Company’s Annual Incentive Plan; (ii) Executive’s mandatory relocation to an office more than fifty (50) miles from the primary location at which Executive was previously required to perform Executive’s duties; (iii) any other action or inaction that constitutes a material breach of the terms of this Agreement, including failure of a successor company to assume or fulfill the obligations under this Agreement. In each case, Executive must provide Company with written notice of the facts giving rise to a claim that “Good Reason” exists for purposes of this Agreement, within thirty (30) days of the initial existence of such Good Reason event, and Company shall have the right to remedy such event within sixty (60) days after receipt of Executive’s written notice. “Good Reason” shall cease to exist, and may not form the basis for claiming any compensation or benefits under this Agreement, if any of the following occurs:

i. Executive fails to provide the above-referenced written notice of the Good Reason event within thirty (30) days of its occurrence;

ii. Company remedies the Good Reason event within the above-referenced sixty (60) day remediation period; or

iii. Executive fails to resign within ninety (90) days of Executive's written notice of the Good Reason event.

i. "Salary Continuation" means continuation of base salary, based on Executive's annual base salary rate as of the date Executive's Company Employment terminates ("Date of Termination"), payable for a period of twelve (12) months following the Date of Termination ("Salary Continuation Period").

j. "Section 409A Threshold" means an amount equal to two times the lesser of (i) Executive's base salary for services provided to the Company as an employee for the calendar year preceding the calendar year in which Executive has a Separation from Service; or (ii) the maximum amount that may be taken into account under a qualified plan in accordance with Code Section 401(a)(17) for the calendar year in which the Executive has a Separation from Service. In all events, this amount shall be limited to the amount specified under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A) or any successor thereto.

k. "Separation from Service" means a "separation from service" with the Company within the meaning of Code Section 409A (and regulations issued thereunder). Notwithstanding anything herein to the contrary, the fact that Executive is treated as having incurred a Separation from Service under Code Section 409A and the terms of this Agreement shall not be determinative, or in any way affect the analysis, of whether Executive has retired, terminated employment, separated from service, incurred a severance from employment or become entitled to a distribution, under the terms of any retirement plan (including pension plans and 401(k) savings plans) maintained by the Company.

l. "Specified Employee" means a "specified employee" under Code Section 409A (and regulations issued thereunder).

m. "Trade Secret(s)" means information, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and that is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

2. Employment. During Executive's Company Employment, Executive agrees to devote all of Executive's professional time and attention to the duties required by such Company Employment and to the best interests of the Company, and to engage in other business, professional or philanthropic activities only with the prior written approval of the Company. Executive shall also comply with all generally applicable policies of the Company, including but not limited to the Company's Code of Conduct, as such policies may be amended from time to time. Except as may be otherwise expressly provided in any written agreement between the Company and Executive other than this Agreement, Executive's Company Employment is terminable by either party at will.

3. Severance.

a. If Executive's Company Employment is involuntarily terminated without Cause or if Executive resigns for Good Reason, Executive shall be entitled to the following:

i. Salary Continuation.

- ii. Continuation of health, dental and vision coverage at the applicable active employee rate until the end of the pay period that includes the last day of the Salary Continuation Period, on the same terms as they were provided immediately prior to the Date of Termination, subject to the Company's ability to continue to make these payments without incurring discrimination penalties under the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, and all applicable regulations and guidance thereunder. Any such coverage provided during the Salary Continuation Period shall not run concurrently with the applicable continuation period in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). If Executive becomes eligible to participate in another medical or dental benefit plan or arrangement through another employer or spousal plan during such period, the Company shall no longer pay for continuation coverage benefits and Executive shall be required to pay the full COBRA premium. Executive is required to notify the Company within thirty (30) days of obtaining other medical or dental benefits coverage. Any coverage provided under this Section 3(a)(ii) shall be subject to such amendments (including termination) of the coverage as the Company shall make from time to time at its sole discretion, including but not limited to changes in covered expenses, employee contributions for premiums, and co-payment obligations, and shall be, to the fullest extent permitted by law, secondary to any other coverage Executive may obtain from subsequent employment or any other source.
- iii. Reasonable outplacement services, mutually agreed upon by the Company and Executive from those vendors used by Company as of the Date of Termination, for a period of up to twelve (12) months or until subsequent employment is obtained, whichever occurs first.
- iv. Notwithstanding any limitation on the payment of benefits upon termination of employment that may be provided for under its vacation pay policy, Company shall provide Executive a lump sum payment, promptly after the expiration of the revocation period set forth in Appendix B, of the unused vacation pay benefits which Executive had been granted prior to the Date of Termination to the maximum extent permitted pursuant to Section 409A of the Code.

Executive shall not be entitled to continuation of compensation or benefits if Executive's employment terminates for any other reason, including due to death or Disability, except as may be provided under any other agreement or benefit plan applicable to Executive at the time of the termination of Executive's employment. Executive shall also not be entitled to Salary Continuation or any of the other benefits above if Executive does not meet all of the other requirements under, or otherwise violates the terms of, this Agreement, including the requirements under Section 8. Except as provided in this Section 3, all other compensation and benefits shall terminate as of the Date of Termination.

b. Subject to subsection (c), Company shall pay Executive Salary Continuation in substantially equal installments on each regular salary payroll date for the Salary Continuation Period, except as otherwise provided in this Agreement. Salary Continuation payments shall be subject to withholdings for federal and state income taxes, FICA, Medicare and other legally required or authorized deductions. Notwithstanding the foregoing, the obligations of the Company to pay Salary Continuation shall be reduced on a dollar-for-dollar basis (but not below zero) by the amount, if any, of fees, salary or wages that Executive earns from a subsequent employer (including those arising from self-employment) during the Salary Continuation Period. Executive shall promptly notify the Company of any subsequent employment or self-employment and the amount of any such fees, salary, wages or any other form of compensation earned. Any such fees, salary, wages or compensation shall reduce the Salary Continuation payments in reverse chronological order, beginning with the Salary Continuation payment that would be the final Salary Continuation payment in the absence of such reduction. For avoidance of doubt, Executive shall not be obligated to seek affirmatively or accept an employment, contractor, consulting or other arrangement to mitigate Salary Continuation. Further, to the extent Executive does not execute and timely submit the General Release and Waiver (in accordance with Section 8) by the deadline specified therein, or revokes such General Release and Waiver, Salary Continuation payments shall terminate and forever lapse, and Executive shall be required immediately to reimburse the Company for any portion of the Salary Continuation paid during the Salary Continuation Period. To the extent such Salary Continuation was paid in a calendar year prior to the calendar year in which such reimbursement is received by the Company, the reimbursement shall be in the gross amount of such Salary Continuation on a pre-tax-withholding basis. To the extent such Salary Continuation was paid in the same calendar year as the reimbursement is received by the Company, the reimbursement shall be in the net amount of such Salary Continuation on an after-tax-withholding basis. In the event such reimbursement is required with respect to Salary Continuation payments that are reported on a Form W-2 for Executive, Executive shall be solely responsible for claiming any related tax deduction, and the Company shall not be required to issue a corrected Form W-2.

c. Notwithstanding anything in this Section 3 to the contrary, if the Salary Continuation payable to Executive during the first six (6) months after Executive's Separation from Service would exceed the Section 409A Threshold and if, as of the date of the Separation from Service, Executive is a Specified Employee, then payment shall be made to Executive on each regular salary payroll date during the six (6) months of the Salary Continuation Period until the aggregate amount received equals the Section 409A Threshold. Any portion of the Salary Continuation in excess of the Section 409A Threshold that would otherwise be paid during such six (6) months, and any portion of the Salary Continuation that is otherwise subject to Section 409A, shall instead be paid to Executive in a lump sum payment on the date that is six (6) months and one (1) day after the date of Executive's Separation from Service.

4. Confidentiality. In addition to all duties of loyalty imposed on Executive by law or otherwise, during the term of Executive's Company Employment and for two years following the termination of such employment for any reason, Executive shall maintain Confidential Information in confidence and secrecy and shall not disclose Confidential Information or use it for the benefit of any person or organization (including Executive) other than the Company without the prior written consent of an authorized officer of the Company (except for disclosures to persons acting on the Company's behalf with a need to know such information).



5. Non-Disclosure of Trade Secrets. During Executive's Company Employment, Executive shall preserve and protect Trade Secrets of the Company from unauthorized use or disclosure; and after termination of such employment, Executive shall not use or disclose any Trade Secret of the Company for so long as that Trade Secret remains a Trade Secret.

6. Third-Party Confidentiality. Executive shall not disclose to the Company, use on its behalf, or otherwise induce the Company to use any secret or confidential information belonging to persons or entities not affiliated with the Company, which may include a former employer of Executive, if Executive then has an obligation or duty to any person or entity (other than the Company) to not disclose such information to other persons or entities, including the Company. Executive acknowledges that the Company has disclosed that the Company is now, and may be in the future, subject to duties to third parties to maintain information in confidence and secrecy. By executing this Agreement, Executive consents to be bound by any such duty owed by the Company to any third party.

7. Work Product. Executive acknowledges that all ideas, inventions, innovations, improvements, developments, methods, designs, analyses, reports, databases, and any other similar or related information (whether patentable or not) which relate to the actual or anticipated business, research and development, or existing or known future products or services of the Company which are or were conceived, developed or created by Executive (alone or jointly with others) during Executive's Company Employment (the "Work Product") is and shall remain the exclusive property of the Company. Executive acknowledges and agrees that all copyrightable Work Product was created in Executive's capacity as an employee of Lands' End and within the scope of Executive's Company Employment, and thus constitutes a "work made for hire" under the Copyright Act of 1976, as amended. Executive hereby assigns to Company all right, title and interest in and to all Work Product, and agrees to perform all actions reasonably requested by Company to establish, confirm or protect Company's ownership thereof (including, without limitation, executing assignments, powers of attorney and other instruments).

8. General Release and Waiver. Upon or following Executive's Date of Termination potentially entitling Executive to Salary Continuation and other benefits under Section 3 above, Executive will execute a binding general release and waiver of claims in a form to be provided by the Company ("General Release and Waiver"). The General Release and Waiver will be in a form substantially similar to the attached Appendix B. If the General Release and Waiver is not signed within the time it requires or is signed but subsequently revoked, Executive will not continue to receive any Salary Continuation otherwise payable, and shall reimburse any Salary Continuation previously paid.

9. Noncompetition. During Executive's Company Employment, and for a period of time after the Date of Termination equal to the Salary Continuation Period referred to in Section 1(i) above (but regardless whether the Executive is receiving Salary Continuation or other benefits under Section 3), Executive shall not, directly or indirectly, participate in, consult with, be employed by, or assist with the organization, planning, ownership, financing, management, operation or control of any Competitive Business.

10. Nonsolicitation. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, Executive shall not, directly or indirectly, either by himself or by providing substantial assistance to others (i) solicit any employee of the Company to terminate employment with the Company, or (ii) employ or seek to employ, or cause or assist any other person, company, entity or business to employ or seek to employ, any individual who was an employee of Company as of Executive's Date of Termination.

11. Future Employment. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, before accepting any employment with any Competitive Business (whether or not Executive believes such employment is prohibited by Section 8), Executive shall disclose to the Company the identity of any such Competitive Business and a complete description of the duties involved in such prospective employment, including a full description of any business, territory or market segment to which Executive will be assigned. Further, during Executive's Company Employment and for 18 months following the termination of such employment for any reason, Executive agrees that, before accepting any future employment, Executive will provide a copy of this Agreement to any prospective employer of Executive, and Executive hereby authorizes the Company to do likewise, whether before or after the outset of the future employment.

12. Nondisparagement; Cooperation. During Executive's Company Employment and for two (2) years following the termination of such employment for any reason, Executive (i) will not criticize or disparage the Company or its directors, officers, employees or products, and (ii) will fully cooperate with Company in all investigations, potential litigation or litigation in which Company is involved or may become involved with respect to matters that relate to Executive's Company Employment (other than any such investigations, potential litigation or litigation between Company and Executive); provided, that with regard to Executive's duties under clause (ii), Executive shall be reimbursed for reasonable travel and out-of-pocket expenses related thereto, but shall otherwise not be entitled to any additional compensation.

13. Notices. All notices, request, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand or when mailed by United States certified or registered mail with postage prepaid addressed as follows:

a. If to Executive, to the address set forth by Executive on the signature page of this Agreement or to such other person or address which Executive shall furnish to the Company in writing pursuant to the above.

b. If to the Company, to the attention of the Company's General Counsel at the address set forth on the signature page of this Agreement or to such other person or address as the Company shall furnish to Executive in writing pursuant to the above

14. Enforceability. Executive recognizes that irreparable injury may result to the Company, its business and property, and the potential value thereof in the event of a sale or other transfer, if Executive breaches any of the restrictions imposed on Executive by this Agreement, and Executive agrees that if Executive shall engage in any act in violation of such provisions, then the Company shall be entitled, in addition to such other remedies and damages as may be available, to an injunction prohibiting Executive from engaging in any such act.

15. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon and enforceable by Lands' End, Inc., its successors, assigns and Affiliates, all of which (other than Lands' End, Inc.) are intended third-party beneficiaries of this Agreement. Executive hereby consents to the assignment of this Agreement to any person or entity.

16. Validity. Any invalidity or unenforceability of any provision of this Agreement is not intended to affect the validity or enforceability of any other provision of this Agreement, which the parties intend to be severable and divisible, and to remain in full force and effect to the greatest extent permissible under applicable law.

17. Choice of Law; Jurisdiction. Except to the extent superseded or preempted by federal U.S. law, the rights and obligations of the parties and the terms of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Wisconsin, but without regard to the State of Wisconsin's conflict of laws rules. The parties further agree that the state and federal courts in Madison, Wisconsin, shall have exclusive jurisdiction over any claim which in any way arises out of Executive's employment with the Company, including but not limited to any claim seeking to enforce the provisions of this Agreement.

18. Section 409A Compliance. To the extent that a payment or benefit under this Agreement is subject to Code Section 409A, it is intended that this Agreement as applied to that payment or benefit comply with the requirements of Code Section 409A, and the Agreement shall be administered and interpreted consistent with this intent.

19. Miscellaneous. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement may be modified only by a written agreement signed by Executive and a duly authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

EXECUTIVE

/s/ Sarah Rasmusen

Name: Sarah Rasmusen

Address: [Address Omitted]

LANDS' END, INC.  
5 Lands' End Lane  
Dodgeville, WI 53595

By: /s/ Kelly Ritchie

Its: SVP, Employee and Customer Care Services

**Appendix A**

**COMPETITIVE BUSINESSES**

The following companies (including affiliates and subsidiaries within the same controlled group of corporations) are included within the definition of “Competitive Businesses”, as referred to under subsection 1(c) of the Executive Severance Agreement (“Agreement”):

Amazon.com  
Ann Taylor  
Bonobos  
Brooks Brothers  
Chico’s  
Eddie Bauer  
Gap  
J.C. Penney Company Inc.  
J. Crew  
Jos A. Banks  
Kohl’s  
L Brands  
L.L. Bean  
Macy’s  
Next Retail  
Polo Ralph Lauren  
Talbots  
Target  
V.F. Corporation  
Vineyard Vines

## Appendix B

**NOTICE: YOU MAY CONSIDER THIS GENERAL RELEASE AND WAIVER FOR UP TO TWENTY-ONE (21) DAYS. YOU MAY NOT SIGN IT UNTIL ON OR AFTER YOUR LAST DAY OF WORK. IF YOU DECIDE TO SIGN IT, YOU MAY REVOKE THE GENERAL RELEASE AND WAIVER WITHIN SEVEN (7) DAYS AFTER SIGNING. ANY REVOCATION WITHIN THIS PERIOD MUST BE IMMEDIATELY SUBMITTED IN WRITING TO GENERAL COUNSEL, LANDS' END, INC., 5 LANDS' END LANE, DODGEVILLE, WISCONSIN 53595. YOU MAY WISH TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS DOCUMENT.**

### **GENERAL RELEASE AND WAIVER**

In consideration of the severance benefits that are described in the attached Executive Severance Agreement, I, for myself, my heirs, administrators, representatives, executors, successors and assigns, do hereby release Lands' End, Inc., its current and former agents, subsidiaries, affiliates, related organizations, employees, officers, directors, shareholders, attorneys, successors, and assigns (collectively, "Lands' End") from any and all claims of any kind whatsoever, whether known or unknown, arising out of, or connected with, my employment with Lands' End and the termination of my employment. Without limiting the general application of the foregoing, this General Release & Waiver releases, to the fullest extent permitted under law, all contract, tort, defamation, and personal injury claims; all claims based on any legal restriction upon Lands' End's right to terminate my employment at will; Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e et seq.; the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq.; the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq.; the Rehabilitation Act of 1973, 29 U.S.C. §§ 701 et seq.; the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. ("ERISA"); 29 U.S.C. § 1985; the Civil Rights Reconstruction Era Acts, 42 U.S.C. §§ 1981-1988; the National Labor Relations Act, 29 U.S.C. §§ 151 et seq.; the Family & Medical Leave Act, 29 U.S.C. §§ 2601 et seq.; the Immigration & Nationality Act, 8 U.S.C. §§ 1101 et seq.; Executive Order 11246 and all regulations thereunder; the Wisconsin Fair Employment Act, Wis. Stat. §§ 111.31-111.395; the Wisconsin Family & Medical Leave Act, Wis. Stat. § 103.10; the Wisconsin Worker's Compensation Act, Wis. Stat. Ch. 102; and any and all other state, federal or local laws of any kind, whether administrative, regulatory, statutory or decisional.

This General Release & Waiver does not apply to any claims that may arise after the date I sign this General Release & Waiver. Also excluded from this General Release & Waiver are any claims that cannot be waived by law, including but not limited to (1) my right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission and (2) my rights or claims to benefits accrued under benefit plans maintained by Lands' End and governed by ERISA. I do, however, waive any right to any monetary or other relief flowing from any agency or third-party claims or charges, including any charge I might file with any federal, state or local agency. I warrant and represent that I have not filed any complaint, charge, or lawsuit against Lands' End with any governmental agency or with any court.

I also waive any right to become, and promise not to consent to become a participant, member, or named representative of any class in any case in which claims are asserted against Lands' End that are related in any way to my employment or termination of employment at Lands' End, and that involve events that have occurred as of the date I sign this General Release and Waiver. If I, without my knowledge, am made a member of a class in any proceeding, I will opt out of the class at the first opportunity afforded to me after learning of my inclusion. In this regard, I agree that I will execute, without objection or delay, an "opt-out" form presented to me either by the court in which such proceeding is pending, by class counsel or by counsel for Lands' End.

I have read this General Release and Waiver and understand all of its terms.

I have signed it voluntarily with full knowledge of its legal significance.

I have had the opportunity to seek, and I have been advised in writing of my right to seek, legal counsel prior to signing this General Release & Waiver.

I was given at least twenty-one (21) days to consider signing this General Release & Waiver. I agree that any modification of this General Release & Waiver Agreement will not restart the twenty-one (21) day consideration period.

I understand that if I sign the General Release & Waiver, I can change my mind and revoke it within seven (7) days after signing it by notifying the General Counsel of Lands' End in writing at Lands' End, Inc., 5 Lands' End Lane, Dodgeville, Wisconsin 53595. I understand the General Release & Waiver will not be effective until after the seven (7) day revocation period has expired.

I understand that the delivery of the consideration herein stated does not constitute an admission of liability by Lands' End and that Lands' End expressly denies any wrongdoing or liability.

Date: SAMPLE ONLY - DO NOT DATE

Signed by: SAMPLE ONLY - DO NOT SIGN

Witness by: SAMPLE ONLY - DO NOT SIGN

**Subsidiaries of Registrant**

The following is a list of subsidiaries of Lands' End, Inc., the names under which such subsidiaries do business, and the state or country in which each was organized.

<b><u>Names</u></b>	<b><u>State or Other Jurisdiction of Organization</u></b>
Lands' End Canada Outfitters ULC	Canada
Lands' End Direct Merchants, Inc.	Delaware
Lands' End International, Inc.	Delaware
Lands' End Europe Limited	England & Wales
Lands' End GmbH	Germany
Lands' End (HK) Limited	Hong Kong
Lands' End Japan, Inc.	Delaware
Lands' End Japan, KK	Japan
Lands' End Publishing, LLC	Delaware
LEGC, LLC	Virginia

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-195111, 333-215262, 333-217096 and 333-231470 on Form S-8 of our report dated March 25, 2021, relating to the consolidated financial statements of Lands' End, Inc. and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K of Lands' End, Inc. for the year ended January 29, 2021.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois

March 25, 2021



## CERTIFICATIONS

I, Jerome Griffith, certify that:

1. I have reviewed this annual report on Form 10-K of Lands' End, 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 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 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.

March 25, 2021

/s/ Jerome Griffith

Jerome Griffith

Chief Executive Officer  
(Principal Executive Officer)  
Lands' End, Inc.

## CERTIFICATIONS

I, James Gooch, certify that:

1. I have reviewed this annual report on Form 10-K of Lands' End, 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 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 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.

March 25, 2021

/s/ James Gooch

James Gooch

President and Chief Financial Officer

(Principal Financial Officer)

Lands' End, Inc.

**CERTIFICATION**

**Pursuant to 18 U.S.C. 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002**

Each of the undersigned, Jerome Griffith, Chief Executive Officer of Lands' End, Inc. (the "Company") and James Gooch, President and Chief Financial Officer of the Company, has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2021 (the "Report").

Each of the undersigned hereby certifies 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

March 25, 2021

/s/ Jerome Griffith

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Jerome Griffith  
Chief Executive Officer  
(Principal Executive Officer)

March 25, 2021

/s/ James Gooch

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James Gooch  
President and Chief Financial Officer  
(Principal Financial Officer)