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

# FORM 10-Q

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

**For the quarterly period ended July 31, 2021**

**OR**

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

**For the transition period from to**

**Commission file number: 1-11893**

# GUESS?, INC.

(Exact name of registrant as specified in its charter)

| **Delaware** | **95-3679695** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**1444 South Alameda Street**
**Los Angeles, California 90021**
(Address of principal executive offices and zip code)

**(213) 765-3100**
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| **Title of each class** | **Trading symbol(s)** | **Name of each exchange on which registered** |
|---|---|---|
| Common Stock, par value $0.01 per share | GES | New York Stock Exchange |

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 x No o

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 x No o

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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☒ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

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. o

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

As of August 27, 2021, the registrant had 64,956,706 shares of Common Stock, $.01 par value per share, outstanding.

**GUESS?, INC.**
**FORM 10-Q**
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## PART I. FINANCIAL INFORMATION

## ITEM 1. Financial Statements.

**GUESS?, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(in thousands, except share data)**

| | Jul 31, 2021 | Jan 30, 2021 |
|---|---|---|
| | (unaudited) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 458,914 | $ 469,110 |
| Accounts receivable, net | 299,915 | 314,147 |
| Inventories | 430,289 | 389,144 |
| Other current assets | 74,771 | 60,123 |
| Total current assets | 1,263,889 | 1,232,524 |
| Property and equipment, net | 210,515 | 216,196 |
| Goodwill | 36,181 | 36,736 |
| Deferred tax assets | 71,878 | 72,417 |
| Restricted cash | 230 | 235 |
| Operating lease right-of-use assets | 727,636 | 764,804 |
| Other assets | 146,572 | 142,956 |
| | $ 2,456,901 | $ 2,465,868 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Current portion of borrowings and finance lease obligations | $ 21,193 | $ 38,710 |
| Accounts payable | 285,578 | 300,427 |
| Accrued expenses and other current liabilities | 193,989 | 200,602 |
| Current portion of operating lease liabilities | 214,392 | 222,800 |
| Total current liabilities | 715,152 | 762,539 |
| Convertible senior notes, net | 264,604 | 258,614 |
| Long-term debt and finance lease obligations | 79,924 | 68,554 |
| Long-term operating lease liabilities | 623,040 | 662,657 |
| Other long-term liabilities | 138,084 | 144,004 |
| Total long-term liabilities | 1,820,804 | 1,896,368 |
| Redeemable noncontrolling interests | 4,074 | 3,920 |
| | | |
| Commitments and contingencies (Note 13) | | |
| | | |
| Stockholders' equity: | | |
| Preferred stock, $.01 par value. Authorized 10,000,000 shares; no shares issued and outstanding | — | — |
| Common stock, $.01 par value. Authorized 150,000,000 shares; issued 142,789,664 and 142,793,679 shares, outstanding 64,967,975 and 64,230,162 shares, as of July 31, 2021 and January 30, 2021, respectively | 650 | 642 |
| Paid-in capital | 555,765 | 553,111 |
| Retained earnings | 1,093,342 | 1,034,823 |
| Accumulated other comprehensive loss | (123,928) | (120,675) |
| Treasury stock, 77,821,689 and 78,563,517 shares as of July 31, 2021 and January 30, 2021, respectively | (915,511) | (924,238) |
| Guess?, Inc. stockholders' equity | 610,318 | 543,663 |
| Nonredeemable noncontrolling interests | 21,705 | 21,917 |
| Total stockholders' equity | 632,023 | 565,580 |
| | $ 2,456,901 | $ 2,465,868 |

*See accompanying notes to condensed consolidated financial statements.*

**GUESS?, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)**
**(in thousands, except per share data)**
**(unaudited)**

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | **Jul 31, 2021** | **Aug 1, 2020** | **Jul 31, 2021** | **Aug 1, 2020** |
| Product sales | $ 606,691 | $ 386,392 | $ 1,105,168 | $ 633,709 |
| Net royalties | 21,933 | 12,147 | 43,458 | 25,081 |
| Net revenue | 628,624 | 398,539 | 1,148,626 | 658,790 |
| Cost of product sales | 334,538 | 251,511 | 642,982 | 477,533 |
| Gross profit | 294,086 | 147,028 | 505,644 | 181,257 |
| Selling, general and administrative expenses | 205,617 | 150,293 | 392,301 | 293,581 |
| Asset impairment charges | 1,501 | 11,969 | 1,942 | 64,941 |
| Net gains on lease modifications | (420) | (885) | (2,565) | (429) |
| Earnings (loss) from operations | 87,388 | (14,349) | 113,966 | (176,836) |
| Other income (expense): | | | | |
| Interest expense | (6,009) | (5,941) | (11,935) | (11,403) |
| Interest income | 461 | 436 | 835 | 1,046 |
| Other income (expense), net | (1,001) | 5,548 | (3,702) | (14,032) |
| Total other income (expense) | (6,549) | 43 | (14,802) | (24,389) |
| | | | | |
| Earnings (loss) before income tax expense (benefit) | 80,839 | (14,306) | 99,164 | (201,225) |
| Income tax expense (benefit) | 17,692 | 6,386 | 23,147 | (19,995) |
| Net earnings (loss) | 63,147 | (20,692) | 76,017 | (181,230) |
| Net earnings (loss) attributable to noncontrolling interests | 2,085 | (334) | 2,949 | (3,206) |
| Net earnings (loss) attributable to Guess?, Inc. | $ 61,062 | $ (20,358) | $ 73,068 | $ (178,024) |
| | | | | |
| **Net earnings (loss) per common share attributable to common stockholders:** | | | | |
| Basic | $ 0.94 | $ (0.31) | $ 1.13 | $ (2.72) |
| Diluted | $ 0.91 | $ (0.31) | $ 1.10 | $ (2.72) |
| | | | | |
| **Weighted average common shares outstanding attributable to common stockholders:** | | | | |
| Basic | 64,336 | 65,177 | 64,185 | 65,446 |
| Diluted | 66,074 | 65,177 | 65,933 | 65,446 |

*See accompanying notes to condensed consolidated financial statements.*

**GUESS?, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
**(in thousands)**
**(unaudited)**

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | Jul 31, 2021 | Aug 1, 2020 | Jul 31, 2021 | Aug 1, 2020 |
| Net earnings (loss) | $ 63,147 | $ (20,692) | $ 76,017 | $ (181,230) |
| Other comprehensive income (loss) ("OCI"): | | | | |
| Foreign currency translation adjustment | | | | |
| Gains (losses) arising during the period | (5,251) | 32,802 | (7,467) | 14,303 |
| Derivative financial instruments designated as cash flow hedges | | | | |
| Gains (losses) arising during the period | 1,633 | (7,897) | 3,414 | (4,361) |
| Less income tax effect | (162) | 885 | (390) | 529 |
| Reclassification to net earnings (loss) for (gains) losses realized | 1,024 | (2,462) | 1,422 | (4,450) |
| Less income tax effect | (234) | 264 | (172) | 483 |
| Defined benefit plans | | | | |
| Foreign currency and other adjustments | (44) | (236) | 85 | (236) |
| Less income tax effect | 5 | 25 | (8) | 24 |
| Net actuarial loss amortization | 106 | 97 | 211 | 193 |
| Prior service credit amortization | (17) | (16) | (34) | (32) |
| Less income tax effect | (12) | (10) | (23) | (19) |
| Total comprehensive income (loss) | 60,195 | 2,760 | 73,055 | (174,796) |
| Less comprehensive income (loss) attributable to noncontrolling interests: | | | | |
| Net earnings (loss) | 2,085 | (334) | 2,949 | (3,206) |
| Foreign currency translation adjustment | 74 | 1,759 | 291 | (1,867) |
| Amounts attributable to noncontrolling interests | 2,159 | 1,425 | 3,240 | (5,073) |
| Comprehensive income (loss) attributable to Guess?, Inc. | $ 58,036 | $ 1,335 | $ 69,815 | $ (169,723) |

*See accompanying notes to condensed consolidated financial statements.*

# GUESS?, INC. AND SUBSIDIARIES
## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
## (in thousands)
## (unaudited)

| | Six Months Ended | |
|---|---|---|
| | Jul 31, 2021 | Aug 1, 2020 |
| Cash flows from operating activities: | | |
| Net earnings (loss) | $ 76,017 | $ (181,230) |
| Adjustments to reconcile net earnings (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 27,918 | 32,250 |
| Amortization of debt discount | 5,562 | 5,197 |
| Amortization of debt issuance costs | 681 | 661 |
| Share-based compensation expense | 8,862 | 9,789 |
| Forward contract (gains) losses | (421) | 3,420 |
| Net loss from impairment and disposition of long-term assets | 3,152 | 65,974 |
| Other items, net | 8,357 | 11,889 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 3,947 | 94,373 |
| Inventories | (39,230) | (16,002) |
| Prepaid expenses and other assets | (24,902) | (20,550) |
| Operating lease assets and liabilities, net | (10,323) | 39,902 |
| Accounts payable and accrued expenses | (16,494) | (3,923) |
| Other long-term liabilities | (150) | (1,065) |
| Net cash provided by operating activities | 42,976 | 40,685 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (21,601) | (10,099) |
| Proceeds from sale of business and long-term assets | 1,648 | 336 |
| Net cash settlement of forward contracts | (755) | (273) |
| Purchases of investments | — | (1,882) |
| Other investing activities | (98) | (52) |
| Net cash used in investing activities | (20,806) | (11,970) |
| Cash flows from financing activities: | | |
| Proceeds from borrowings | 10,730 | 274,594 |
| Repayments on borrowings and finance lease obligations | (21,638) | (218,267) |
| Dividends paid | (14,818) | (958) |
| Noncontrolling interest capital distribution | (3,452) | — |
| Issuance of common stock, net of tax withholdings on vesting of stock awards | 2,539 | (2,908) |
| Purchase of treasury stock | — | (38,876) |
| Net cash provided by (used in) financing activities | (26,639) | 13,585 |
| Effect of exchange rates on cash, cash equivalents and restricted cash | (5,732) | 1,070 |
| Net change in cash, cash equivalents and restricted cash | (10,201) | 43,370 |
| Cash, cash equivalents and restricted cash at the beginning of the year | 469,345 | 284,828 |
| Cash, cash equivalents and restricted cash at the end of the period | $ 459,144 | $ 328,198 |
| | | |
| Supplemental cash flow data: | | |
| Interest paid | $ 5,051 | $ 5,277 |
| Income taxes paid, net of refunds | $ 21,382 | $ 2,967 |
| | | |
| Non-cash investing and financing activity: | | |
| Assets acquired under finance lease obligations | $ 5,751 | $ 276 |
| Receivable and related adjustments from sale of retail locations | $ — | $ (364) |

*See accompanying notes to condensed consolidated financial statements.*

# GUESS?, INC. AND SUBSIDIARIES
# CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
**(in thousands, except share data)**

| | For the three and six months ended July 31, 2021 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Guess?, Inc. Stockholders' Equity | | | | | | | | |
| | Common Stock | | | | | Treasury Stock | | | |
| | Shares | Amount | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Shares | Amount | Nonredeemable Noncontrolling Interests | Total |
| **Balance at January 30, 2021** | 64,230,162 | $ 642 | $ 553,111 | $ 1,034,823 | $ (120,675) | 78,563,517 | $ (924,238) | $ 21,917 | $ 565,580 |
| Net earnings | — | — | — | 12,006 | — | — | — | 864 | 12,870 |
| Other comprehensive income (loss), net of income tax of ($190) | — | — | — | — | (227) | — | — | 217 | (10) |
| Issuance of common stock under stock compensation plans | 689,653 | 7 | (6,417) | — | — | (690,492) | 8,123 | — | 1,713 |
| Issuance of stock under Employee Stock Purchase Plan | 12,798 | — | 81 | — | — | (12,798) | 151 | — | 232 |
| Share-based compensation | — | — | 4,056 | 4 | — | — | — | — | 4,060 |
| Dividends, net of forfeitures on non-participating securities | — | — | — | (7,252) | — | — | — | — | (7,252) |
| **Balance at May 1, 2021** | 64,932,613 | $ 649 | $ 550,831 | $ 1,039,581 | $ (120,902) | 77,860,227 | $ (915,964) | $ 22,998 | $ 577,193 |
| Net earnings | — | — | — | 61,062 | — | — | — | 2,085 | 63,147 |
| Other comprehensive income (loss), net of income tax of ($403) | — | — | — | — | (3,026) | — | — | 74 | (2,952) |
| Issuance of common stock under stock compensation plans | 24,233 | 1 | 60 | — | — | (27,409) | 323 | — | 384 |
| Issuance of stock under Employee Stock Purchase Plan | 11,129 | — | 79 | — | — | (11,129) | 130 | — | 209 |
| Share-based compensation | — | — | 4,795 | 7 | — | — | — | — | 4,802 |
| Dividends, net of forfeitures on non-participating securities | — | — | — | (7,308) | — | — | — | — | (7,308) |
| Noncontrolling interest capital distribution | — | — | — | — | — | — | — | (3,452) | (3,452) |
| **Balance at July 31, 2021** | 64,967,975 | $ 650 | $ 555,765 | $ 1,093,342 | $ (123,928) | 77,821,689 | $ (915,511) | $ 21,705 | $ 632,023 |

*See accompanying notes to condensed consolidated financial statements.*

# GUESS?, INC. AND SUBSIDIARIES
# CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
**(in thousands, except share data)**

| | For the three and six months ended August 1, 2020 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Guess?, Inc. Stockholders' Equity | | | | | | | | |
| | Common Stock | | | | | Treasury Stock | | | |
| | Shares | Amount | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Shares | Amount | Nonredeemable Noncontrolling Interests | Total |
| **Balance at February 1, 2020** | 65,848,510 | $ 658 | $ 563,004 | $ 1,130,409 | $ (139,910) | 77,019,437 | $ (914,447) | $ 21,633 | $ 661,347 |
| Net loss | — | — | — | (157,666) | — | — | — | (2,872) | (160,538) |
| Other comprehensive loss, net of income tax of ($147) | — | — | — | — | (13,392) | — | — | (3,626) | (17,018) |
| Issuance of common stock under stock compensation plans including tax effect | 1,763,311 | 18 | (24,264) | — | — | (1,770,223) | 21,017 | — | (3,229) |
| Issuance of stock under Employee Stock Purchase Plan | 32,427 | — | (192) | — | — | (32,427) | 385 | — | 193 |
| Share-based compensation | — | — | 5,771 | 15 | — | — | — | — | 5,786 |
| Dividends, net of forfeitures on non-participating securities | — | — | — | 248 | — | — | — | — | 248 |
| **Balance at May 2, 2020** | 67,644,248 | $ 676 | $ 544,319 | $ 973,006 | $ (153,302) | 75,216,787 | $ (893,045) | $ 15,135 | $ 486,789 |
| Net loss | — | — | — | (20,358) | — | — | — | (334) | (20,692) |
| Other comprehensive income, net of income tax of $1,164 | — | — | — | — | 21,693 | — | — | 1,759 | 23,452 |
| Issuance of common stock under stock compensation plans | (54,926) | — | 429 | — | — | 37,730 | (448) | — | (19) |
| Issuance of stock under Employee Stock Purchase Plan | 25,427 | — | (154) | — | — | (25,427) | 301 | — | 147 |
| Share-based compensation | — | — | 3,968 | 35 | — | — | — | — | 4,003 |
| Dividends, net of forfeitures on non-participating securities | — | — | — | 24 | — | — | — | — | 24 |
| Share repurchases | (4,000,000) | (40) | 40 | — | — | 4,000,000 | (38,876) | — | (38,876) |
| **Balance at August 1, 2020** | 63,614,749 | $ 636 | $ 548,602 | $ 952,707 | $ (131,609) | 79,229,090 | $ (932,068) | $ 16,560 | $ 454,828 |

*See accompanying notes to condensed consolidated financial statements.*

**GUESS?, INC. AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**July 31, 2021**
(unaudited)

## (1) Basis of Presentation

*Description of the Business*

Guess?, Inc. (the "Company" or "GUESS?") designs, markets, distributes and licenses a leading lifestyle collection of contemporary apparel and accessories for men, women and children that reflect the American lifestyle and European fashion sensibilities. The Company's designs are sold in GUESS? owned stores, to a network of wholesale accounts that includes better department stores, selected specialty retailers and upscale boutiques and through the Internet. GUESS? branded products, some of which are produced under license, are also sold internationally through a series of retail store licensees and wholesale distributors.

*Interim Financial Statements*

In the opinion of management, the accompanying unaudited condensed consolidated financial statements of the Company contain all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of the condensed consolidated balance sheets as of July 31, 2021 and January 30, 2021, the condensed consolidated statements of income (loss), comprehensive income (loss), cash flows and stockholders' equity for the three and six months ended July 31, 2021 and August 1, 2020. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") for interim financial information and the instructions to Rule 10-01 of Regulation S-X of the Securities and Exchange Commission (the "SEC"). Accordingly, they have been condensed and do not include all of the information and footnotes required by GAAP for complete financial statements. The results of operations and cash flows for the three and six months ended July 31, 2021 are not necessarily indicative of the results of operations to be expected for the full fiscal year.

These financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended January 30, 2021.

*Fiscal Periods*

The three and six months ended July 31, 2021 had the same number of days as the three and six months ended August 1, 2020. All references herein to "fiscal 2022," "fiscal 2021" and "fiscal 2020" represent the results of the 52-week fiscal years ending January 29, 2022, January 30, 2021 and February 1, 2020, respectively.

*COVID-19 Business Update*

The coronavirus ("COVID-19") pandemic is continuing to impact the Company's businesses. During the second quarter of fiscal 2022, the Company experienced lower net revenue compared to the second quarter of fiscal 2020 as it remained challenged by lower demand, capacity restrictions and temporary store closures. In light of the current environment, the Company continues to strategically manage expenses in order to protect profitability.

During the second quarter of fiscal 2022, the Company gradually reopened its stores that were closed at the end of the first quarter of fiscal 2022 due to COVID-19 restrictions. As of July 31, 2021, almost all of our stores were open.

*Summary of Significant Accounting Policies*

The accounting policies of the Company are set forth in further detail in Note 1 to the Company's Consolidated Financial Statements contained in the Company's fiscal 2021 Annual Report on Form 10-K. The Company includes herein certain updates to those policies.

*Reclassifications*

The Company has made certain reclassifications to prior period amounts to conform to the current period presentation within the accompanying condensed consolidated financial statements and notes to the condensed consolidated financial statements.

*Use of Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosed in the accompanying notes. Significant areas requiring the use of management estimates relate to the allowances for doubtful accounts, sales return and markdown allowances, gift card and loyalty accruals, valuation of inventories, share-based compensation, income taxes, recoverability of deferred taxes, unrecognized tax benefits, the useful life of assets for depreciation and amortization, evaluation of asset impairment (including goodwill and long-lived assets, such as property and equipment and operating lease right-of-use ("ROU") assets), pension obligations, workers' compensation and medical self-insurance expense and accruals, litigation reserves and restructuring expense and accruals. Actual results could differ from those estimates. Revisions in estimates could materially impact the results of operations and financial position.

The COVID-19 pandemic has materially impacted the Company's results during the three and six months ended July 31, 2021 and August 1, 2020. The Company's operations could continue to be impacted in ways the Company is not able to predict today due to the evolving situation. While the Company believes it has made reasonable accounting estimates based on the facts and circumstances that were available as of the reporting date, to the extent there are differences between these estimates and actual results, the Company's results of operations and financial position could be materially impacted.

*Revenue Recognition*

The Company recognizes the majority of its revenue from its direct-to-consumer (brick-and-mortar retail stores and concessions as well as e-commerce) and wholesale distribution channels at a point in time when it satisfies a performance obligation and transfers control of the product to the respective customer.

The Company also recognizes royalty revenue from its trademark license agreements. The Company's trademark license agreements represent symbolic licenses that are dependent on the Company's continued support over the term of the license agreement. The amount of revenue that is recognized from the licensing arrangements is based on sales-based royalty and advertising fund contributions as well as specific fixed payments, where applicable. The Company's trademark license agreements customarily provide for a multi-year initial term ranging from three to 15 years and may contain options to renew prior to expiration for an additional multi-year period. The unrecognized portion of upfront payments is included in deferred royalties in accrued expenses and other long-term liabilities depending on the short or long-term nature of the payments to be recognized. As of July 31, 2021, the Company had $5.7 million and $14.8 million of deferred royalties related to these upfront payments included in accrued expenses and other current liabilities and other long-term liabilities, respectively. This compares to $6.6 million and $17.1 million of deferred royalties related to these upfront payments included in accrued expenses and other current liabilities and other long-term liabilities, respectively, at January 30, 2021. During the three and six months ended July 31, 2021, the Company recognized $3.6 million and $7.1 million in net royalties related to the amortization of the deferred royalties, respectively. During the three and six months ended August 1, 2020, the Company recognized $3.1 million and $6.7 million in net royalties related to the amortization of the deferred royalties, respectively.

Refer to Note 8 for further information on disaggregation of revenue by segment and country.

*Allowance for Doubtful Accounts*

In the normal course of business, the Company grants credit directly to certain wholesale customers after a credit analysis is performed based on financial and other criteria. Accounts receivable are recorded net of an allowance for doubtful accounts. The Company maintains allowances for doubtful accounts for estimated losses that may result from the inability of its wholesale customers and licensing partners to make their required payments. The Company bases its allowances on analysis of the aging of accounts receivable at the date of the financial statements, assessments of historical and current collection trends, evaluation of the impact of current and future forecasted economic conditions and whether the Company has obtained credit insurance or other guarantees. Management performs regular evaluations concerning the ability of its customers and records a provision for doubtful accounts based on these evaluations.

As of July 31, 2021, approximately 55% of the Company's total net trade accounts receivable and 70% of its European net trade receivables were subject to credit insurance coverage, certain bank guarantees or letters of credit for collection purposes. The Company's credit insurance coverage contains certain terms and conditions specifying deductibles and annual claim limits. Management evaluates the creditworthiness of the counterparties to the credit insurance, bank guarantees, and letters of credit and records a provision for the risk of loss on these instruments based on these evaluations as considered necessary.

The Company's credit losses for the periods presented were not significant compared to sales and did not significantly exceed management's estimates. Refer to Note 5 for further information on the Company's allowance for doubtful accounts.

*Recently Issued Accounting Guidance*

In March 2020, the Financial Accounting Standards Board ("FASB") issued authoritative guidance to provide temporary optional expedients and exceptions related to contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates, such as the Secured Financial Oversight Rate ("SOFR"). This guidance may be adopted up to December 31, 2022. The Company is currently evaluating its election options and the impact on its consolidated financial statements and related disclosures.

In August 2020, the FASB issued authoritative guidance to simplify the accounting for convertible instruments and contracts in an entity's own equity and the diluted earnings per share computations for these instruments. This guidance removes major separation models required under current guidance which will enable more convertible debt instruments to be reported as a single liability instrument with no separate accounting for embedded conversion features. This guidance is effective for fiscal years beginning after December 31, 2021, which will be the Company's first quarter of fiscal 2023, on either a full or modified retrospective basis. Early adoption is permitted for fiscal years beginning after December 31, 2020, which was the Company's first quarter of fiscal 2022. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements and related disclosures.

In May 2021, the FASB issued authoritative guidance to clarify and reduce diversity in accounting for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after modifications or exchanges based on the substance of the transactions. This guidance is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years, which will be the Company's first quarter of fiscal 2023. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements and related disclosures.

**(2) Lease Accounting**

The Company primarily leases its showrooms, advertising, licensing, sales and merchandising offices, remote distribution and warehousing facilities and retail and factory outlet store locations under operating lease agreements expiring on various dates through January 2039. The Company also leases some of its equipment, as well as computer hardware and software, under operating and finance lease agreements expiring on various dates through May 2027.

The Company's lease agreements primarily provide for lease payments based on a minimum annual rental amount, a percentage of annual sales volume, periodic adjustments related to inflation or a combination of such lease payments. Certain retail store leases provide for lease payments based upon the minimum annual rental amount and a percentage of annual sales volume, generally ranging from 3% to 28%, when specific sales volumes are exceeded. The Company's retail concession leases also provide for lease payments primarily based upon a percentage of annual sales volume, which averages approximately 34%.

In addition to the amounts as disclosed below, the Company has estimated additional operating lease commitments of approximately $15.1 million for leases where the Company has not yet taken possession of the underlying asset as of July 31, 2021. As such, the related operating lease ROU assets and operating lease liabilities have not been recognized in the Company's condensed consolidated balance sheet as of July 31, 2021.

The components of leases are (in thousands):

| | | Jul 31, 2021 | Jan 30, 2021 |
|---|---|---|---|
| **Assets** | **Balance Sheet Location** | | |
| Operating | Operating lease right-of-use assets | $ 727,636 | $ 764,804 |
| Finance | Property and equipment, net | 23,172 | 20,595 |
| Total lease assets | | $ 750,808 | $ 785,399 |
| | | | |
| **Liabilities** | **Balance Sheet Location** | | |
| Current: | | | |
| Operating | Current portion of operating lease liabilities | $ 214,392 | $ 222,800 |
| Finance | Current portion of borrowings and finance lease obligations | 6,153 | 4,698 |
| Noncurrent: | | | |
| Operating | Long-term operating lease liabilities | 623,040 | 662,657 |
| Finance | Long-term debt and finance lease obligations | 18,641 | 17,365 |
| Total lease liabilities | | $ 862,226 | $ 907,520 |

The components of lease costs are (in thousands):

| | Income Statement Location | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|---|
| | | Jul 31, 2021 | Aug 1, 2020 | Jul 31, 2021 | Aug 1, 2020 |
| Operating lease costs | Cost of product sales | $ 45,776 | $ 50,005 | $ 92,460 | $ 105,374 |
| Operating lease costs | Selling, general and administrative expenses | 6,189 | 5,355 | 12,546 | 10,531 |
| Operating lease costs[1, 2] | Net gains on lease modifications | (420) | (885) | (2,565) | (429) |
| Finance lease costs | | | | | |
| Amortization of leased assets[3] | Cost of product sales | 17 | 20 | 28 | 32 |
| Amortization of leased assets[3] | Selling, general and administrative expenses | 1,406 | 474 | 2,767 | 1,338 |
| Interest on lease liabilities | Interest expense | 263 | 208 | 629 | 490 |
| Variable lease costs[4] | Cost of product sales | 16,640 | 13,209 | 32,379 | 27,557 |
| Variable lease costs[4] | Selling, general and administrative expenses | 445 | 638 | 1,019 | 1,217 |
| Short-term lease costs | Cost of product sales | 126 | 181 | 231 | 420 |
| Short-term lease costs | Selling, general and administrative expenses | 1,123 | 170 | 2,294 | 1,959 |
| Total lease costs[1] | | $ 71,565 | $ 69,375 | $ 141,788 | $ 148,489 |

*Notes:*

1 The Company has made certain reclassifications to prior period amounts to conform to the current period presentation.

2 During the three and six months ended July 31, 2021 and August 1, 2020, net gains on lease modifications related primarily to the early termination of lease agreements for certain of the Company's retail locations. Operating lease costs for these retail locations prior to the early termination were included in cost of product sales.

3 Amortization of leased assets related to finance leases are included in depreciation expense within cost of product sales or selling, general and administrative expenses depending on the nature of the asset in the Company's condensed consolidated statements of income (loss).

4 During the three and six months ended July 31, 2021, variable lease costs included certain rent concessions of approximately $5.8 million and $11.9 million, respectively, received by the Company, primarily in Europe, related to the COVID-19 pandemic. During the three and six months ended August 1, 2020, variable lease costs included certain rent concessions of approximately $7.7 million and $10.5 million, respectively, received by the Company, primarily in Europe, related to the COVID-19 pandemic.

Maturities of the Company's operating and finance lease liabilities as of July 31, 2021 are (in thousands):

| Maturity of Lease Liabilities | Operating Leases: Non-Related Parties | Operating Leases: Related Parties | Finance Leases | Total |
|---|---|---|---|---|
| 2022[1] | $ 133,685 | $ 4,450 | $ 3,826 | $ 141,961 |
| 2023 | 185,793 | 7,716 | 7,131 | 200,640 |
| 2024 | 151,520 | 7,939 | 7,121 | 166,580 |
| 2025 | 108,827 | 7,309 | 4,298 | 120,434 |
| 2026 | 78,057 | 6,916 | 2,996 | 87,969 |
| After 2026 | 189,134 | 36,362 | 3,109 | 228,605 |
| Total lease payments | 847,016 | 70,692 | 28,481 | 946,189 |
| Less: Interest | 68,825 | 11,451 | 3,687 | 83,963 |
| Present value of lease liabilities | $ 778,191 | $ 59,241 | $ 24,794 | $ 862,226 |

*Notes:*

1 Represents the maturity of lease liabilities for the remainder of fiscal 2022 and also includes rent payments that have been deferred due to the COVID-19 pandemic. This amount does not include payments made during the six months ended July 31, 2021.

Other supplemental information is (dollars in thousands):

| Lease Term and Discount Rate | Jul 31, 2021 |
|---|---|
| Weighted-average remaining lease term | |
| Operating leases | 6.0 Years |
| Finance leases | 4.4 Years |
| Weighted-average discount rate | |
| Operating leases | 3.4% |
| Finance leases | 6.5% |

| Supplemental Cash Flow Information | Six Months Ended Jul 31, 2021 | Six Months Ended Aug 1, 2020 |
|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash flows from operating leases | $ 115,264 | $ 70,890 |
| New operating ROU assets obtained in exchange for lease liabilities | $ 63,238 | $ 19,566 |

*Impairment*

During the three and six months ended July 31, 2021, there were minimal ROU asset impairment charges recorded primarily in Europe. During the three and six months ended August 1, 2020, the Company recorded ROU asset impairment charges of $8.2 million and $36.5 million, respectively, related to ROU assets at certain retail locations in North America and Europe. The asset impairment charges were determined based on the excess of carrying value over the fair value of the ROU assets. The Company uses estimates of market participant rents to calculate fair value of the ROU assets. Refer to Note 15 for more information on the Company's impairment testing.

## (3) Earnings (Loss) per Share

The Company expects to settle the principal amount of its outstanding convertible senior notes in cash and any excess in shares. As a result, upon conversion of the convertible senior notes, only the amounts in excess of the principal amount are considered in diluted earnings per share under the treasury stock method, if applicable. See Note 10 for more information regarding the Company's convertible senior notes.

In addition, the Company has granted certain nonvested stock units that are subject to certain performance-based or market-based vesting conditions as well as continued service requirements through the respective vesting periods. These nonvested stock units are included in the computation of diluted net earnings per common share attributable to common stockholders only to the extent that the underlying performance-based or market-based vesting conditions are satisfied as of the end of the reporting period, or would be considered satisfied if the end of the reporting period was the end of the related contingency period, and the results would be dilutive under the treasury stock method.

The computation of basic and diluted net earnings (loss) per common share attributable to common stockholders is (in thousands, except per share data):

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | **Jul 31, 2021** | **Aug 1, 2020** | **Jul 31, 2021** | **Aug 1, 2020** |
| Net earnings (loss) attributable to Guess?, Inc. | $ 61,062 | $ (20,358) | $ 73,068 | $ (178,024) |
| Less net earnings attributable to nonvested restricted stockholders | 699 | — | 775 | — |
| Net earnings (loss) attributable to common stockholders | $ 60,363 | $ (20,358) | $ 72,293 | $ (178,024) |
| Weighted average common shares used in basic computations | 64,336 | 65,177 | 64,185 | 65,446 |
| Effect of dilutive securities: Stock options, convertible senior notes and restricted stock units[1] | 1,738 | — | 1,748 | — |
| Weighted average common shares used in diluted computations | 66,074 | 65,177 | 65,933 | 65,446 |
| Net earnings (loss) per common share attributable to common stockholders: | | | | |
| Basic | $ 0.94 | $ (0.31) | $ 1.13 | $ (2.72) |
| Diluted | $ 0.91 | $ (0.31) | $ 1.10 | $ (2.72) |

*Notes:*

[1] For the three and six months ended August 1, 2020, there were 262,086 and 382,222, respectively, of potentially dilutive shares that were not included in the computation of diluted weighted average common shares and common equivalent shares outstanding because their effect would have been antidilutive given the Company's net loss.

During the three months ended July 31, 2021 and August 1, 2020, equity awards granted for 272,705 and 4,121,433, respectively, of the Company's common shares and for the six months ended July 31, 2021 and August 1, 2020, equity awards granted for 326,474 and 3,890,881, respectively, of the Company's common shares were outstanding but were excluded from the computation of diluted weighted average common shares and common equivalent shares outstanding because the assumed proceeds, as calculated under the treasury stock method, resulted in these awards being antidilutive. For the three and six months ended July 31, 2021, there were 695,566 nonvested stock units which are subject to the achievement of performance-based or market-based vesting conditions that were excluded from the computation of diluted weighted average common shares and common equivalent shares outstanding as the respective conditions were not achieved as of July 31, 2021. For the three and six months ended August 1, 2020, the Company excluded 525,875 nonvested stock units which were subject to the achievement of performance-based vesting conditions from the computation of diluted weighted average common shares and common equivalent shares outstanding because these conditions were not achieved as of August 1, 2020.

The conversion spread on the Company's convertible senior notes has a dilutive impact on diluted earnings per share when the average market price of the Company's common stock for a given period exceeds the conversion price of $25.78 per share of common stock.

Warrants to initially purchase 11.6 million shares of the Company's common shares at an initial strike price of $46.88 per share were outstanding as of July 31, 2021 and August 1, 2020. These warrants were excluded from the computation of diluted earnings per share since the warrants' adjusted strike price was greater than the average market price of the Company's common stock during the three and six months ended July 31, 2021 and August 1, 2020.

## (4) Stockholders' Equity

*Share Repurchase Program*

During the three and six months ended July 31, 2021, there were no shares repurchased under the Company's Share Repurchase Program. There were 4,000,000 shares repurchased at an aggregate cost of $38.8 million under the program during the three and six months ended August 1, 2020. As of July 31, 2021, the Company had remaining authority under the program to purchase $47.8 million of its common stock. Refer to Note 17 for more information regarding the Company's newly authorized share repurchase program.

*Dividends*

The following sets forth the cash dividend declared per share:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | **Jul 31, 2021** | **Aug 1, 2020** | **Jul 31, 2021** | **Aug 1, 2020** |
| Cash dividend declared per share | $ 0.1125 | $ — | $ 0.2250 | $ — |

During the first and second quarters of fiscal 2021, the Company announced that its Board of Directors had deferred the decision with respect to the payment of its quarterly cash dividend, in light of the uncertainties related to the COVID-19 pandemic. The Company resumed paying its quarterly cash dividend of $0.1125 per share beginning in the third quarter of fiscal 2021, but decided to not declare any cash dividends for the first and second quarters of fiscal 2021.

For each of the periods presented, dividends paid also included the impact from vesting of restricted stock units that are considered non-participating securities and are only entitled to dividend payments once the respective awards vest.

Decisions on whether, when and in what amounts to continue making any future dividend distributions will remain at all times entirely at the discretion of the Company's Board of Directors, which reserves the right to change or terminate the Company's dividend practices at any time and for any reason without prior notice. The payment of cash dividends in the future will be based upon a number of business, legal and other considerations, including the Company's cash flow from operations, capital expenditures, debt service and covenant requirements, cash paid for income taxes, earnings, share repurchases, economic conditions and U.S. and global liquidity.

*Accumulated Other Comprehensive Income (Loss)*

The changes in accumulated other comprehensive income (loss), net of related income taxes, are (in thousands):

| | Foreign Currency Translation Adjustment | Derivative Financial Instruments Designated as Cash Flow Hedges | Defined Benefit Plans | Total |
|---|---|---|---|---|
| | Three Months Ended Jul 31, 2021 | | | |
| Balance at May 1, 2021 | $ (108,403) | $ (2,863) | $ (9,636) | $ (120,902) |
| Gains (losses) arising during the period | (5,325) | 1,471 | (39) | (3,893) |
| Reclassification to net earnings (loss) for losses realized | — | 790 | 77 | 867 |
| Net other comprehensive income (loss) | (5,325) | 2,261 | 38 | (3,026) |
| Balance at July 31, 2021 | $ (113,728) | $ (602) | $ (9,598) | $ (123,928) |
| | Six Months Ended Jul 31, 2021 | | | |
| Balance at January 30, 2021 | $ (105,970) | $ (4,876) | $ (9,829) | $ (120,675) |
| Gains (losses) arising during the period | (7,758) | 3,024 | 77 | (4,657) |
| Reclassification to net earnings (loss) for losses realized | — | 1,250 | 154 | 1,404 |
| Net other comprehensive income (loss) | (7,758) | 4,274 | 231 | (3,253) |
| Balance at July 31, 2021 | $ (113,728) | $ (602) | $ (9,598) | $ (123,928) |
| | Three Months Ended Aug 1, 2020 | | | |
| Balance at May 2, 2020 | $ (152,162) | $ 7,711 | $ (8,851) | $ (153,302) |
| Gains (losses) arising during the period | 31,043 | (7,012) | (211) | 23,820 |
| Reclassification to net earnings (loss) for (gains) losses realized | — | (2,198) | 71 | (2,127) |
| Net other comprehensive income (loss) | 31,043 | (9,210) | (140) | 21,693 |
| Balance at August 1, 2020 | $ (121,119) | $ (1,499) | $ (8,991) | $ (131,609) |
| | Six Months Ended Aug 1, 2020 | | | |
| Balance at February 1, 2020 | $ (137,289) | $ 6,300 | $ (8,921) | $ (139,910) |
| Gains (losses) arising during the period | 16,170 | (3,832) | (212) | 12,126 |
| Reclassification to net earnings (loss) for (gains) losses realized | — | (3,967) | 142 | (3,825) |
| Net other comprehensive income (loss) | 16,170 | (7,799) | (70) | 8,301 |
| Balance at August 1, 2020 | $ (121,119) | $ (1,499) | $ (8,991) | $ (131,609) |

Details on reclassifications out of accumulated other comprehensive income (loss) to net earnings (loss) are (in thousands):

| | Three Months Ended | | Six Months Ended | | Location of (Gain) Loss Reclassified from Accumulated OCI into Earnings (Loss) |
|---|---|---|---|---|---|
| | Jul 31, 2021 | Aug 1, 2020 | Jul 31, 2021 | Aug 1, 2020 | |
| Derivative financial instruments designated as cash flow hedges: | | | | | |
| Foreign exchange currency contracts | $ 829 | $ (2,504) | $ 1,291 | $ (4,495) | Cost of product sales |
| Interest rate swap | 195 | 42 | 131 | 45 | Interest expense |
| Less income tax effect | (234) | 264 | (172) | 483 | Income tax expense (benefit) |
| | 790 | (2,198) | 1,250 | (3,967) | |
| Defined benefit plans: | | | | | |
| Net actuarial loss amortization | 106 | 97 | 211 | 193 | Other income (expense) |
| Prior service credit amortization | (17) | (16) | (34) | (32) | Other income (expense) |
| Less income tax effect | (12) | (10) | (23) | (19) | Income tax expense (benefit) |
| | 77 | 71 | 154 | 142 | |
| Total reclassifications during the period | $ 867 | $ (2,127) | $ 1,404 | $ (3,825) | |

## (5) Accounts Receivable

Accounts receivable is summarized as follows (in thousands):

| | Jul 31, 2021 | Jan 30, 2021 |
|---|---|---|
| Trade | $ 273,185 | $ 288,782 |
| Royalty | 22,079 | 20,565 |
| Other | 17,416 | 19,000 |
| | 312,680 | 328,347 |
| Less allowances | 12,765 | 14,200 |
| | $ 299,915 | $ 314,147 |

Accounts receivable consists of trade receivables relating primarily to the Company's wholesale business in Europe and, to a lesser extent, to its wholesale businesses in the Americas and Asia, royalty receivables relating to its licensing operations, credit card and retail concession receivables related to its retail businesses and certain other receivables. Other receivables generally relate to amounts due to the Company that result from activities that are not related to the direct sale of the Company's products or collection of royalties.

## (6) Inventories

Inventories consist of the following (in thousands):

| | Jul 31, 2021 | Jan 30, 2021 |
|---|---|---|
| Raw materials | $ 990 | $ 53 |
| Work in progress | 33 | 43 |
| Finished goods | 429,266 | 389,048 |
| | $ 430,289 | $ 389,144 |

The balances include an allowance to write down inventories to the lower of cost or net realizable value of $36.9 million and $35.5 million as of July 31, 2021 and January 30, 2021, respectively.

## (7) Income Taxes

*Effective Tax Rate*

Income tax expense for the interim periods was computed using the income tax rate estimated to be applicable for the full fiscal year, adjusted for discrete items. The Company's effective income tax rate was an expense of 23.3% for the six months ended July 31, 2021, compared to a benefit of 9.9% for the six months ended August 1, 2020. The change in the effective income tax rate was primarily due to: (1) earnings for the six months ended July 31, 2021 compared to losses for the same prior-year period; (2) a shift in the distribution of earnings among the Company's tax jurisdictions compared to the same prior-year period; and (3) an income tax benefit recorded in fiscal 2021 resulting from a change in income tax rates related to the ability to carryback net operating losses to income tax years with a higher federal corporate tax rate, partially offset by a valuation allowance for cumulative net operating losses limiting the Company's ability to recognize deferred tax assets.

*Unrecognized Tax Benefit*

From time-to-time, the Company is subject to routine income and other income tax audits on various income tax matters around the world in the ordinary course of business. As of July 31, 2021, several income tax audits were ongoing for various periods in multiple jurisdictions. These audits could conclude with an assessment of additional income tax liability for the Company. These assessments could arise as the result of timing or permanent differences and could be material to the Company's net income or future cash flows. In the event the Company disagrees with an assessment from a taxing authority, the Company may elect to appeal, litigate, pursue settlement or take other actions. The Company accrues an amount for its estimate of additional income tax liability which the Company, more likely than not, will incur as a result of the ultimate resolution of income tax audits ("uncertain income tax positions").

The Company had aggregate accruals for uncertain income tax positions, including penalties and interest, of $42.6 million and $40.0 million as of July 31, 2021 and January 30, 2021, respectively. This includes an accrual of $19.9 million for the estimated transition tax (excluding interest) related to the 2017 Tax Cuts and Jobs Act. The Company reviews and updates the estimates used in the accrual for uncertain income tax positions, as appropriate, as more definitive information or interpretations become available from income taxing authorities, and on the completion of income tax audits, the receipt of assessments, expiration of statutes of limitations, or occurrence of other events.

During the second quarter of fiscal 2021, the Company became aware of a foreign withholding income tax regulation that could be interpreted to apply to certain of its previous transactions. The Company currently does not expect its exposure, if any, will have a material impact on its condensed consolidated financial position, results of operations or cash flows.

## (8) Segment Information

The Company's businesses are grouped into five reportable segments for management and internal financial reporting purposes: Americas Retail, Americas Wholesale, Europe, Asia and Licensing. The Company's Americas Retail, Americas Wholesale, Europe and Licensing reportable segments are the same as their respective operating segments. Certain components of the Company's Asia operating segment are separate operating segments based on region, which have been aggregated into the Asia reportable segment for disclosure purposes.

Management evaluates segment performance based primarily on revenues and earnings (loss) from operations before corporate performance-based compensation costs, asset impairment charges, net gains (losses) on lease modifications, restructuring charges and certain non-recurring credits (charges), if any. The Company believes this segment reporting reflects how its business segments are managed and how each segment's performance is evaluated by the Company's chief operating decision maker to assess performance and make resource allocation decisions.

Net revenue and earnings (loss) from operations are summarized (in thousands):

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | Jul 31, 2021 | Aug 1, 2020 | Jul 31, 2021 | Aug 1, 2020 |
| Net revenue: | | | | |
| Americas Retail | $ 186,297 | $ 110,065 | $ 341,832 | $ 184,649 |
| Americas Wholesale | 49,858 | 20,285 | 95,288 | 46,160 |
| Europe | 322,723 | 205,851 | 564,575 | 312,324 |
| Asia | 47,813 | 50,191 | 103,473 | 90,576 |
| Licensing | 21,933 | 12,147 | 43,458 | 25,081 |
| Total net revenue | $ 628,624 | $ 398,539 | $ 1,148,626 | $ 658,790 |
| Earnings (loss) from operations: | | | | |
| Americas Retail | $ 37,916 | $ (4,704) | $ 58,190 | $ (41,377) |
| Americas Wholesale | 12,944 | 1,688 | 24,499 | 3,312 |
| Europe | 51,417 | 20,795 | 55,615 | (23,611) |
| Asia | (4,847) | (3,367) | (6,655) | (26,144) |
| Licensing | 20,154 | 11,511 | 39,585 | 21,605 |
| Total segment earnings (loss) from operations | 117,584 | 25,923 | 171,234 | (66,215) |
| Corporate overhead | (29,115) | (29,188) | (57,891) | (46,109) |
| Asset impairment charges[1] | (1,501) | (11,969) | (1,942) | (64,941) |
| Net gains on lease modifications[2] | 420 | 885 | 2,565 | 429 |
| Total earnings (loss) from operations | $ 87,388 | $ (14,349) | $ 113,966 | $ (176,836) |

*Notes:*

1. During the three and six months ended July 31, 2021 and August 1, 2020, the Company recognized asset impairment charges related primarily to impairment of certain operating lease ROU assets and impairment of property and equipment related to certain retail locations resulting from lower revenue and future cash flow projections from the ongoing effects of the COVID-19 pandemic and expected store closures. Refer to Note 2 and Note 15 for more information regarding these asset impairment charges.
2. During the three and six months ended July 31, 2021 and August 1, 2020, amounts recorded represent net gains on lease modifications related primarily to the early termination of certain lease agreements.

The below presents information regarding geographic areas in which the Company operated. Net revenue is classified primarily based on the country where the Company's customer is located (in thousands):

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | Jul 31, 2021 | Aug 1, 2020 | Jul 31, 2021 | Aug 1, 2020 |
| **Net revenue:** | | | | |
| U.S. | $ 180,265 | $ 97,202 | $ 337,331 | $ 166,667 |
| Italy | 64,803 | 36,671 | 112,356 | 56,023 |
| Germany | 52,204 | 33,376 | 86,882 | 44,738 |
| Canada | 34,425 | 24,174 | 61,065 | 40,851 |
| Spain | 31,737 | 20,381 | 57,244 | 33,377 |
| South Korea | 26,802 | 29,092 | 54,611 | 50,316 |
| Other foreign countries | 216,455 | 145,496 | 395,679 | 241,737 |
| Total product sales | 606,691 | 386,392 | 1,105,168 | 633,709 |
| Net royalties | 21,933 | 12,147 | 43,458 | 25,081 |
| Net revenue | $ 628,624 | $ 398,539 | $ 1,148,626 | $ 658,790 |

Due to the seasonal nature of the Company's business segments, the above net revenue and operating results are not necessarily indicative of the results that may be expected for the full fiscal year.

## (9) Borrowings and Finance Lease Obligations

Borrowings and finance lease obligations are summarized (in thousands):

| | Jul 31, 2021 | Jan 30, 2021 |
|---|---|---|
| Term loans | $ 55,005 | $ 56,765 |
| Finance lease obligations | 24,794 | 22,063 |
| Mortgage debt | 18,184 | 18,507 |
| Borrowings under credit facilities | — | 7,332 |
| Other | 3,134 | 2,597 |
| | 101,117 | 107,264 |
| Less current installments | 21,193 | 38,710 |
| Long-term debt and finance lease obligations | $ 79,924 | $ 68,554 |

*Term Loans*

As a precautionary measure to ensure financial flexibility and maintain maximum liquidity in response to the COVID-19 pandemic, the Company entered into term loans with certain banks primarily in Europe during the fiscal year ended January 30, 2021. These loans are primarily unsecured, have terms ranging from one-to-five years and provide annual interest rates ranging between 1.3% to 2.2%. As of July 31, 2021 and January 30, 2021, the Company had outstanding borrowings of $55.0 million and $56.8 million under these borrowing arrangements, respectively.

*Finance Lease Obligations*

During fiscal 2018, the Company entered into a finance lease related to equipment used in its European distribution center located in the Netherlands. The finance lease primarily provides for monthly minimum lease payments through May 2027 with an effective interest rate of approximately 6%. During fiscal 2021, the Company also entered into finance leases for equipment used in its European distribution centers located in Italy. These finance lease obligations totaled $19.2 million and $18.4 million as of July 31, 2021 and January 30, 2021, respectively.

The Company also has smaller finance leases related primarily to computer hardware and software. As of July 31, 2021 and January 30, 2021, these finance lease obligations totaled $5.6 million and $3.7 million, respectively.

*Mortgage Debt*

During fiscal 2017, the Company entered into a ten-year $21.5 million real estate secured loan (the “Mortgage Debt”) which is secured by the Company’s U.S. distribution center based in Louisville, Kentucky. The Mortgage Debt requires the Company to comply with a fixed charge coverage ratio on a trailing four-quarter basis if consolidated cash, cash equivalents, short-term investment balances and availability under borrowing arrangements fall below certain levels. In addition, the Mortgage Debt contains customary covenants, including covenants that limit or restrict the Company’s ability to incur liens on the mortgaged property and enter into certain contractual obligations. Upon the occurrence of an event of default under the Mortgage Debt, the lender may terminate the Mortgage Debt and declare all amounts outstanding to be immediately due and payable. The Mortgage Debt specifies a number of events of default (some of which are subject to applicable grace or cure periods), including, among other things, non-payment defaults, covenant defaults, cross-defaults to other material indebtedness, bankruptcy and insolvency defaults and material judgment defaults.

*Credit Facilities*

During fiscal 2021, the Company entered into an amendment of its senior secured asset-based revolving credit facility with Bank of America, N.A. and other lenders (as amended, the “Credit Facility”). The Credit Facility provides for a borrowing capacity in an amount up to $120 million, including a Canadian sub-facility up to $20 million, subject to a borrowing base. Based on applicable accounts receivable and inventory balances as of July 31, 2021, the Company could have borrowed up to $116 million under the Credit Facility. The Credit Facility has an option to expand the borrowing capacity by up to $180 million subject to certain terms and conditions, including the willingness of existing or new lenders to assume such increased amount. The Credit Facility is available for direct borrowings and the issuance of letters of credit, subject to certain letters of credit sublimits, and may be used for working capital and other general corporate purposes. As of July 31, 2021, the Company had $2.1 million in outstanding standby letters of credit, no outstanding documentary letters of credit and no outstanding borrowings under the Credit Facility.

The Credit Facility requires the Company to comply with a fixed charge coverage ratio on a trailing four-quarter basis if a default or an event of default occurs under the Credit Facility or generally if borrowings exceed 80% of the borrowing base. In addition, the Credit Facility contains customary covenants, including covenants that limit or restrict the Company and certain of its subsidiaries' ability to: incur liens, incur indebtedness, make investments, dispose of assets, make certain restricted payments, merge or consolidate and enter into certain transactions with affiliates. Upon the occurrence of an event of default under the Credit Facility, the lenders may cease making loans, terminate the Credit Facility and declare all amounts outstanding to be immediately due and payable. The Credit Facility specifies a number of events of default (some of which are subject to applicable grace or cure periods), including, among other things, non-payment defaults, covenant defaults, cross-defaults to other material indebtedness, bankruptcy and insolvency defaults, and material judgment defaults. The Credit Facility allows for both secured and unsecured borrowings outside of the Credit Facility up to specified amounts.

The Company, through its European subsidiaries, maintains short-term committed and uncommitted borrowing agreements, primarily for working capital purposes, with various banks in Europe. Some of these agreements include certain equity-based financial covenants. As of July 31, 2021, the Company had no outstanding borrowings, no outstanding documentary letters of credit and $121.3 million available for future borrowings under these agreements. The agreements are denominated primarily in euros and provide for annual interest rates ranging from 1.1% to 1.3%.

The Company, through its China subsidiary, maintains a short-term uncommitted bank borrowing agreement that provides for a borrowing capacity up to $30 million, primarily for working capital purposes. The Company had no outstanding borrowings under this agreement as of July 31, 2021 and $7.3 million in outstanding borrowings under this agreement as of January 30, 2021.

The Company, through its Japan subsidiary, maintains a short-term uncommitted bank borrowing agreement that provides for a borrowing capacity up to $4.6 million, primarily for working capital purposes. The Company had no outstanding borrowings under this agreement as of July 31, 2021 and January 30, 2021, respectively.

*Other*

From time-to-time, the Company will obtain other financing in foreign countries for working capital to finance its local operations.

**(10) Convertible Senior Notes and Related Transactions**

*2.00% Convertible Senior Notes due 2024*

In April 2019, the Company issued $300 million principal amount of 2.00% convertible senior notes due 2024 (the "Notes") in a private offering. In connection with the issuance of the Notes, the Company entered into an indenture (the "Indenture") with respect to the Notes with U.S. Bank N.A., as trustee (the "Trustee"). The Notes are senior unsecured obligations of the Company and bear interest at an annual rate of 2.00% payable semi-annually in arrears on April 15 and October 15 of each year. The Notes will mature on April 15, 2024, unless earlier repurchased or converted in accordance with their terms.

The Notes are convertible in certain circumstances into cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock, at the Company's election, at an initial conversion rate of 38.7879 shares of common stock per $1,000 principal amount of Notes, which is equivalent to an initial conversion price of approximately $25.78 per share, subject to adjustment upon the occurrence of certain events. Prior to November 15, 2023, the Notes are convertible only upon the occurrence of certain events and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date of the Notes. Following certain corporate events described in the Indenture that occur prior to the maturity date, the conversion rate will be increased for a holder who elects to convert its Notes in connection with such corporate event in certain circumstances. The Notes are not redeemable prior to maturity, and no sinking fund is provided for the Notes. As of July 31, 2021, none of the conditions allowing holders of the Notes to convert had been met. The Company expects to settle the principal amount of the Notes in 2024 in cash and any excess in shares.

The Company separated the Notes into liability and equity components. The liability component was recorded at fair value. The equity component represented the difference between the proceeds from the issuance of the Notes and the fair value of the liability component. The excess of the liability component over its carrying amount ("debt discount") is being amortized to interest expense over the term of the Notes. The equity component is not remeasured as long as it continues to meet the conditions for equity classification.

Debt issuance costs related to the Notes were comprised of discounts and commissions payable to the initial purchasers of $3.8 million and third-party offering costs of approximately $1.5 million. The Company allocated the total amount incurred to the liability and equity components based on their relative values. Debt issuance costs attributable to the liability component were recorded as a contra-liability and are presented net against the convertible senior notes balance on the Company's condensed consolidated balance sheets. These costs are being amortized to interest expense over the term of the Notes.

During the three and six months ended July 31, 2021, the Company recorded $2.8 million and $5.6 million, respectively, of interest expense related to the amortization of the debt discount. During the three and six months ended August 1, 2020, the Company recorded approximately $2.6 million and $5.2 million, respectively, of interest expense related to the amortization of the debt discount.

The Notes consist of the following (in thousands):

| | Jul 31, 2021 | Jan 30, 2021 |
|---|---|---|
| Liability component: | | |
| Principal | $ 300,000 | $ 300,000 |
| Unamortized debt discount | (33,061) | (38,623) |
| Unamortized issuance costs | (2,335) | (2,763) |
| Net carrying amount | $ 264,604 | $ 258,614 |
| | | |
| Equity component, net[1] | $ 42,320 | $ 42,320 |

*Notes:*

1 Included in paid-in capital within stockholders' equity on the condensed consolidated balance sheets and is net of debt issuance costs and deferred taxes.

As of July 31, 2021 and January 30, 2021, the fair value, net of unamortized debt discount and issuance costs, of the Notes was approximately $305.6 million and $303.5 million, respectively. The fair value of the Notes is determined based on inputs that are observable in the market and have been classified as Level 2 in the fair value hierarchy.

*Convertible Bond Hedge and Warrant Transactions*

In connection with the offering of the Notes, the Company entered into convertible note hedge transactions whereby the Company had the option to purchase a total of approximately 11.6 million shares of its common stock at an initial strike price of approximately $25.78 per share, in each case subject to adjustment in certain circumstances. The total cost of the convertible note hedge transactions was $61.0 million. In addition, the Company sold warrants whereby the holders of the warrants had the option to purchase a total of approximately 11.6 million shares of the Company's common stock at an initial strike price of $46.88 per share. Both the number of shares underlying the convertible note hedges and warrants and the strike price of the instruments are subject to customary adjustments. The Company received $28.1 million in cash proceeds from the sale of these warrants. Taken together, the purchase of the convertible note hedges and sale of the warrants are intended to offset dilution from the conversion of the Notes to the extent the market price per share of the Company's common stock exceeds the adjusted strike price of the convertible note hedges. The warrant transaction may have a dilutive effect with respect to the Company's common stock to the extent the market price per share of the Company's common stock exceeds the adjusted strike price of the warrants. The convertible note hedges and warrants are recorded in stockholders' equity, are not accounted for as derivatives and are not remeasured each reporting period.

The Company had a deferred tax liability of $8.8 million in connection with the debt discount associated with the Notes and a deferred tax asset of $9.7 million in connection with the convertible note hedge transactions for each of the periods ended July 31, 2021 and January 30, 2021. The net deferred tax impact was included in deferred tax assets on the Company's condensed consolidated balance sheets.

## (11) Share-Based Compensation

The following summarizes the share-based compensation expense recognized under all of the Company's stock plans (in thousands):

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | Jul 31, 2021 | Aug 1, 2020 | Jul 31, 2021 | Aug 1, 2020 |
| Stock options | $ 907 | $ 820 | $ 1,814 | $ 1,515 |
| Stock awards/units | 3,837 | 3,135 | 6,910 | 8,061 |
| Employee Stock Purchase Plan | 58 | 48 | 138 | 213 |
| Total share-based compensation expense | $ 4,802 | $ 4,003 | $ 8,862 | $ 9,789 |

Unrecognized compensation cost related to nonvested stock options and nonvested stock awards/units totaled approximately $6.2 million and $35.1 million, respectively, as of July 31, 2021. This cost is expected to be recognized over a weighted average period of 1.8 years.

*Grants*

On June 30, 2021, the Company made a grant of 695,566 nonvested stock units to certain of its executive employees. These nonvested stock units are subject to certain performance-based or market-based vesting conditions.

*Performance-Based Awards*

The Company has granted certain nonvested stock units subject to performance-based vesting conditions to select executive officers. Each award of nonvested stock units generally has an initial vesting period from the date of the grant through either (i) the end of the first fiscal year or (ii) the first anniversary of the date of grant, followed by annual vesting periods which may range from two-to-three years.

The following summarizes the activity for nonvested performance-based units during the six months ended July 31, 2021:

| | Number of Units | Weighted Average Grant Date Fair Value |
|---|---|---|
| Nonvested at January 30, 2021 | 769,632 | $ 16.15 |
| Granted | 242,898 | 26.40 |
| Vested | (166,761) | 14.07 |
| Forfeited | (186,714) | 21.83 |
| Nonvested at July 31, 2021 | 659,055 | $ 18.85 |

*Market-Based Awards*

The Company has granted certain nonvested stock units subject to market-based vesting conditions to select executive officers. These market-based awards include (i) units where the number of shares that may ultimately vest will equal 0% to 150% of the target number of shares, subject to the performance of the Company's total stockholder return ("TSR") relative to the TSR of a select group of peer companies over a three-year period and (ii) units scheduled to vest based on the attainment of certain absolute stock price levels over a four-year period. Vesting is also subject to continued service requirements through the vesting date.

The following summarizes the activity for nonvested market-based units during the six months ended July 31, 2021:

| | Number of Units | Weighted Average Grant Date Fair Value |
|---|---|---|
| Nonvested at January 30, 2021 | 509,012 | $ 8.67 |
| Granted[1] | 494,623 | 21.48 |
| Vested[1] | (125,822) | 20.28 |
| Nonvested at July 31, 2021 | 877,813 | $ 14.22 |

*Notes:*

1 As a result of the achievement of certain market-based vesting conditions, there were 41,955 shares that vested in addition to the original target number of shares granted in fiscal 2019.

## (12) Related Party Transactions

The Company and its subsidiaries periodically enter into transactions with other entities or individuals that are considered related parties, including certain transactions with entities owned by, affiliated with, or for the respective benefit of, Paul Marciano, who is an executive and member of the Board of the Company, and Maurice Marciano, who is also a member of the Board, and certain of their children (the "Marciano Entities").

*Leases*

The Company leases warehouse and administrative facilities, including the Company's corporate headquarters in Los Angeles, California, from partnerships affiliated with the Marciano Entities and certain of their affiliates. There were four of these leases in effect as of July 31, 2021 with expiration or option exercise dates ranging from calendar years 2023 to 2030.

The Company, through a wholly-owned Canadian subsidiary, leases warehouse and administrative facilities in Montreal, Quebec from a partnership affiliated with the Marciano Entities. During the second quarter of fiscal 2022, the Company entered into a lease amendment to extend the lease term through August 2023. The base rent is approximately CAD$0.6 million (US$0.5 million) per year with all other terms of the existing lease remaining in full force and effect.

Aggregate lease costs recorded under these four related party leases were approximately $4.3 million and $2.6 million for the six months ended July 31, 2021 and August 1, 2020, respectively. The Company believes the terms of the related party leases have not been significantly affected by the fact the Company and the lessors are related.

*Aircraft Arrangements*

The Company periodically charters aircraft owned by the Marciano Entities through informal arrangements with the Marciano Entities and independent third-party management companies contracted by such Marciano Entities to manage their aircraft. The total fees paid under these arrangements for the six months ended July 31, 2021 and August 1, 2020 were approximately $1.9 million and $1.2 million, respectively.

*Minority Investment*

The Company owns a 30% interest in a privately held men's footwear company (the "Footwear Company") in which the Marciano Entities also own a 45% interest. In December 2020, the Company provided the Footwear Company with a revolving credit facility for $2.0 million, which provides for an annual interest rate of 2.75% and matures in November 2023. As of both July 31, 2021 and January 30, 2021, the Company had a note receivable of $0.2 million included in other assets in its condensed consolidated balance sheets related to outstanding borrowings by the Footwear Company under this revolving credit facility.

**(13) Commitments and Contingencies**

*Investment Commitments*

As of July 31, 2021, the Company had an unfunded commitment to invest €2.3 million ($2.7 million) in a private equity fund. Refer to Note 15 for further information.

*Legal and Other Proceedings*

The Company is involved in legal proceedings, arising both in the ordinary course of business and otherwise, including the proceedings described below as well as various other claims and other matters incidental to the Company's business. Unless otherwise stated, the resolution of any particular proceeding is not currently expected to have a material adverse impact on the Company's financial position, results of operations or cash flows. Even if such an impact could be material, the Company may not be able to estimate the reasonably possible loss or range of loss until developments in the proceedings have provided sufficient information to support an assessment.

The Company has received customs tax assessment notices from the Italian Customs Agency ("ICA") regarding its customs tax audit of one of the Company's European subsidiaries for the period from July 2010 through December 2012. Such assessments totaled €9.8 million ($11.6 million), including potential penalties and interest. The Company strongly disagreed with the ICA's positions and therefore filed appeals with the Milan First Degree Tax Court ("MFDTC"). Those appeals were split into a number of different cases that were then heard by different sections of the MFDTC. The MFDTC ruled in favor of the Company on all of these appeals. The ICA subsequently appealed €9.7 million ($11.5 million) of these favorable MFDTC judgments with the Appeals Court. To date, €8.5 million ($10.1 million) have been decided in favor of the Company and €1.2 million ($1.4 million) have been decided in favor of the ICA. The Company believes that the unfavorable Appeals Court ruling is incorrect and inconsistent with the prior rulings on similar matters by both the MFDTC and other judges within the Appeals Court, and has appealed the decision to the Supreme Court. The ICA has appealed most of the favorable Appeals Court rulings to the Supreme Court. To date, of the cases that have been appealed to the Supreme Court, €0.4 million ($0.5 million) have been decided in favor of the Company based on the merits of the case and €1.1 million ($1.3 million) have been remanded back to the lower court for further consideration. There can be no assurances the Company will be successful in the remaining appeals. It also continues to be possible that the Company will receive similar or even larger assessments for periods subsequent to December 2012 or other claims or charges related to the matter in the future. Although the Company believes that it has a strong position and will continue to vigorously defend this matter, it is unable to predict with certainty whether or not these efforts will ultimately be successful or whether the outcome will have a material impact on the Company's financial position, results of operations or cash flows.

On January 19, 2021, a former model for the Company filed an action against the Company's Chief Creative Officer and the Company in the California Superior Court in Los Angeles (Jane Doe v. Paul Marciano, et al.). The complaint asserts several claims based on allegations that the former model was treated improperly by Mr. Marciano and retaliated against by the Company. The complaint seeks an unspecified amount of general damages, medical expenses, lost earnings, punitive damages and attorneys' fees. The case has been moved to arbitration and is still at an early stage. Mr. Marciano and the Company dispute these claims fully and intend to contest them vigorously. In March and April 2021, the Company received separate communications from two other individuals containing similar allegations against Mr. Marciano and the

Company. Mr. Marciano and the Company also dispute these allegations fully. Each individual who contacted the Company in March and April is represented by the same attorney who represents the plaintiff in the January action, though no complaint has been filed with respect to either of these allegations. Though Mr. Marciano and the Company dispute each of these allegations fully, in order to avoid the cost of litigation and without admitting liability or fault, the Company and Mr. Marciano entered into a settlement agreement with the individual who sent the March letter, resolving the claims for an aggregate total amount of $300,000.

*Redeemable Noncontrolling Interests*

The Company is party to a put arrangement with respect to the common securities that represent the remaining noncontrolling interest for its majority-owned subsidiary, Guess Brasil Comércio e Distribuição S.A. (“Guess Brazil”). The put arrangement for Guess Brazil, representing 40% of the total outstanding equity interest of that subsidiary, may be exercised at the discretion of the noncontrolling interest holder by providing written notice to the Company every third anniversary beginning in March 2019, subject to certain time restrictions. The redemption value of the Guess Brazil put arrangement is based on a multiple of Guess Brazil’s earnings before interest, taxes, depreciation and amortization subject to certain adjustments and is classified as a redeemable noncontrolling interest outside of permanent equity in the Company’s condensed consolidated balance sheet. The carrying value of the redeemable noncontrolling interest related to Guess Brazil was $1.0 million and $0.9 million as of July 31, 2021 and January 30, 2021, respectively.

The Company is also party to a put arrangement with respect to the common securities that represent the remaining noncontrolling interest for its majority-owned subsidiary, Guess? CIS, LLC (“Guess CIS”), which was established through a majority-owned joint venture during fiscal 2016. The put arrangement for Guess CIS, representing 30% of the total outstanding equity interest of that subsidiary, may be exercised at the discretion of the noncontrolling interest holder by providing written notice to the Company during the period beginning after the fifth anniversary of the agreement through December 31, 2025, or sooner in certain limited circumstances. The redemption value of the Guess CIS put arrangement is based on a multiple of Guess CIS’s earnings before interest, taxes, depreciation and amortization subject to certain adjustments and is classified as a redeemable noncontrolling interest outside of permanent equity in the Company’s condensed consolidated balance sheet. The carrying value of the redeemable noncontrolling interest related to Guess CIS was $3.1 million and $3.0 million as of July 31, 2021 and January 30, 2021, respectively.

A reconciliation of the total carrying amount of redeemable noncontrolling interests is (in thousands):

| | Six Months Ended | |
|---|---|---|
| | **Jul 31, 2021** | **Aug 1, 2020** |
| Beginning balance | $ 3,920 | $ 4,731 |
| Foreign currency translation adjustment | 154 | (710) |
| Ending balance | $ 4,074 | $ 4,021 |

## (14) Defined Benefit Plans

*Supplemental Executive Retirement Plan*

The Company’s Supplemental Executive Retirement Plan (“SERP”) provides select employees who satisfy certain eligibility requirements with certain benefits upon retirement, termination of employment, death, disability or a change in control of the Company, in certain prescribed circumstances. As a non-qualified pension plan, no dedicated funding of the SERP is required; however, the Company has made periodic payments into insurance policies held in a rabbi trust to fund the expected obligations arising under the non-qualified SERP. The cash surrender values of the insurance policies were $73.4 million and $72.1 million as of July 31, 2021 and January 30, 2021, respectively, and were included in other assets in the Company’s condensed consolidated balance sheets. As a result of changes in the value of the insurance policy investments, the Company recorded unrealized gains of $2.2 million in other income and expense during the three and six months ended July 31, 2021 and $5.1 million and $2.0 million in other income and expense during the three and six months ended August 1, 2020, respectively. The projected benefit obligation was

$51.9 million and $52.3 million as of July 31, 2021 and January 30, 2021, respectively, and was included in accrued expenses and other long-term liabilities in the Company's condensed consolidated balance sheets depending on the expected timing of payments. SERP benefit payments of $0.5 million and $1.0 million were made during the three and six months ended July 31, 2021, respectively. SERP benefit payments of $0.3 million and $0.8 million were made during the three and six months ended August 1, 2020, respectively.

*Foreign Pension Plans*

In certain foreign jurisdictions, primarily in Switzerland, the Company is required to guarantee the returns on Company-sponsored defined contribution plans in accordance with local regulations. The Company's contributions must be made in an amount at least equal to the employee's contribution. Minimum employee contributions are based on the respective employee's age, salary and gender.

As of July 31, 2021 and January 30, 2021, the foreign pension plans had a total projected benefit obligation of $40.9 million and $41.5 million, respectively, and plan assets held in independent investment fiduciaries of $34.5 million and $35.0 million, respectively. The net liability of $6.4 million was included in other long-term liabilities in the Company's condensed consolidated balance sheets as of both July 31, 2021 and January 30, 2021.

The components of net periodic defined benefit pension cost related to the Company's defined benefit plans are (in thousands):

| | SERP | Foreign Pension Plans | Total |
|---|---|---|---|
| | **Three Months Ended Jul 31, 2021** | | |
| Service cost | $ — | $ 793 | $ 793 |
| Interest cost | 288 | 19 | 307 |
| Expected return on plan assets | — | (52) | (52) |
| Net amortization of unrecognized prior service credit | — | (17) | (17) |
| Net amortization of actuarial losses | 20 | 86 | 106 |
| Net periodic defined benefit pension cost | $ 308 | $ 829 | $ 1,137 |
| | **Six Months Ended Jul 31, 2021** | | |
| Service cost | $ — | $ 1,583 | $ 1,583 |
| Interest cost | 577 | 38 | 615 |
| Expected return on plan assets | — | (104) | (104) |
| Net amortization of unrecognized prior service credit | — | (34) | (34) |
| Net amortization of actuarial losses | 40 | 171 | 211 |
| Net periodic defined benefit pension cost | $ 617 | $ 1,654 | $ 2,271 |

| | SERP | Foreign Pension Plans | Total |
|---|---|---|---|
| | Three Months Ended Aug 1, 2020 | | |
| Service cost | $ — | $ 766 | $ 766 |
| Interest cost | 320 | 7 | 327 |
| Expected return on plan assets | — | (45) | (45) |
| Net amortization of unrecognized prior service credit | — | (16) | (16) |
| Net amortization of actuarial losses | 10 | 87 | 97 |
| Net periodic defined benefit pension cost | $ 330 | $ 799 | $ 1,129 |
| | Six Months Ended Aug 1, 2020 | | |
| Service cost | $ — | $ 1,530 | $ 1,530 |
| Interest cost | 639 | 15 | 654 |
| Expected return on plan assets | — | (90) | (90) |
| Net amortization of unrecognized prior service credit | — | (32) | (32) |
| Net amortization of actuarial losses | 20 | 173 | 193 |
| Net periodic defined benefit pension cost | $ 659 | $ 1,596 | $ 2,255 |

### (15) Fair Value Measurements

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e. interest rates, yield curves, etc.) and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3—Unobservable inputs that reflect assumptions about what market participants would use in pricing the asset or liability. These inputs are based on the best information available, including the Company's own data.

The following presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis (in thousands):

| | Fair Value Measurements at Jul 31, 2021 | | | | Fair Value Measurements at Jan 30, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| Recurring Fair Value Measures | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | | | | | |
| Foreign exchange currency contracts | $ — | $ 2,012 | $ — | $ 2,012 | $ — | $ — | $ — | $ — |
| Total | $ — | $ 2,012 | $ — | $ 2,012 | $ — | $ — | $ — | $ — |
| Liabilities: | | | | | | | | |
| Foreign exchange currency contracts | $ — | $ 287 | $ — | $ 287 | $ — | $ 4,481 | $ — | $ 4,481 |
| Interest rate swap | — | 745 | — | 745 | — | 999 | — | 999 |
| Deferred compensation obligations | — | 17,323 | — | 17,323 | — | 15,612 | — | 15,612 |
| Total | $ — | 18,355 | $ — | $ 18,355 | $ — | $ 21,092 | $ — | $ 21,092 |

Foreign exchange currency contracts may be entered into by the Company to hedge the future payment of inventory and intercompany transactions by non-U.S. subsidiaries. Periodically, the Company may also use foreign exchange currency contracts to hedge the translation and economic exposures related to its net investments in certain of its international subsidiaries. The fair values of the Company's foreign exchange currency contracts are based on quoted foreign exchange forward rates at the reporting date. The fair values of the Company's interest rate swaps are based upon inputs corroborated by observable market data. Deferred compensation obligations to employees are adjusted based on changes in the fair value of the underlying employee-directed investments. Fair value of these obligations is based upon inputs corroborated by observable market data.

The Company included €2.5 million ($2.9 million) and €2.4 million ($3.0 million) in other assets in the Company's condensed consolidated balance sheets related to its investment in a private equity fund for the periods ended July 31, 2021 and January 30, 2021, respectively. The Company uses net asset value per share as a practical expedient to measure the fair value of this investment and has not included this investment in the fair value hierarchy as disclosed above. As of July 31, 2021, the Company had an unfunded commitment to invest an additional €2.3 million ($2.7 million) in the private equity fund.

The fair values of the Company's debt instruments (see Note 9) are based on the amount of future cash flows associated with each instrument discounted using the Company's incremental borrowing rate. As of July 31, 2021 and January 30, 2021, the carrying value was not materially different from fair value, as the interest rates on the Company's debt approximated rates currently available to the Company. The fair value of the Company's convertible senior notes (see Note 10) is determined based on inputs that are observable in the market and have been classified as Level 2 in the fair value hierarchy.

The carrying amount of the Company's remaining financial instruments, which principally include cash and cash equivalents, trade receivables, accounts payable and accrued expenses, approximates fair value due to the relatively short maturity of such instruments.

*Long-Lived Assets*

Long-lived assets, such as property and equipment and operating lease ROU assets, are reviewed for impairment quarterly or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The majority of the Company's long-lived assets relate to its retail operations which consist primarily of regular retail and flagship locations. The Company considers each individual regular retail location as an asset group for impairment testing, which is the lowest level at which individual cash flows can be identified. The Company also evaluates impairment risk for retail locations that are expected to be closed in the foreseeable future. The Company has flagship locations that are used as a regional marketing tool to build brand awareness and promote the Company's current product. Provided the flagship locations continue to meet the appropriate criteria, impairment for these locations is tested at a reporting unit level similar to goodwill since they do not have separately identifiable cash flows.

An asset is considered to be impaired if the Company determines that the carrying value may not be recoverable based upon its assessment of the asset's ability to continue to generate earnings from operations and positive cash flow in future periods or if significant changes in the Company's strategic business objectives and utilization of the assets occurred. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows adjusted for lease payments, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the estimated fair value. The Company uses estimates of market participant rents to calculate fair value of ROU assets and discounted future cash flows of the asset group to quantify fair value for other long-lived assets. These nonrecurring fair value measurements are considered Level 3 inputs as defined above. The impairment loss calculations require management to apply judgment in estimating future cash flows and the discount rates that reflect the risk inherent in future cash flows. Future expected cash flows for assets in regular retail locations are based on management's estimates of future cash flows over the remaining lease period or expected life, if shorter. For expected location closures, the Company will evaluate whether it is necessary to shorten the useful life for any of the assets within the respective asset group. The Company will use this revised useful life when estimating the asset group's future cash flows. The Company considers historical trends, expected future business trends and other factors when estimating the future cash flow for each regular retail location. The Company also considers factors such as the following: the local environment for each regular retail location, including mall traffic and competition; the Company's ability to successfully implement strategic initiatives; and the ability to control variable costs such as cost of sales and payroll and, in some cases, renegotiate lease costs. As discussed further in Note 1, the COVID-19 pandemic has materially impacted the Company's financial results during the three and six months ended July 31, 2021 and August 1, 2020 and could continue to impact the Company's operations in ways the Company is not able to predict today due to the evolving situation. The Company has made reasonable assumptions and judgments to determine the fair value of the assets tested based on the facts and circumstances that were available as of the reporting date. If actual results are not consistent with the assumptions and judgments used in estimating future cash flows and asset fair values, there may be additional exposure to future impairment losses that could be material to the Company's results of operations.

The Company recorded asset impairment charges of $1.5 million and $1.9 million during the three and six months ended July 31, 2021, respectively. The Company recognized minimal impairment on ROU assets primarily in Europe in the three and six months ended July 31, 2021. The Company recognized $1.5 million and $1.9 million in impairment of property and equipment related to certain retail locations primarily in Europe and Asia during the three and six months ended July 31, 2021, respectively. This compares to asset impairment charges of $12.0 million and $64.9 million during the three and six months ended August 1, 2020, respectively. The Company recognized $8.2 million and $36.5 million in impairment of certain operating lease ROU assets primarily in North America and Europe during the three and six months ended August 1, 2020, respectively. The Company recognized $3.7 million and $28.5 million in impairment of property and equipment related to certain retail locations primarily in North America, Europe and Asia driven by lower revenue and future cash flow projections from the ongoing effects of the COVID-19 pandemic during the three and six months ended August 1, 2020, respectively. Refer to Note 2 for further information on impairment charges recognized on operating lease ROU assets.

*Goodwill*

Goodwill is tested annually for impairment or more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. This determination is made at the reporting unit level which may be either an operating segment or one level below an operating segment if discrete financial information is available. Two or more reporting units within an operating segment may be aggregated for impairment testing if they have similar economic characteristics.

The COVID-19 pandemic materially impacted the Company's businesses beginning in the first quarter of fiscal 2021. As a result, the Company concluded that a triggering event had occurred resulting in the need to perform quantitative interim impairment testing on the Company's goodwill and flagship assets as of May 2, 2020. The testing concluded that the fair values of the respective reporting units exceeded their carrying amounts as of May 2, 2020. Accordingly, the Company did not record any asset impairment charges on its goodwill or flagship assets. In performing its assessment, the Company believed it made reasonable accounting estimates based on the facts and circumstances that were available as of the testing date in light of the evolving situation resulting from the COVID-19 pandemic. If actual results are not consistent with the assumptions and judgments used, there may be additional exposure to future impairment losses that could be material to the Company's results of operations.

The COVID-19 pandemic has continued to impact the Company's businesses during the first six months of fiscal 2022. During the three months ended July 31, 2021, the Company assessed qualitative factors and determined that it is not more likely than not that the fair values of its reporting units are less than their carrying amounts.

## (16) Derivative Financial Instruments

*Hedging Strategy*

*Foreign Exchange Currency Contracts*

The Company operates in foreign countries, which exposes it to market risk associated with foreign currency exchange rate fluctuations. The Company has entered into certain forward contracts to hedge the risk of foreign currency rate fluctuations. The Company has elected to apply the hedge accounting rules in accordance with authoritative guidance for certain of these hedges.

The Company's primary objective is to hedge the variability in forecasted cash flows due to the foreign currency risk. Various transactions that occur primarily in Europe, Canada, South Korea, China, Hong Kong and Mexico are denominated in U.S. dollars, British pounds and Russian roubles and thus are exposed to earnings risk as a result of exchange rate fluctuations when converted to their functional currencies. These types of transactions include U.S. dollar-denominated purchases of merchandise and U.S. dollar- and British pound-denominated intercompany liabilities. In addition, certain operating expenses, tax liabilities and pension-related liabilities are denominated in Swiss francs and are exposed to earnings risk as a result of exchange rate fluctuations when converted to the functional currency. Further, there are certain real estate leases that are denominated in a currency other than the functional currency of the respective entity that entered into the agreement (primarily Swiss francs, Russian roubles and Polish zloty). As a result, the Company may be exposed to volatility related to unrealized gains or losses on the translation of present value of future lease payment obligations when translated at the exchange rate as of a reporting period-end. The Company enters into derivative financial instruments, including forward exchange currency contracts, to offset some, but not all, of the exchange risk on certain of these anticipated foreign currency transactions.

Periodically, the Company may also use foreign exchange currency contracts to hedge the translation and economic exposures related to its net investments in certain of its international subsidiaries.

*Interest Rate Swap Agreements*

The Company is exposed to interest rate risk on its floating-rate debt. The Company has entered into interest rate swap agreements for certain of these agreements to effectively convert its floating-rate debt to a fixed-rate basis. The principal objective of these contracts is to eliminate or reduce the variability of the cash flows in interest payments associated with the Company's floating-rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows. The Company has elected to apply the hedge accounting rules in accordance with authoritative guidance for certain of these contracts. Refer to Note 9 for further information.

The impact of the credit risk of the counterparties to the derivative contracts is considered in determining the fair value of the foreign exchange currency contracts and interest rate swap agreements. As of July 31, 2021, credit risk has not had a significant effect on the fair value of the Company's foreign exchange currency contracts and interest rate swap agreements.

*Hedge Accounting Policy*

*Foreign Exchange Currency Contracts*

U.S. dollar forward contracts are used to hedge forecasted merchandise purchases over specific months. Changes in the fair value of these U.S. dollar forward contracts, designated as cash flow hedges, are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity and are recognized in cost of product sales in the period that approximates the time the hedged merchandise inventory is sold. The Company may hedge forecasted intercompany royalties over specific months. Changes in the fair value of these U.S. dollar forward contracts, designated as cash flow hedges, are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity and are recognized in other income (expense) in the period in which the royalty expense is incurred.

The Company has also used U.S. dollar forward contracts to hedge the net investments of certain of the Company's international subsidiaries over specific months. Changes in the fair value of these U.S. dollar forward contracts, designated as net investment hedges, are recorded in foreign currency translation adjustment as a component of accumulated other comprehensive income (loss) within stockholders' equity and are not recognized in earnings (loss) until the sale or liquidation of the hedged net investment.

The Company has also foreign exchange currency contracts that are not designated as hedging instruments for accounting purposes. Changes in fair value of foreign exchange currency contracts not designated as hedging instruments are reported in net earnings (loss) as part of other income (expense).

*Interest Rate Swap Agreements*

Interest rate swap agreements are used to hedge the variability of the cash flows in interest payments associated with the Company's floating-rate debt. Changes in the fair value of interest rate swap agreements designated as cash flow hedges are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity and are amortized to interest expense over the term of the related debt.

Periodically, the Company may also enter into interest rate swap agreements that are not designated as hedging instruments for accounting purposes. Changes in the fair value of interest rate swap agreements not designated as hedging instruments are reported in net earnings (loss) as part of other income (expense).

*Summary of Derivative Instruments*

The fair value of derivative instruments in the condensed consolidated balance sheets is (in thousands):

| | Fair Value at Jul 31, 2021 | Fair Value at Jan 30, 2021 | Derivative Balance Sheet Location |
|---|---|---|---|
| ASSETS: | | | |
| Derivatives designated as hedging instruments: | | | |
| Cash flow hedges: | | | |
| Foreign exchange currency contracts | $ 1,948 | $ — | Other current assets/Other assets |
| Total derivatives designated as hedging instruments | 1,948 | — | |
| Derivatives not designated as hedging instruments: | | | |
| Foreign exchange currency contracts | 64 | — | Other current assets/Other assets |
| Total | $ 2,012 | $ — | |
| LIABILITIES: | | | |
| Derivatives designated as hedging instruments: | | | |
| Cash flow hedges: | | | |
| Foreign exchange currency contracts | $ 62 | $ 3,326 | Accrued expenses/ Other long-term liabilities |
| Interest rate swap | 745 | 999 | Other long-term liabilities |
| Total derivatives designated as hedging instruments | 807 | 4,325 | |
| Derivatives not designated as hedging instruments: | | | |
| Foreign exchange currency contracts | 225 | 1,155 | Accrued expenses |
| Total | $ 1,032 | $ 5,480 | |

*Derivatives Designated as Hedging Instruments*

*Foreign Exchange Currency Contracts Designated as Cash Flow Hedges*

During the six months ended July 31, 2021, the Company purchased U.S. dollar forward contracts in Europe totaling US$75.0 million that were designated as cash flow hedges. As of July 31, 2021, the Company had forward contracts outstanding for its European operations of US$114.0 million to hedge forecasted merchandise purchases, which are expected to mature over the next 12 months.

As of July 31, 2021, accumulated other comprehensive income (loss) related to foreign exchange currency contracts included a minimal net unrealized loss, net of tax, of which $0.6 million will be recognized in cost of product sales over the following 12 months, at the then current values on a pre-tax basis, which can be different than the current quarter-end values.

At January 30, 2021, the Company had forward contracts outstanding for its European operations of US$100.0 million that were designated as cash flow hedges.

*Interest Rate Swap Agreement Designated as Cash Flow Hedge*

As of July 31, 2021, accumulated other comprehensive income (loss) related to the interest rate swap agreement included a net unrealized loss of $0.6 million, net of tax, which will be recognized in interest expense over the following 12 months, at the then current values on a pre-tax basis, which can be different than the current quarter-end values.

The following summarizes the gains (losses) before taxes recognized on the derivative instruments designated as cash flow hedges in OCI and net earnings (loss) (in thousands):

| | Gains (Losses) Recognized in OCI | | Location of Gains (Losses) Reclassified from Accumulated OCI into Earnings (Loss) | Gains (Losses) Reclassified from Accumulated OCI into Earnings (Loss) | |
|---|---|---|---|---|---|
| | Jul 31, 2021 | Aug 1, 2020 | | Jul 31, 2021 | Aug 1, 2020 |
| | | | Three Months Ended | | |
| Derivatives designated as cash flow hedges: | | | | | |
| Foreign exchange currency contracts | $ 1,781 | $ (7,758) | Cost of product sales | $ (829) | $ 2,504 |
| Interest rate swap | (148) | (139) | Interest expense | (195) | (42) |
| | | | Six Months Ended | | |
| Derivatives designated as cash flow hedges: | | | | | |
| Foreign exchange currency contracts | $ 3,292 | $ (3,348) | Cost of product sales | $ (1,291) | $ 4,495 |
| Interest rate swap | 122 | (1,013) | Interest expense | (131) | (45) |

The following summarizes net after-tax derivative activity recorded in accumulated other comprehensive income (loss) (in thousands):

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | Jul 31, 2021 | Aug 1, 2020 | Jul 31, 2021 | Aug 1, 2020 |
| Beginning balance gain (loss) | $ (2,863) | $ 7,711 | $ (4,876) | $ 6,300 |
| Net gains (losses) from changes in cash flow hedges | 1,471 | (7,012) | 3,024 | (3,832) |
| Net (gains) losses reclassified into earnings (loss) | 790 | (2,198) | 1,250 | (3,967) |
| Ending balance loss | $ (602) | $ (1,499) | $ (602) | $ (1,499) |

*Foreign Exchange Currency Contracts Not Designated as Hedging Instruments*

As of July 31, 2021, the Company had euro foreign exchange currency contracts to purchase US$15.0 million expected to mature over the next one month. As of January 30, 2021, the Company had euro foreign exchange currency contracts to purchase US$19.0 million.

The following summarizes the gains (losses) before taxes recognized on the derivative instruments not designated as hedging instruments in other income (expense) (in thousands):

| | Location of Gain Recognized in Earnings (Loss) | Gain Recognized in Earnings (Loss) | | | |
|---|---|---|---|---|---|
| | | Three Months Ended | | Six Months Ended | |
| | | Jul 31, 2021 | Aug 1, 2020 | Jul 31, 2021 | Aug 1, 2020 |
| Foreign exchange currency contracts | Other income (expense) | $ 485 | $ (4,706) | $ 556 | $ (3,618) |

## (17) Subsequent Events

*Dividends*

On August 25, 2021, the Company announced a regular quarterly cash dividend of $0.1125 per share on the Company’s common stock. The cash dividend will be paid on September 24, 2021 to shareholders of record as of the close of business on September 8, 2021.

*Share Repurchase Program*

On August 25, 2021, the Company announced that its Board of Directors has authorized a program to repurchase, from time-to-time and as market and business conditions warrant, up to $200 million of its common stock. The newly authorized $200 million program includes $48 million remaining under the Company's previously authorized $500 million repurchase program. Repurchases may be made on the open market or in privately negotiated transactions, pursuant to Rule 10b5-1 trading plans or other available means. There is no minimum or maximum number of shares to be repurchased under the program and the program may be discontinued at any time, without prior notice.

## ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

### General

Unless the context indicates otherwise, when we refer to “we,” “us,” “our” or the “Company” in this Form 10-Q, we are referring to Guess?, Inc. (“GUESS?”) and its subsidiaries on a consolidated basis.

#### *Forward-Looking Statements*

This Quarterly Report on Form 10-Q, including documents incorporated by reference herein, contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may also be contained in our other reports filed under the Securities Exchange Act of 1934, as amended, in our press releases and in other documents.

Except for historical information contained herein, certain matters discussed in this Quarterly Report, including statements concerning the potential actions and impacts related to the COVID-19 pandemic; statements concerning our future outlook; statements concerning our expectations, goals, future prospects, global cost reduction opportunities, profitability efforts, capital allocation plans, cash needs and current business strategies and strategic initiatives; and statements expressing optimism or pessimism about future operating results and growth opportunities are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements, which are frequently indicated by terms such as “expect,” “could,” “will,” “should,” “goal,” “strategy,” “believe,” “estimate,” “continue,” “outlook,” “plan,” “create,” “see,” and similar terms, are only expectations, and involve known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from what is currently anticipated. Factors which may cause actual results in future periods to differ materially from current expectations include, among others: our ability to maintain our brand image and reputation; domestic and international economic or political conditions, including economic and other events that could negatively impact consumer confidence and discretionary consumer spending; the continuation or worsening of impacts related to the COVID-19 pandemic, including business, financial, human capital, litigation and other impacts to us and our partners; our ability to successfully negotiate rent relief or other lease-related terms with our landlords; our ability to maintain adequate levels of liquidity; changes to estimates related to impairments, inventory and other reserves, including the impact of the CARES Act, which were made using the best information available at the time; changes in the competitive marketplace and in our commercial relationships; our ability to anticipate and adapt to changing consumer preferences and trends; our ability to manage our inventory commensurate with customer demand; risks related to the timing and costs of delivering merchandise to our stores and our wholesale customers; unexpected or unseasonable weather conditions; our ability to effectively operate our various retail concepts, including securing, renewing, modifying or terminating leases for store locations; our ability to successfully and/or timely implement our growth strategies and other strategic initiatives; our ability to successfully implement or update information technology systems, including enhancing our global omni-channel capabilities; our ability to expand internationally and operate in regions where we have less experience, including through joint ventures; risks related to our convertible senior notes issued in April 2019, including our ability to settle the liability in cash; our ability to successfully or timely implement plans for cost reductions; our ability to effectively and efficiently manage the volume and costs associated with our European distribution centers without incurring shipment delays; our ability to attract and retain key personnel; obligations or changes in estimates arising from new or existing litigation, income tax and other regulatory proceedings; risks related to the complexity of the Tax Reform, future clarifications and legislative amendments thereto, as well as our ability to accurately interpret and predict its impact on our cash flows and financial condition; the risk of economic uncertainty associated with the United Kingdom’s departure from the European Union (“Brexit”) or any other similar referendums that may be held; the occurrence of unforeseen epidemics, such as the COVID-19 pandemic; other catastrophic events; changes in U.S. or foreign income tax or tariff policy, including changes to tariffs on imports into the U.S.; accounting adjustments to our unaudited financial statements identified during the completion of our annual independent audit of financial statements and financial controls or from subsequent events arising after issuance of this release; risk of future non-cash asset impairments, including goodwill, right-of-use lease assets and/or other store asset impairments; restructuring charges; our ability to adapt to new regulatory compliance and disclosure obligations; risks associated with our foreign operations, such as violations of laws prohibiting improper payments and the burdens of complying with a variety of foreign laws and regulations (including global data privacy regulations); risks associated with the acts or omissions of our third party vendors, including a failure to comply with our vendor code of conduct or other policies; risks associated with cyber-attacks and other cyber security risks; risks associated with our ability to properly collect, use, manage and secure consumer and employee data; risks associated with our vendors' ability to maintain the strength and security of information technology systems; and changes in economic, political, social and other conditions affecting our foreign operations and sourcing, including the impact of currency fluctuations, global income tax rates and economic and market conditions in the various countries in which we operate. In addition to these factors, the economic, technological, managerial, and other risks identified in our most recent Annual Report on Form 10-K, under "Part II, Item 1A. Risk Factors" contained herein, and other filings with the Securities and Exchange Commission, including but not limited to the risk factors discussed therein, could cause actual results to differ materially from current expectations. The current global economic climate, length and severity of the COVID-19 pandemic, and uncertainty surrounding potential changes in U.S. policies and regulations may amplify many of these risks. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

***COVID-19 Business Update***

The coronavirus (or "COVID-19") pandemic is continuing to impact our businesses. During the second quarter of fiscal 2022, we experienced lower net revenue compared to the second quarter of fiscal 2020 as we remained challenged by lower demand, capacity restrictions and temporary store closures. In light of the current environment, we continue to strategically manage expenses in order to protect profitability.

During the second quarter of fiscal 2022, we gradually reopened our stores that were closed at the end of the first quarter of fiscal 2022 due to COVID-19 restrictions. The overall impact resulted in stores being closed for approximately 5% of the total days during the second quarter of fiscal 2022, primarily in Europe and Canada. As of July 31, 2021, only one of our stores was closed.

***Business Segments***

Our businesses are grouped into five reportable segments for management and internal financial reporting purposes: Americas Retail, Americas Wholesale, Europe, Asia and Licensing. Our Americas Retail, Americas Wholesale, Europe and Licensing reportable segments are the same as their respective operating segments. Certain components of our Asia operating segment are separate operating segments based on region, which have been aggregated into the Asia reportable segment for disclosure purposes.

Management evaluates segment performance based primarily on revenues and earnings (loss) from operations before corporate performance-based compensation costs, asset impairment charges, net gains (losses) on lease modifications, restructuring charges and certain non-recurring credits (charges), if any. We believe this segment reporting reflects how our business segments are managed and how each segment's performance is evaluated by our chief operating decision maker to assess performance and make resource allocation decisions. Information regarding these segments is summarized in "Part I, Item 1. Financial Statements – Note 8 – Segment Information."

***Products***

We derive our net revenue from the sale of GUESS?, G by GUESS (GbG), GUESS Kids and MARCIANO apparel and our licensees' products through our worldwide network of directly-operated and licensed retail stores, wholesale customers and distributors, as well as our online sites. We also derive royalty revenue from worldwide licensing activities.

***Foreign Currency Volatility***

Since the majority of our international operations are conducted in currencies other than the U.S. dollar (primarily the British pound, Canadian dollar, Chinese yuan, euro, Japanese yen, Korean won, Mexican peso, Polish zloty, Russian rouble and Turkish lira), currency fluctuations can have a significant impact on the translation of our international revenues and earnings (loss) into U.S. dollar amounts.

Some of our transactions that occur primarily in Europe, Canada, South Korea, China, Hong Kong and Mexico are denominated in U.S. dollars, Swiss francs, British pounds and Russian roubles, exposing them to exchange rate fluctuations when these transactions (such as inventory purchases or periodic lease payments) are converted to their functional currencies. As a result, fluctuations in exchange rates can impact the operating margins of our foreign operations and reported earnings (loss) and are largely dependent on the transaction timing and magnitude during the period that the currency fluctuates. When these foreign exchange rates weaken versus the U.S. dollar at the time the respective U.S. dollar denominated payment is made relative to the payments made in the comparable period, our product margins could be unfavorably impacted.

In addition, there are certain real estate leases that are denominated in a currency other than the functional currency of the respective entity that entered into the agreement (primarily Swiss francs, Russian roubles and Polish zloty). As a result, we may be exposed to volatility related to unrealized gains or losses on the translation of the present value of future lease payment obligations when translated at the exchange rate as of a reporting period-end.

During the first six months of fiscal 2022, the average U.S. dollar rate was weaker against the Euro, Canadian dollar, Chinese yuan, Mexican peso, Korean won and British pound and stronger against the Japanese yen, Russian rouble and Turkish lira compared to the average rate in the same prior-year period. This had an overall favorable impact on the translation of our international revenues and on earnings from operations for the six months ended July 31, 2021 compared to the same prior-year period.

If the U.S. dollar strengthens in fiscal 2022 relative to the respective fiscal 2021 foreign exchange rates, foreign exchange could negatively impact our revenues and operating results, as well as our international cash and other balance sheet items, during the remainder of fiscal 2022, particularly in Canada, Europe (primarily with respect to the euro, Turkish lira and Russian rouble) and Mexico. Alternatively, if the U.S. dollar weakens relative to the respective fiscal 2021 foreign exchange rates, our revenues and operating results, as well as our other cash balance sheet items, could be positively impacted by foreign currency fluctuations during the remainder of fiscal 2022, particularly in these regions.

We enter into derivative financial instruments to offset some, but not all, of the exchange risk on foreign currency transactions. For additional discussion regarding our exposure to foreign currency risk, forward contracts designated as hedging instruments and forward contracts not designated as hedging instruments, refer to "Item 3. Quantitative and Qualitative Disclosures About Market Risk."

***Strategy***

In December 2019 and updated in March 2021, Carlos Alberini, our Chief Executive Officer, shared his strategic vision and implementation plan for execution which included the identification of several key priorities to drive revenue and operating profit growth over the next several years. These priorities are: (i) brand relevancy; (ii) product excellence; (iii) customer centricity; (iv) global footprint; and (v) functional capabilities; each as further described below:

***Brand Relevancy.*** We plan to optimize our brand architecture to be relevant with our three target consumer groups: Heritage, Millennials, and Generation Z. We also plan to elevate our brand and improve the quality of our products, allowing us to realize more full-priced sales and rely less on promotional activity. We will continue to use unique go-to-market strategies and execute celebrity and influencer partnerships and collaborations as we believe that they are critical to engage more effectively with a younger and broader audience.

***Product Excellence.*** We believe product is a key factor of success in our business. We strive to design and make great products and will extend our product offering to provide our customers with products for the different occasions of their lifestyles. We will seek to better address local product needs.

***Customer Centricity.*** We intend to place the customer at the center of everything we do. We plan to implement processes and platforms to provide our customers with a seamless omni-channel experience.

***Global Footprint.*** We will continue to expand the reach of our brands by optimizing the productivity and profitability of our current footprint and expanding our distribution channels.

***Functional Capabilities.*** We expect to drive material operational improvements in the next four years to leverage and support our global business more effectively, primarily in the areas of logistics, sourcing, product development and production, inventory management, and overall infrastructure.

***Capital Allocation***

We plan to continue to prioritize capital allocation toward investments that support growth and infrastructure, while remaining highly disciplined in the way we allocate capital across projects, including new store development, store remodels, technology and logistics investments and others. When we prioritize investments, we will focus on their strategic significance and their return on invested capital expectations. We also plan to manage product buys and inventory ownership rigorously and optimize overall working capital management consistently.

***Comparable Store Sales***

Except as described below in connection with the COVID-19 pandemic, we report National Retail Federation calendar comparable store sales on a quarterly basis for our retail businesses which include the combined results from our brick-and-mortar retail stores and our e-commerce sites. We also separately report the impact of e-commerce sales on our comparable store sales metric. As a result of our omni-channel strategy, our e-commerce business has become strongly intertwined with our brick-and-mortar retail store business. Therefore, we believe that the inclusion of e-commerce sales in our comparable store sales metric provides a more meaningful representation of our retail results.

Sales from our brick-and-mortar retail stores include purchases that are initiated, paid for and fulfilled at our retail stores and directly-operated concessions as well as merchandise that is reserved online but paid for and picked up at our retail stores. Sales from our e-commerce sites include purchases that are initiated and paid for online and shipped from either our distribution centers or our retail stores as well as purchases that are initiated in a retail store, but due to inventory availability at the retail store, are ordered and paid for online and shipped from our distribution centers or picked up from a different retail store.

Store sales are considered comparable after the store has been open for 13 full fiscal months. If a store remodel results in a square footage change of more than 15%, or involves a relocation or a change in store concept, the store sales are removed from the comparable store base until the store has been opened at its new size, in its new location or under its new concept for 13 full fiscal months. Stores that are permanently closed or temporarily closed (including as a result of pandemic-related closures) for more than seven days in any fiscal month are excluded from the calculation in the fiscal month that they are closed. E-commerce sales are considered comparable after the online site has been operational in a country for 13 full fiscal months and exclude any related revenue from shipping fees. These criteria are consistent with the metric used by management for internal reporting and analysis to measure performance of the store or online sites. Definitions and calculations of comparable store sales used by us may differ from similarly titled measures reported by other companies.

As a result of significant and varying temporary store closures and other various restrictions during the COVID-19 pandemic, we have not disclosed any comparable store sales measures when discussing the results of operations for the three and six months ended July 31, 2021, compared to the three and six months ended August 1, 2020. We believe that comparable store sales measures between these periods are not meaningful to the evaluation of our results due to such COVID-19 variations.

***Other***

We operate on a 52/53-week fiscal year calendar which ends on the Saturday nearest to January 31 of each year. The six months ended July 31, 2021 had the same number of days as the six months ended August 1, 2020.

**Executive Summary**

***Overview***

Given the significant impacts to our business that began in fiscal 2021 as a result of the COVID-19 pandemic, this Executive Summary includes highlights of our performance for the three and six months ended July 31, 2021 compared to both (a) the three and six months ended August 3, 2019 (the pre-COVID periods from two years prior) and (b) the three and six months ended August 1, 2020 (the COVID-impacted periods from one year ago). Management believes the additional comparison to the two-year ago period is helpful to provide additional context to the current year results.

Net earnings attributable to Guess?, Inc. increased 141.1% to $61.1 million, or diluted earnings per share ("EPS") of $0.91, for the quarter ended July 31, 2021 compared to $25.3 million, or diluted EPS of $0.35 for the quarter ended August 3, 2019. Net earnings attributable to Guess?, Inc. increased $81.4 million for the quarter ended July 31, 2021 compared to a net loss attributable to Guess?, Inc. of $20.4 million, or diluted loss per share of $0.31 for the quarter ended August 1, 2020.

During the quarter ended July 31, 2021, we recognized $1.5 million of asset impairment charges; $0.4 million net gains on lease modifications; $0.1 million of certain professional service and legal fees and related (credits) costs; $2.8 million of amortization of debt discount related to our convertible senior notes; and $0.1 million in additional income tax expense from certain discrete tax adjustments (or a combined $3.0 million, or $0.05 per share, negative impact after considering the related income tax benefit of these adjustments of $1.0 million). Excluding the impact of these items, adjusted net earnings attributable to Guess?, Inc. were $64.1 million and adjusted diluted EPS was $0.96 for the quarter ended July 31, 2021. References to financial results excluding the impact of these items are non-GAAP measures and are addressed under "Non-GAAP Measures."

***<u>Second Quarter Fiscal 2022 Results Compared to Second Quarter Fiscal 2020</u>***

For the second quarter of fiscal 2022, we recorded net earnings attributable to Guess?, Inc. of $61.1 million, a 141.1% increase from $25.3 million for the second quarter of fiscal 2020. Diluted EPS increased 160.0% to $0.91 for the second quarter of fiscal 2022 compared to $0.35 for the second quarter of fiscal 2020. We estimate a positive impact from our share buybacks of $0.11 and a minimal impact from currency on diluted EPS in the second quarter of fiscal 2022 when compared to the second quarter of fiscal 2020.

***Net Revenue.*** Total net revenue for the second quarter of fiscal 2022 decreased 8.0% to $628.6 million from $683.2 million in the second quarter of fiscal 2020. In constant currency, net revenue decreased by 10.8%.

***Earnings from Operations.*** Earnings from operations for the second quarter of fiscal 2022 increased 90.0% to $87.4 million (including $0.4 million net gains on lease modifications, $1.5 million non-cash impairment charges taken on certain long-lived store related assets and a $0.3 million favorable currency translation impact) from $46.0 million (including $1.5 million in non-cash impairment charges taken on certain long-lived store related assets) in the second quarter of fiscal 2020. Operating margin in the second quarter of fiscal 2022 increased 7.2% to 13.9% from 6.7% in the second quarter of fiscal 2020, driven primarily by lower markdowns, lower occupancy costs and higher initial markups. The negative impact of currency on operating margin for the quarter was approximately 30 basis points.

***<u>Second Quarter Fiscal 2022 Results Compared to Second Quarter Fiscal 2021</u>***

For the second quarter of fiscal 2022, we recorded net earnings attributable to Guess?, Inc. of $61.1 million as compared to a net loss attributable to Guess?, Inc. of $20.4 million for the second quarter of fiscal 2021. Diluted EPS increased to $0.91 for the second quarter of fiscal 2022 compared to a diluted loss per share of $0.31 for the same prior-year quarter. We estimate a positive impact from our share buybacks and currency of $0.03 and $0.01, respectively, on diluted EPS in the second quarter of fiscal 2022 when compared to the prior-year quarter.

***Net Revenue.*** Total net revenue for the second quarter of fiscal 2022 increased 57.7% to $628.6 million from $398.5 million in the same prior-year quarter. In constant currency, net revenue increased by 51.1%.

***Earnings (Loss) from Operations.*** Earnings from operations for the second quarter of fiscal 2022 increased to $87.4 million (including $0.4 million net gains on lease modifications, $1.5 million non-cash impairment charges taken on certain long-lived store related assets and a $2.3 million favorable currency translation impact) from a loss from operations of $14.3 million (including $0.9 million net gains on lease modifications and $12.0 million in non-cash impairment charges taken on certain long-lived store related assets) in the same prior-year quarter. Operating margin in the second quarter of fiscal 2022 increased 17.5% to 13.9% from a negative 3.6% in the same prior-year quarter, driven primarily by overall leveraging of expenses. The positive impact of currency on operating margin for the quarter was approximately 30 basis points.

***Six-Month Period Fiscal 2022 Results Compared to Six-Month Period Fiscal 2020***

For the six months ended July 31, 2021, we recorded net earnings attributable to Guess?, Inc. of $73.1 million compared to $3.9 million for the six months ended August 3, 2019. Diluted EPS was $1.10 for the six months ended July 31, 2021 compared to $0.05 for the six months ended August 3, 2019. We estimate a net positive impact from our share buybacks and prior year convertible notes transaction of $0.16 and a negative currency impact of $0.06 on diluted EPS for the six months ended July 31, 2021 when compared to the six months ended August 3, 2019.

***Net Revenue.*** Total net revenue for the first six months of fiscal 2022 decreased 5.8% to $1.15 billion from $1.22 billion for the six months ended August 3, 2019. In constant currency, net revenue decreased by 8.3%.

***Earnings from Operations.*** Earnings from operations for the first six months of fiscal 2022 were $114.0 million (including $2.6 million net gains on lease modifications, $1.9 million non-cash impairment charges taken on certain long-lived store related assets and a $1.9 million unfavorable currency translation impact) compared to $21.5 million (including $3.3 million non-cash impairment charges taken on certain long-lived store related assets) for the six months ended August 3, 2019. Operating margin for the first six months of fiscal 2022 increased 8.1% to 9.9% from 1.8% for the six months ended August 3, 2019, driven primarily by lower occupancy costs, higher initial markups and lower markdowns. The negative impact of currency on operating margin for the first six months of fiscal 2020 was approximately 50 basis points.

***Six-Month Period Fiscal 2022 Results Compared to Six-Month Period Fiscal 2021***

For the six months ended July 31, 2021, we recorded net earnings attributable to Guess?, Inc. of $73.1 million compared to net loss attributable to Guess?, Inc. of $178.0 million for the six months ended August 1, 2020. Diluted EPS was $1.10 for the six months ended July 31, 2021 compared to diluted loss per share of $2.72 during the same prior-year period. We estimate a net positive impact from our share buybacks and prior year convertible notes transaction and currency of $0.05 and $0.10, respectively, on diluted EPS for the six months ended July 31, 2021 when compared to the same prior-year period.

***Net Revenue.*** Total net revenue for the first six months of fiscal 2022 increased 74.4% to $1.15 billion from $658.8 million in the same prior-year period. In constant currency, net revenue increased by 66.6%.

***Earnings (Loss) from Operations.*** Earnings from operations for the first six months of fiscal 2022 were $114.0 million (including $2.6 million net gains on lease modifications, $1.9 million non-cash impairment charges taken on certain long-lived store related assets and a $1.6 million favorable currency translation impact) compared to loss from operations of $176.8 million (including $0.4 million net gains on lease modifications and $64.9 million non-cash impairment charges taken on certain long-lived store related assets) in the same prior-year period. Operating margin in fiscal 2022 increased 36.7% to 9.9% from negative 26.8%

in the same prior-year period, driven primarily by overall leveraging of expenses. The impact of currency on operating margin was minimal for the six months ended July 31, 2021.

***Key Balance Sheet Accounts***

- We had $458.9 million in cash and cash equivalents and $0.2 million in restricted cash as of July 31, 2021 compared to $328.0 million in cash and cash equivalents and $0.2 million in restricted cash at August 1, 2020.
  - As of July 31, 2021, we had $55.0 million in outstanding borrowings under our term loans and no outstanding borrowings under our credit facilities compared to $51.8 million in outstanding borrowings under our term loans and $19.2 million in outstanding borrowings under our revolving credit facilities as of August 1, 2020.
  - There were no share repurchases during the quarter ended July 31, 2021. We repurchased 4.0 million shares of common stock for $38.9 million (including commissions) during the quarter ended August 1, 2020.
- Accounts receivable consists of trade receivables relating primarily to our wholesale business in Europe and, to a lesser extent, to our wholesale businesses in the Americas and Asia, royalty receivables relating to our licensing operations, credit card and retail concession receivables related to our retail businesses and certain other receivables. Accounts receivable increased by $53.4 million, or 21.7%, to $299.9 million as of July 31, 2021 compared to $246.5 million at August 1, 2020. On a constant currency basis, accounts receivable increased by $50.5 million, or 20.5%, when compared to August 1, 2020.
- Inventory increased by $10.9 million, or 2.6%, to $430.3 million as of July 31, 2021, from $419.4 million at August 1, 2020. On a constant currency basis, inventory increased by $4.5 million, or 1.1%, when compared to August 1, 2020.

***Global Store Count***

In the second quarter of fiscal 2022, together with our partners, we opened 40 new stores worldwide, consisting of 26 stores in Europe and the Middle East, 11 stores in Asia and the Pacific, two stores in the U.S., and one store in Central and South America. Together with our partners, we closed 23 stores worldwide, consisting of 11 stores in Asia and the Pacific, nine stores in Europe and the Middle East and three stores in the U.S.

We ended the second quarter of fiscal 2022 with stores and concessions worldwide comprised as follows:

| | Stores | | | Concessions | | |
|---|---|---|---|---|---|---|
| **Region** | **Total** | **Directly-Operated** | **Partner Operated** | **Total** | **Directly-Operated** | **Partner Operated** |
| United States | 245 | 244 | 1 | 1 | — | 1 |
| Canada | 74 | 74 | — | — | — | — |
| Central and South America | 106 | 71 | 35 | 29 | 29 | — |
| Total Americas | 425 | 389 | 36 | 30 | 29 | 1 |
| Europe and the Middle East | 745 | 524 | 221 | 44 | 44 | — |
| Asia and the Pacific | 427 | 133 | 294 | 263 | 91 | 172 |
| Total | 1,597 | 1,046 | 551 | 337 | 164 | 173 |

Of the total stores, 1,326 were GUESS? stores, 177 were GUESS? Accessories stores, 59 were G by GUESS (GbG) stores and 35 were MARCIANO stores.

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## Results of Operations

***Three Months Ended July 31, 2021 and August 1, 2020***

***Consolidated Results***

The following presents our condensed consolidated statements of income (loss) (in thousands, except per share data):

| | Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | Jul 31, 2021 | | Aug 1, 2020 | | | |
| | $ | % | $ | % | $ change | % change |
| Net revenue | $ 628,624 | 100.0 % | $ 398,539 | 100.0 % | $ 230,085 | 57.7 % |
| Cost of product sales | 334,538 | 53.2 % | 251,511 | 63.1 % | 83,027 | 33.0 % |
| Gross profit | 294,086 | 46.8 % | 147,028 | 36.9 % | 147,058 | 100.0 % |
| | | | | | | |
| Selling, general and administrative expenses | 205,617 | 32.8 % | 150,293 | 37.7 % | 55,324 | 36.8 % |
| Asset impairment charges | 1,501 | 0.2 % | 11,969 | 3.0 % | (10,468) | (87.5)% |
| Net gains on lease modifications | (420) | (0.1)% | (885) | (0.2)% | 465 | (52.5)% |
| Earnings (loss) from operations | 87,388 | 13.9 % | (14,349) | (3.6)% | 101,737 | (709.0)% |
| Interest expense, net | (5,548) | (0.9)% | (5,505) | (1.4)% | (43) | 0.8 % |
| Other income (expense), net | (1,001) | (0.1)% | 5,548 | 1.4 % | (6,549) | (118.0)% |
| Earnings (loss) before income tax expense | 80,839 | 12.9 % | (14,306) | (3.6)% | 95,145 | (665.1)% |
| Income tax expense | 17,692 | 2.9 % | 6,386 | 1.6 % | 11,306 | 177.0 % |
| Net earnings (loss) | 63,147 | 10.0 % | (20,692) | (5.2)% | 83,839 | (405.2)% |
| Net earnings (loss) attributable to noncontrolling interests | 2,085 | (0.3)% | (334) | (0.1)% | 2,419 | (724.3)% |
| Net earnings (loss) attributable to Guess?, Inc. | $ 61,062 | 9.7 % | $ (20,358) | (5.1)% | 81,420 | (399.9)% |
| | | | | | | |
| Net earnings (loss) per common share attributable to common stockholders: | | | | | | |
| Basic | $ 0.94 | | $ (0.31) | | $ 1.25 | |
| Diluted | $ 0.91 | | $ (0.31) | | $ 1.22 | |
| | | | | | | |
| Effective income tax rate | 21.9 % | | (44.6)% | | | |

***Net Revenue.*** In constant currency, net revenue increased by 51.1%, driven by lower comparable sales resulting from lower store traffic and temporary store closures due to the COVID-19 pandemic in the same prior-year period. Currency translation fluctuations relating to our foreign operations favorably impacted net revenue by $26.2 million compared to the same prior-year period.

***Gross Margin.*** Gross margin increased 9.9% for the quarter ended July 31, 2021 compared to the same prior-year period, of which 8.3% was due to lower occupancy rate and 1.6% due to higher product margin mainly driven by lower markdowns, partially offset by higher freight costs. The lower occupancy rate resulted primarily from leveraging occupancy costs due mainly to higher sales and the impact of prior-year temporary store closures in Americas Retail and, to a lesser extent, a shift in European wholesale shipments.

***Gross Profit.*** Gross profit increased by $147.1 million for the quarter ended July 31, 2021 compared to the same prior-year period primarily due to the favorable impact from higher revenue, as well as lower occupancy costs. Currency translation fluctuations relating to our foreign operations favorably impacted gross profit by $10.6 million.

We include inbound freight charges, purchasing costs and related overhead, retail store occupancy costs, including lease costs and depreciation and amortization, and a portion of our distribution costs related to our retail business in cost of product sales. We also include net royalties received on our inventory purchases of licensed product as a reduction to cost of product sales. Our gross margin may not be comparable to that of other entities since some entities include all of the costs related to their distribution in cost of product sales and others, like us, generally exclude wholesale-related distribution costs from gross margin, including them instead in selling, general and administrative ("SG&A") expenses. Additionally, some entities include retail store occupancy costs in SG&A expenses and others, like us, include retail store occupancy costs in cost of product sales.

***SG&A Rate.*** Our SG&A rate decreased 4.9% for the quarter ended July 31, 2021 from the same prior-year period driven primarily by leveraging of expenses due to higher revenues in the current quarter and temporary store closures in Americas Retail and Europe in the same prior-year period.

***SG&A Expenses.*** SG&A expenses increased by $55.3 million for the quarter ended July 31, 2021 from the same prior-year period driven primarily by higher variable expenses in the current year quarter, as well as lower payroll and overall discretionary expenses due to significant COVID-19 impacts in the same prior-year period. Currency translation fluctuations relating to our foreign operations unfavorably impacted SG&A expenses by $8.3 million.

***Asset Impairment Charges.*** During the quarter ended July 31, 2021, we recognized minimal impairment of certain operating lease right-of-use ("ROU") assets and $1.5 million of property and equipment impairment charges related to certain retail locations compared to impairments of $8.2 million for ROU assets and $3.7 million for property and equipment during the quarter ended August 1, 2020, resulting from lower revenue and future cash flow projections from the ongoing effects of the COVID-19 pandemic and expected store closures. Currency translation fluctuations relating to our foreign operations had minimal favorable impact on asset impairment charges.

***Operating Margin.*** Operating margin increased 17.5% for the quarter ended July 31, 2021 compared to the same prior-year period driven primarily by overall leveraging of expenses. Lower asset impairment charges favorably impacted operating margin by 2.8% during the quarter ended July 31, 2021 compared to the same prior-year period. Excluding the impact of lower asset impairment charges, lower net gains on lease modifications and lower separation charges, our operating margin would have increased 14.3% compared to the same prior-year period. The positive impact of currency on operating margin for the quarter was approximately 30 basis points.

***Earnings (Loss) from Operations.*** As a result of our operating results, earnings from operations increased by $101.7 million for the quarter ended July 31, 2021 compared to a loss from operations in the same prior-year period. Currency translation fluctuations relating to our foreign operations favorably impacted earnings from operations by $2.3 million.

***Other Income (Expense), Net.*** The change was driven primarily by market volatility which resulted in net unrealized gains on the translation of foreign currency balances compared to net unrealized losses in the same prior-year period.

***Income Tax Expense.*** Income tax expense for the quarter ended July 31, 2021 was $17.7 million, or a 21.9% effective income tax rate, compared to income tax expense of $6.4 million, or a negative 44.6% effective income tax rate in the same prior-year period. Generally, income taxes for the interim periods are computed using the income tax rate estimated to be applicable for the full fiscal year, adjusted for discrete items, which is subject to ongoing review and evaluation by management.

***Net Earnings (Loss) Attributable to Guess?, Inc.*** Net earnings attributable to Guess?, Inc. increased $81.4 million for the three months ended July 31, 2021 compared to a net loss attributable to Guess?, Inc. in the same prior-year period. Diluted EPS increased $1.22 for the three months ended July 31, 2021 compared to the same prior-year quarter. We estimate a positive impact from our share buybacks and currency of $0.03 and $0.01, respectively, on diluted EPS in the second quarter of fiscal 2022 when compared to the same prior-year quarter.

Refer to “Non-GAAP Measures” for an overview of our non-GAAP, or adjusted, financial results for the three months ended July 31, 2021 and August 1, 2020. Excluding the impact of these non-GAAP items, adjusted net earnings attributable to Guess?, Inc. increased $64.7 million and adjusted diluted EPS increased $0.97 for the three months ended July 31, 2021 compared to an adjusted net loss attributable to Guess?, Inc and adjusted diluted loss per share in the same prior-year quarter. We estimate our share buybacks had a positive impact of $0.03 and currency had a minimal impact on adjusted diluted EPS in the second quarter of fiscal 2022 when compared to the same prior-year quarter.

**Information by Business Segment**

The following presents our net revenue and earnings (loss) from operations by segment (in thousands):

| | Three Months Ended | | | |
|---|---|---|---|---|
| | **Jul 31, 2021** | **Aug 1, 2020** | **$ change** | **% change** |
| **Net revenue:** | | | | |
| Americas Retail | $ 186,297 | $ 110,065 | $ 76,232 | 69.3 % |
| Americas Wholesale | 49,858 | 20,285 | 29,573 | 145.8 % |
| Europe | 322,723 | 205,851 | 116,872 | 56.8 % |
| Asia | 47,813 | 50,191 | (2,378) | (4.7 %) |
| Licensing | 21,933 | 12,147 | 9,786 | 80.6 % |
| Total net revenue | $ 628,624 | $ 398,539 | 230,085 | 57.7 % |
| **Earnings (loss) from operations:** | | | | |
| Americas Retail | $ 37,916 | $ (4,704) | 42,620 | (906.0 %) |
| Americas Wholesale | 12,944 | 1,688 | 11,256 | 666.8 % |
| Europe | 51,417 | 20,795 | 30,622 | 147.3 % |
| Asia | (4,847) | (3,367) | (1,480) | 44.0 % |
| Licensing | 20,154 | 11,511 | 8,643 | 75.1 % |
| Total segment earnings from operations | 117,584 | 25,923 | 91,661 | 353.6 % |
| Corporate overhead | (29,115) | (29,188) | 73 | (0.3 %) |
| Asset impairment charges | (1,501) | (11,969) | 10,468 | (87.4 %) |
| Net gains on lease modifications | 420 | 885 | (465) | (52.5 %) |
| Total earnings (loss) from operations | $ 87,388 | $ (14,349) | 101,737 | (709.0 %) |
| | | | | |
| **Operating margins:** | | | | |
| Americas Retail | 20.4 % | (4.3 %) | | |
| Americas Wholesale | 26.0 % | 8.3 % | | |
| Europe | 15.9 % | 10.1 % | | |
| Asia | (10.1 %) | (6.7 %) | | |
| Licensing | 91.9 % | 94.8 % | | |
| Total Company | 13.9 % | (3.6 %) | | |

***Americas Retail***

Net revenue from our Americas Retail segment increased by $76.2 million for the quarter ended July 31, 2021 from the same prior-year period. In constant currency, net revenue increased by 66.1% due primarily to higher comparable sales driven by lower store traffic and temporary store closures resulting from the COVID-19 pandemic in the same prior-year period. Excluding the impact from the temporary store closures, the store base for the U.S. and Canada decreased by an average of 31 net stores during the quarter ended July 31, 2021 compared to the same prior-year period, resulting in a 6.6% net decrease in average square footage. Currency translation fluctuations relating to our non-U.S. retail stores and e-commerce sites favorably impacted net revenue by $3.4 million.

Operating margin increased 24.7% for the quarter ended July 31, 2021 from the same prior-year quarter driven primarily by leveraging of expenses as well as lower markdowns.

Earnings from operations from our Americas Retail segment increased by $42.6 million for the quarter ended July 31, 2021 from the same prior-year period due primarily to the favorable impact on earnings from higher revenue and leveraging of expenses.

***Americas Wholesale***

Net revenue from our Americas Wholesale segment increased by $29.6 million for the quarter ended July 31, 2021 from the same prior-year period. In constant currency, net revenue increased by 137.3%, driven primarily by increased demand in our U.S. wholesale business. Currency translation fluctuations relating to our non-U.S. wholesale businesses favorably impacted net revenue by $1.7 million.

Operating margin increased 17.7% for the quarter ended July 31, 2021 compared to the same prior-year quarter due mainly to leveraging of expenses and lower markdowns.

Earnings from operations from our Americas Wholesale segment increased by $11.3 million for the quarter ended July 31, 2021 from the same prior-year period. The increase reflects the favorable impact on earnings from higher revenue.

***Europe***

Net revenue from our Europe segment increased by $116.9 million for the quarter ended July 31, 2021 compared to the same prior-year period. In constant currency, net revenue increased by 47.8% driven primarily by a shift in wholesale shipments and increased demand. As of July 31, 2021, we directly operated 524 stores in Europe compared to 515 stores at August 1, 2020, excluding concessions, which represents a 1.7% increase over the same prior-year period. Currency translation fluctuations relating to our European operations favorably impacted net revenue by $18.4 million.

Operating margin increased 5.8% for the quarter ended July 31, 2021 compared to the same prior-year quarter driven by overall leveraging of expenses due to a shift in wholesale shipments and increased demand.

Earnings from operations from our Europe segment increased by $30.6 million for the quarter ended July 31, 2021 compared to the same prior-year period driven primarily by the favorable impact on earnings from higher revenue and overall leveraging of expenses. Currency translation fluctuations relating to our European operations favorably impacted earnings from operations by $1.6 million.

***Asia***

Net revenue from our Asia segment decreased by $2.4 million for the quarter ended July 31, 2021 from the same prior-year period. In constant currency, net revenue decreased by 10.1%, due primarily to lower wholesale revenues and lower comparable sales driven by reduced store traffic resulting from the COVID-19 pandemic. Currency translation fluctuations relating to our Asian operations favorably impacted net revenue by $2.7 million.

Operating margin decreased 3.4% for the quarter ended July 31, 2021 from the same prior-year quarter driven primarily by the deleveraging of expenses due to lower revenue.

Loss from operations from our Asia segment was $4.8 million for the quarter ended July 31, 2021, compared to loss from operations of $3.4 million in the same prior-year period. The deterioration was driven primarily by the unfavorable impact from lower revenue. Currency translation fluctuations relating to our Asia operations unfavorably impacted loss from operations by $0.2 million.

***Licensing***

Net royalty revenue from our Licensing segment increased by $9.8 million for the quarter ended July 31, 2021 from the same prior-year period due primarily to higher demand and strong performance in footwear, handbags, eyewear, and watches.

Earnings from operations from our Licensing segment increased by $8.6 million for the quarter ended July 31, 2021 from the same prior-year period mainly due to leveraging of expenses.

***Corporate Overhead***

Unallocated corporate overhead decreased by $0.1 million for the quarter ended July 31, 2021 compared to the same prior-year period.

***<u>Six months ended July 31, 2021 and August 1, 2020</u>***

***Consolidated Results***

The following presents our condensed consolidated statements of income (loss) (in thousands, except per share data):

| | Six Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | Jul 31, 2021 | | Aug 1, 2020 | | | |
| | $ | % | $ | % | $ change | % change |
| Net revenue | $ 1,148,626 | 100.0 % | $ 658,790 | 100.0 % | $ 489,836 | 74.4 % |
| Cost of product sales | 642,982 | 56.0 % | 477,533 | 72.5 % | 165,449 | 34.6 % |
| Gross profit | 505,644 | 44.0 % | 181,257 | 27.5 % | 324,387 | 179.0 % |
| | | | | | | |
| Selling, general and administrative expenses | 392,301 | 34.1 % | 293,581 | 44.5 % | 98,720 | 33.6 % |
| Asset impairment charges | 1,942 | 0.2 % | 64,941 | 9.9 % | (62,999) | (97.0)% |
| Net gains on lease modifications | (2,565) | (0.2)% | (429) | (0.1) % | (2,136) | 497.9 % |
| Earnings (loss) from operations | 113,966 | 9.9 % | (176,836) | (26.8 %) | 290,802 | (164.4)% |
| Interest expense, net | (11,100) | (1.0)% | (10,357) | (1.5) % | (743) | 7.2 % |
| Other expense, net | (3,702) | (0.4)% | (14,032) | (2.2) % | 10,330 | (73.6)% |
| Earnings (loss) before income tax expense (benefit) | 99,164 | 8.6 % | (201,225) | (30.5) % | 300,389 | (149.3)% |
| Income tax expense (benefit) | 23,147 | 2.0 % | (19,995) | (3.0) % | 43,142 | (215.8)% |
| Net earnings (loss) | 76,017 | 6.6 % | (181,230) | (27.5) % | 257,247 | (141.9)% |
| Net earnings (loss) attributable to noncontrolling interests | 2,949 | 0.2 % | (3,206) | (0.5) % | 6,155 | (192.0)% |
| Net earnings (loss) attributable to Guess?, Inc. | $ 73,068 | 6.4 % | $ (178,024) | (27.0) % | 251,092 | (141.0)% |
| | | | | | | |
| Net earnings (loss) per common share attributable to common stockholders: | | | | | | |
| Basic | $ 1.13 | | $ (2.72) | | $ 3.85 | |
| Diluted | $ 1.10 | | $ (2.72) | | $ 3.82 | |
| | | | | | | |
| Effective income tax rate | 23.3 % | | 9.9 % | | | |

***Net Revenue.*** In constant currency, net revenue increased by 66.6% driven primarily by lower comparable sales due to reduced store traffic and temporary store closures resulting from the COVID-19 pandemic in the same prior-year period and, to a lesser extent, a shift in European wholesale shipments into fiscal 2022. Currency translation fluctuations relating to our foreign operations favorably impacted net revenue by $51.1 million, compared to the same prior-year period.

***Gross Margin.*** Gross margin increased 16.5% for the six months ended July 31, 2021 compared to the same prior-year period, of which 13.1% was due to a lower occupancy rate from overall leveraging of expenses and to a lesser extent, a shift in European wholesale shipments into fiscal 2022 and 3.4% was due to higher product margin resulting from significant inventory reserves in Asia included in the prior-year period and lower markdowns in the Americas and Europe in the current-year period.

***Gross Profit.*** Gross profit increased by $324.4 million for the six months ended July 31, 2021 compared to the same prior-year period primarily due to the favorable impact on gross profit from higher revenue, as well as lower occupancy costs. Currency translation fluctuations relating to our foreign operations favorably impacted gross profit by $18.7 million.

***SG&A Rate.*** Our SG&A rate decreased 10.4% for the six months ended July 31, 2021 from the same prior-year period. Our SG&A rate included the favorable impact of lower separation charges and the unfavorable impact of higher certain professional service and legal fees and related (credits) costs which we otherwise would not have incurred as part of our business operations. Excluding these items, our SG&A rate would have decreased by 10.1% during the six months ended July 31, 2021 compared to the same prior-year period, driven by overall leveraging of expenses due mainly to higher revenue.

***SG&A Expenses.*** SG&A expenses increased by $98.7 million for the six months ended July 31, 2021 from the same prior-year period driven primarily by higher variable expenses in the current year quarter, as well as lower payroll and overall discretionary expenses due to significant COVID-19 impacts in the same prior-year period. Currency translation fluctuations relating to our foreign operations unfavorably impacted SG&A expenses by $17.3 million.

***Asset Impairment Charges.*** During the six months ended July 31, 2021, we recognized minimal impairment charges of certain ROU assets and $1.9 million for property and equipment related to certain retail locations resulting from lower revenue and future cash flow projections from the ongoing effects of the COVID-19 pandemic and expected store closures. This compares to $36.5 million in impairment of certain ROU assets and $28.5 million for property and equipment and related to certain retail locations resulting from under-performance and expected store closures during the six months ended August 1, 2020. Currency translation fluctuations relating to our foreign operations favorably impacted asset impairment charges by $0.1 million.

***Net Gains on Lease Modifications.*** During the six months ended July 31, 2021 and August 1, 2020, we recorded net gains on lease modifications of $2.6 million and $0.4 million, respectively, related primarily to the early termination of lease agreements for certain of our retail locations.

***Operating Margin.*** Operating margin increased 36.7% for the six months ended July 31, 2021 compared to the same prior-year period driven primarily by overall leveraging of expenses. Lower asset impairment charges favorably impacted operating margin by 9.7% during the six months ended July 31, 2021 compared to the same prior-year period. Excluding the impact of these items, our operating margin would have decreased 26.6% compared to the same prior-year period. The impact of currency on operating margin was minimal for the first six months of fiscal 2022.

***Earnings (Loss) from Operations.*** As a result of our operating results, earnings from operations increased by $290.8 million for the six months ended July 31, 2021 compared to a loss from operations in the same prior-year period. Currency translation fluctuations relating to our foreign operations favorably impacted loss from operations by $1.6 million.

***Other Expense, Net.*** Other expense, net decreased $10.3 million for the six months ended July 31, 2021 compared to the same prior-year period driven primarily by market volatility which resulted in lower net unrealized losses on the translation of foreign currency balances compared to higher net unrealized losses in the same prior-year period.

***Income Tax Expense (Benefit).*** Income tax expense for the six months ended July 31, 2021 was $23.1 million, or a 23.3% effective income tax rate, compared to income tax benefit of $20.0 million, or a 9.9% effective income tax rate, in the same prior-year period. Generally, income taxes for the interim periods are computed using the income tax rate estimated to be applicable for the full fiscal year, adjusted for discrete items, which is subject to ongoing review and evaluation by management.

***Net Earnings (Loss) Attributable to Guess?, Inc.*** Net earnings attributable to Guess?, Inc. increased $251.1 million for the six months ended July 31, 2021 compared to a net loss attributable to Guess?, Inc. in the same prior-year period. Diluted EPS increased $3.82 for the six months ended July 31, 2021 compared to the same prior-year period. We estimate a net positive impact from our share buybacks and prior year convertible notes transaction and currency of $0.05 and $0.10, respectively, on diluted EPS for the six months ended July 31, 2021 when compared to the same prior-year period.

Refer to "Non-GAAP Measures" for an overview of our non-GAAP, or adjusted, financial results for the six months ended July 31, 2021 and August 1, 2020. Excluding the impact of these non-GAAP items, adjusted net earnings attributable to Guess?, Inc. increased $197.5 million and adjusted diluted EPS increased $3.00 for the six months ended July 31, 2021 compared to an adjusted net loss attributable to Guess?, Inc and adjusted diluted loss per share in the same prior-year period. We estimate our share buybacks and prior year convertible notes transaction and currency had a net positive impact of $0.05 and $0.09, respectively, on adjusted diluted EPS during the six months ended July 31, 2021 when compared to the same prior-year period.

**Information by Business Segment**

The following presents our net revenue and earnings (loss) from operations by segment (in thousands):

| | Six Months Ended | | | |
|---|---|---|---|---|
| | Jul 31, 2021 | Aug 1, 2020 | $ change | % change |
| **Net revenue:** | | | | |
| Americas Retail | $ 341,832 | $ 184,649 | $ 157,183 | 85.1 % |
| Americas Wholesale | 95,288 | 46,160 | 49,128 | 106.4 % |
| Europe | 564,575 | 312,324 | 252,251 | 80.8 % |
| Asia | 103,473 | 90,576 | 12,897 | 14.2 % |
| Licensing | 43,458 | 25,081 | 18,377 | 73.3 % |
| Total net revenue | $ 1,148,626 | $ 658,790 | 489,836 | 74.4 % |
| **Earnings (loss) from operations:** | | | | |
| Americas Retail | $ 58,190 | $ (41,377) | 99,567 | (240.6 %) |
| Americas Wholesale | 24,499 | 3,312 | 21,187 | 639.7 % |
| Europe | 55,615 | (23,611) | 79,226 | (335.5 %) |
| Asia | (6,655) | (26,144) | 19,489 | 74.5 % |
| Licensing | 39,585 | 21,605 | 17,980 | 83.2 % |
| Total segment earnings (loss) from operations | 171,234 | (66,215) | 237,449 | (358.6 %) |
| Corporate overhead | (57,891) | (46,109) | (11,782) | 25.6 % |
| Asset impairment charges | (1,942) | (64,941) | 62,999 | (97.0 %) |
| Net gains on lease modifications | 2,565 | 429 | 2,136 | 497.9 % |
| Total earnings (loss) from operations | $ 113,966 | $ (176,836) | 290,802 | (164.4 %) |
| **Operating margins:** | | | | |
| Americas Retail | 17.0 % | (22.4 %) | | |
| Americas Wholesale | 25.7 % | 7.2 % | | |
| Europe | 9.9 % | (7.6 %) | | |
| Asia | (6.4 %) | (28.9 %) | | |
| Licensing | 91.1 % | 86.1 % | | |
| Total Company | 9.9 % | (26.8 %) | | |

***Americas Retail***

Net revenue from our Americas Retail segment increased by $157.2 million for the six months ended July 31, 2021 compared to the same prior-year period. In constant currency, net revenue increased by 82.2% due primarily to lower comparable sales driven by reduced store traffic and temporary store closures resulting from the COVID-19 pandemic in the same prior-year period. Excluding the impact from the temporary store closures, the store base for the U.S. and Canada decreased by an average of 33 net stores during the six months ended July 31, 2021 compared to the same prior-year period, resulting in a 7.0% net decrease in average square footage. Currency translation fluctuations relating to our non-U.S. retail stores and e-commerce sites favorably impacted net revenue by $5.4 million.

Operating margin increased 39.4% for the six months ended July 31, 2021 compared to the same prior-year period driven primarily by leveraging of expenses as well as lower markdowns.

Earnings from operations from our Americas Retail segment increased $99.6 million for the six months ended July 31, 2021 compared to the same prior-year period primarily due to the favorable impact on earnings from higher revenue and leveraging of expenses.

***Americas Wholesale***

Net revenue from our Americas Wholesale segment increased by $49.1 million for the six months ended July 31, 2021 from the same prior-year period. In constant currency, net revenue increased by 100.1%, driven primarily by our U.S. wholesale business due mainly to higher demand. Currency translation fluctuations relating to our non-U.S. wholesale businesses favorably impacted net revenue by $2.9 million.

Operating margin increased 18.5% for the six months ended July 31, 2021 from the same prior-year period due primarily to leveraging of expenses and lower markdowns.

Earnings from operations from our Americas Wholesale segment increased by $21.2 million for the six months ended July 31, 2021 from the same prior-year period, which reflects the favorable impact on earnings from higher revenue.

***Europe***

Net revenue from our Europe segment increased by $252.3 million for the six months ended July 31, 2021 from the same prior-year period. In constant currency, net revenue increased by 69.1%, driven primarily by a shift in wholesale shipments into fiscal 2022 and increased demand. Currency translation fluctuations relating to our European operations favorably impacted net revenue by $36.6 million.

Operating margin increased 17.5% for the six months ended July 31, 2021 from the same prior-year period, driven by overall leveraging of expenses due to a shift in wholesale shipments and increased demand.

Earnings from operations from our Europe segment increased by $79.2 million for the six months ended July 31, 2021 compared to the same prior-year period driven primarily by the favorable impact on earnings from higher revenue and overall leveraging of expenses. Currency translation fluctuations relating to our European operations favorably impacted earnings from operations by $0.2 million.

***Asia***

Net revenue from our Asia segment increased by $12.9 million for the six months ended July 31, 2021 compared to the same prior-year period. In constant currency, net revenue increased by 6.8% due primarily to lower comparable sales driven by reduced store traffic resulting from the COVID-19 pandemic in the same prior-year period. Currency translation fluctuations relating to our Asian operations favorably impacted net revenue by $6.1 million.

Operating margin improved 22.5% for the six months ended July 31, 2021 from the same prior-year period, as the same prior-year period included significant inventory reserves and the current period benefited from leveraging of expenses.

Loss from operations from our Asia segment decreased by $19.5 million for the six months ended July 31, 2021 from the same prior-year period driven primarily by significant inventory reserves in the same prior-year period and the leveraging of expenses in the current year quarter. Currency translation fluctuations relating to our Asian operations unfavorably impacted loss from operations by $0.2 million.

***Licensing***

Net royalty revenue from our Licensing segment increased by $18.4 million for the six months ended July 31, 2021 compared to the same prior-year period due primarily to higher demand and strong performance in handbags, footwear, eyewear and watches.

Earnings from operations from our Licensing segment increased by $18.0 million for the six months ended July 31, 2021 compared to the same prior-year period driven primarily to leveraging of expenses.

***Corporate Overhead***

Unallocated corporate overhead increased by $11.8 million for the six months ended July 31, 2021 from the same prior-year period due to lower expenses in the prior-year period mainly related to expense savings in response to the pandemic and lower performance-based compensation.

**Non-GAAP Measures**

The financial information presented in this Quarterly Report includes non-GAAP financial measures, such as adjusted results and constant currency financial information. For the three and six months ended July 31, 2021 and August 1, 2020, the adjusted results exclude the impact of certain professional service and legal fees and related (credits) costs, certain separation charges, asset impairment charges, net gains on lease modifications, non-cash amortization of debt discount on our convertible senior notes, the related income tax impacts of these adjustments as well as certain discrete income tax adjustments, where applicable. These non-GAAP measures are provided in addition to, and not as alternatives for, our reported GAAP results.

These items affect the comparability of our reported results. The financial results are also presented on a non-GAAP basis, as defined in Section 10(e) of Regulation S-K of the SEC, to exclude the effect of these items. We have excluded these items from our adjusted financial measures primarily because we believe these items are not indicative of the underlying performance of our business and the adjusted financial information provided is useful for investors to evaluate the comparability of our operating results and our future outlook (when reviewed in conjunction with our GAAP financial statements).

A reconciliation of reported GAAP results to comparable non-GAAP results follows (in thousands, except per share data):

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | Jul 31, 2021 | Aug 1, 2020 | Jul 31, 2021 | Aug 1, 2020 |
| Reported GAAP net earnings (loss) attributable to Guess?, Inc. | $ 61,062 | $ (20,358) | $ 73,068 | $ (178,024) |
| Certain professional service and legal fees and related (credits) costs[1] | 109 | (151) | 1,187 | 139 |
| Separation charges[2] | — | 2,507 | — | 2,680 |
| Asset impairment charges[3] | 1,501 | 11,969 | 1,942 | 64,941 |
| Net gains on lease modifications[4] | (420) | (885) | (2,565) | (429) |
| Amortization of debt discount[5] | 2,781 | 2,598 | 5,562 | 5,197 |
| Discrete tax adjustments[6] | 81 | 8,061 | 228 | 170 |
| Income tax impact from adjustments[7] | (1,036) | (4,380) | (1,471) | (14,226) |
| Total adjustments affecting net earnings (loss) attributable to Guess?, Inc. | 3,016 | 19,719 | 4,883 | 58,472 |
| Adjusted net earnings (loss) attributable to Guess?, Inc.[8] | $ 64,078 | $ (639) | $ 77,951 | $ (119,552) |
| | | | | |
| Net earnings (loss) per common share attributable to common stockholders: | | | | |
| GAAP diluted | $ 0.91 | $ (0.31) | $ 1.10 | $ (2.72) |
| Adjusted diluted | $ 0.96 | $ (0.01) | $ 1.17 | $ (1.83) |

*Notes:*

1 Amounts recorded represent certain professional service and legal fees and related (credits) costs, which we otherwise would not have incurred as part of our business operations.

2 Amounts represent certain separation-related charges due to headcount reduction in response to the pandemic and due to the separation of our former Chief Executive Officer.

3 Amounts represent asset impairment charges related primarily to impairment of operating lease right-of-use assets and property and equipment related to certain retail locations resulting from lower revenue and future cash flow projections from the ongoing effects of the COVID-19 pandemic and expected store closures.

[4] Amounts recorded represent net gains on lease modifications related primarily to the early termination of certain lease agreements.

[5] In April 2019, we issued $300 million principal amount of 2.00% convertible senior notes due 2024 (the "Notes") in a private offering. We have separated the Notes into liability (debt) and equity (conversion option) components. The debt discount, which represents an amount equal to the fair value of the equity component, is amortized as non-cash interest expense over the term of the Notes. Estimates of adjusted earnings per share for the full fiscal year 2024 exclude the amortization anticipated to be recorded in those years as such amounts are known. We have not assumed any potential share dilution related to the convert or related warrants.

[6] Amounts represent discrete income tax adjustments related primarily to the impacts from cumulative valuation allowances and the income tax benefits from an income tax rate change due to net operating loss carrybacks.

[7] The income tax effect of certain professional service and legal fees and related (credits) costs, separation charges, asset impairment charges, net gains on lease modifications and the amortization of debt discount was based on our assessment of deductibility using the statutory income tax rate (inclusive of the impact of valuation allowances) of the tax jurisdiction in which the charges were incurred.

[8] The adjusted results reflect the exclusion of certain professional service and legal fees and related (credits) costs, certain separation charges, asset impairment charges, net gains on lease modifications, non-cash amortization of debt discount on our convertible senior notes, the related income tax impacts of these adjustments, as well as certain discrete income tax adjustments, where applicable. A complete reconciliation of actual results to adjusted results is presented in the "Reconciliation of GAAP Results to Adjusted Results."

Our discussion and analysis herein also includes certain constant currency financial information. Foreign currency exchange rate fluctuations affect the amount reported from translating our foreign revenue, expenses and balance sheet amounts into U.S. dollars. These rate fluctuations can have a significant effect on reported operating results under GAAP. We provide constant currency information to enhance the visibility of underlying business trends, excluding the effects of changes in foreign currency translation rates. To calculate net revenue and earnings (loss) from operations on a constant currency basis, operating results for the current-year period are translated into U.S. dollars at the average exchange rates in effect during the comparable period of the prior year. To calculate balance sheet amounts on a constant currency basis, the current period balance sheet amount is translated into U.S. dollars at the exchange rate in effect at the comparable prior-year period end. The constant currency calculations do not adjust for the impact of revaluing specific transactions denominated in a currency that is different from the functional currency of that entity when exchange rates fluctuate. The constant currency information presented may not be comparable to similarly titled measures reported by other companies.

In calculating the estimated impact of currency fluctuations (including translational and transactional impacts) on other measures such as earnings (loss) per share, we estimate gross margin (including the impact of foreign exchange currency contracts designated as cash flow hedges for anticipated merchandise purchases) and expenses using the appropriate prior-year rates, translates the estimated foreign earnings (loss) at the comparable prior-year rates and excludes the year-over-year earnings impact of gains or losses arising from balance sheet remeasurement and foreign exchange currency contracts not designated as cash flow hedges for merchandise purchases.

**Liquidity and Capital Resources**

We need liquidity globally primarily to fund our working capital, occupancy costs, interest payments on our debt, remodeling and rationalization of our retail stores, shop-in-shop programs, concessions, systems, infrastructure, other existing operations, expansion plans, international growth and potential acquisitions and investments. In addition, in the U.S. we need liquidity to fund share repurchases and payment of dividends to our stockholders. Generally, our working capital needs are highest during the late summer and fall as our inventories increase before the holiday selling period.

During the six months ended July 31, 2021, we relied primarily on trade credit, available cash, real estate and other operating leases, finance leases, proceeds from our credit facilities and term loans and internally generated funds to finance our operations. We anticipate we will be able to satisfy our ongoing cash requirements during the next 12 months for working capital, capital expenditures, payments on our debt, finance leases and operating leases, as well as lease modification payments, potential acquisitions and investments, and share repurchases and dividend payments to stockholders, primarily with cash flow from operations and existing cash balances as supplemented by borrowings under our existing Credit Facilities and proceeds from our term loans, as needed. Due to the seasonality of our business and cash needs, we may increase borrowings under our established credit facilities from time-to-time during the next 12 months. If we experience a sustained decrease in consumer demand related to the COVID-19 pandemic, we may require access to additional credit, which may not be available to us on commercially acceptable terms or at all.

Our outstanding convertible senior notes may be converted at the option of the holders as described in “Part I, Item 1, Financial Statements – Note 10 – Convertible Senior Notes and Related Transactions” of this Form 10-Q and in “Note 10 – Convertible Senior Notes and Related Transactions” of the Consolidated Financial Statements included in our Annual Report on Form 10-K. As of July 31, 2021, none of the conditions allowing holders of the convertibles notes to convert had been met. Pursuant to one of these conditions, if our stock trading price exceeds 130% of the $25.78 conversion price of the convertible notes for at least 20 trading days during the 30 consecutive trading-day period ending on, and including, the last trading day of any calendar quarter, holders of the convertible notes would have the right to convert their convertible notes during the next calendar quarter. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, in the manner and subject to the terms and conditions provided in the indenture governing the convertible notes. The convertible note hedge transaction we entered into in connection with our issuance of the convertible notes is expected generally to reduce the potential dilution upon conversion of the convertible notes and/or offset any cash payments we are required to make in excess of the principal amount of convertible notes that are converted, as the case may be. We expect to settle the principal amount of our outstanding convertible senior notes in 2024 in cash and any excess in shares.

We have historically considered the undistributed earnings of our foreign subsidiaries to be indefinitely reinvested. As a result of tax reform, we had a substantial amount of previously taxed earnings that could be distributed to the U.S. without additional U.S. taxation. We continue to evaluate our plans for reinvestment or repatriation of unremitted foreign earnings and regularly review our cash positions and determination of permanent reinvestment of foreign earnings. If we determine that all or a portion of such foreign earnings are no longer indefinitely reinvested, we may be subject to additional foreign withholding taxes and U.S. state income taxes, beyond the one-time transition tax. We intend to indefinitely reinvest the remaining earnings from our foreign subsidiaries for which a deferred income tax liability has not already been recorded. It is not practicable to estimate the amount of income tax that might be payable if these earnings were repatriated due to the complexities associated with the hypothetical calculation. As of July 31, 2021, we had cash and cash equivalents of $458.9 million, of which approximately $114.2 million was held in the U.S.

Excess cash and cash equivalents, which represent the majority of our outstanding cash and cash equivalents balance, are held primarily in overnight deposit and short-term time deposit accounts and money market accounts. Please see “—Important Factors Regarding Forward-Looking Statements” discussed above, “Part II, Item 1A. Risk Factors” in this Form 10-Q and “Part I, Item 1A. Risk Factors” contained in our most recent Annual Report on Form 10-K for the fiscal year ended January 30, 2021 for a discussion of risk factors which could reasonably be likely to result in a decrease of internally generated funds available to finance capital expenditures and working capital requirements.

***COVID-19 Impact on Liquidity***

Refer to the “COVID-19 Business Update” section above for a discussion of the impact from the COVID-19 pandemic on our financial performance and our liquidity.

In light of store closures and reduced traffic in stores, we have taken certain actions with respect to certain of our existing leases, including engaging with landlords to discuss rent deferrals as well as other rent concessions. Throughout the COVID-19 pandemic, we have suspended rental payments and/or paid reduced rental amounts with respect to our retail stores that were closed or experiencing drastically reduced customer traffic as a result of the COVID-19 pandemic. During fiscal 2022 and 2021, we have successfully negotiated with several landlords, including some of our larger landlords and have received rent abatement benefits as well as new lease terms for some of our affected leases. We continue to engage in discussions with additional affected landlords in an effort to achieve appropriate rent relief and other lease concessions and, in some cases, to terminate existing leases. In some instances, where negotiations with landlords have proven unsuccessful, we are engaged in litigation related to rent obligations both during the COVID-19 pandemic and through the term of the lease.

**Six Months Ended July 31, 2021 and August 1, 2020**

***Operating Activities***

Net cash provided by operating activities was $43.0 million for the six months ended July 31, 2021, compared to $40.7 million for the six months ended August 1, 2020, or an improvement of $2.3 million. This improvement was driven primarily by higher cash flows generated from net earnings, partially offset by unfavorable changes in working capital.

***Investing Activities***

Net cash used in investing activities was $20.8 million for the six months ended July 31, 2021 compared to $12.0 million for the six months ended August 1, 2020. Net cash used in investing activities for the six months ended July 31, 2021 related primarily to investments in technology and other infrastructure and, to a lesser extent, existing store remodeling programs and international retail expansion.

The increase in cash used in investing activities was driven primarily by higher strategic investments in technology and retail remodels during the six months ended July 31, 2021 compared to the same prior-year period. During the six months ended July 31, 2021, we opened 33 directly-operated stores compared to seven directly-operated stores that were opened in the same prior-year period.

***Financing Activities***

Net cash used in financing activities was $26.6 million for the six months ended July 31, 2021 compared to net cash provided by financing activities of $13.6 million for the six months ended August 1, 2020. Net cash used in financing activities for the six months ended July 31, 2021 related primarily to payment of dividends and repayments on borrowings and finance lease obligations, partially offset by proceeds from borrowings.

The change in cash provided by (used in) financing activities was driven primarily by lower proceeds received from borrowings, lower repayments of borrowings and higher payment of dividends during the six months ended July 31, 2021 compared to the same prior-year period.

***Effect of Exchange Rates on Cash, Cash Equivalents and Restricted Cash***

The change in foreign currency translation rates decreased our reported cash, cash equivalents and restricted cash balance by $5.7 million compared to an increase by $1.1 million during the six months ended August 1, 2020. Refer to "Foreign Currency Volatility" for further information on fluctuations in exchange rates.

***Working Capital***

As of July 31, 2021, we had net working capital (including cash and cash equivalents) of $548.7 million compared to $470.0 million at January 30, 2021 and $343.5 million at August 1, 2020.

Our primary working capital needs are for the current portion of lease liabilities, accounts receivable and inventory. The accounts receivable balance consists of trade receivables relating primarily to our wholesale business in Europe and, to a lesser extent, to our wholesale businesses in the Americas and Asia, royalty receivables relating to our licensing operations, credit card and retail concession receivables related to our retail businesses and certain other receivables. Accounts receivable increased by $53.4 million, or 21.7%, to $299.9 million as of July 31, 2021, from $246.5 million at August 1, 2020. On a constant currency basis, accounts receivable increased by $50.5 million, or 20.5%, when compared to August 1, 2020. As of July 31, 2021, approximately 55% of our total net trade receivables and 70% of our European net trade receivables were subject to credit insurance coverage, certain bank guarantees or letters of credit for collection purposes. Our credit insurance coverage contains certain terms and conditions specifying deductibles and annual claim limits. Inventory increased by $10.9 million, or 2.6%, to $430.3 million as of July 31, 2021, from $419.4 million at August 1, 2020. On a constant currency basis, inventory increased by $4.5 million, or 1.1%, when compared to August 1, 2020, driven primarily by improved inventory management.

***Capital Expenditures***

Gross capital expenditures totaled $21.6 million, before deducting lease incentives of $1.5 million, for the six months ended July 31, 2021. This compares to gross capital expenditures of $10.1 million, before deducting lease incentives of $0.5 million, for the six months ended August 1, 2020.

We will periodically evaluate strategic acquisitions and alliances and pursue those we believe will support and contribute to our overall growth initiatives.

***Dividends***

On August 25, 2021, we announced a regular quarterly cash dividend of $0.1125 per share on our common stock. The cash dividend will be paid on September 24, 2021 to shareholders of record as of the close of business on September 8, 2021.

Decisions on whether, when and in what amounts to continue making any future dividend distributions will remain at all times entirely at the discretion of our Board of Directors, which reserves the right to change or terminate our dividend practices at any time and for any reason without prior notice. The payment of cash dividends in the future will be based upon a number of business, legal and other considerations, including our cash flow from operations, capital expenditures, debt service and covenant requirements, cash paid for income taxes, earnings, share repurchases, economic conditions and U.S. and global liquidity.

***Share Repurchases***

There were no shares repurchased under our share repurchase program during the six months ended July 31, 2021. There were 4,000,000 shares repurchased at an aggregate cost of $38.8 million under the program during the three and six months ended August 1, 2020. As of July 31, 2021, we had remaining authority under the program to purchase $48 million shares of our common stock.

On August 25, 2021, we announced that our Board of Directors has authorized a program to repurchase, from time-to-time and as market and business conditions warrant, up to $200 million of our common stock. The newly authorized $200 million program includes the $48 million remaining under our previously authorized $500 million repurchase program. Repurchases may be made on the open market or in privately negotiated transactions, pursuant to Rule 10b5-1 trading plans or other available means. There is no minimum or maximum number of shares to be repurchased under the program and the program may be discontinued at any time, without prior notice.

***Borrowings and Finance Lease Obligations and Convertible Senior Notes***

See “Part I, Item 1. Financial Statements – Note 9 – Borrowings and Finance Lease Obligations” and “Part I, Item 1. Financial Statements – Note 10 – Convertible Senior Notes and Related Transactions” in this Form 10-Q for disclosures about our borrowings and finance lease obligations and convertible senior notes.

***Supplemental Executive Retirement Plan***

As a non-qualified pension plan, no dedicated funding of our Supplemental Executive Retirement Plan (“SERP”) is required; however, we have made periodic payments into insurance policies held in a rabbi trust to fund the expected obligations arising under the non-qualified SERP.

The cash surrender values of the insurance policies were $73.4 million and $72.1 million as of July 31, 2021 and January 30, 2021, respectively, and were included in other assets in our condensed consolidated balance sheets. As a result of changes in the value of the insurance policy investments, we recorded unrealized gains of $2.2 million in other income and expense during the three and six months ended July 31, 2021 and $5.1 million and $2.0 million in other income and expense during the three and six months ended August 1, 2020, respectively. The projected benefit obligation was $51.9 million and $52.3 million as of July 31, 2021 and January 30, 2021, respectively, and was included in accrued expenses and other long-term liabilities in our condensed consolidated balance sheets depending on the expected timing of payments. SERP benefit payments of $0.5 million and $1.0 million were made during the three and six months ended July 31, 2021, respectively.

SERP benefit payments of $0.3 million and $0.8 million were made during the three and six months ended August 1, 2020, respectively.

**Contractual Obligations and Commitments**

As of July 31, 2021, there were no material changes to our contractual obligations and commitments outside the ordinary course of business compared to the disclosures included in our Form 10-K for the fiscal year ended January 30, 2021. See “Part I, Item 1. Financial Statements – Note 9 – Borrowings and Finance Lease Obligations” and “Part I, Item 1. Financial Statements – Note 10 – Convertible Senior Notes and Related Transactions” for further information on these arrangements.

**Application of Critical Accounting Policies and Estimates**

Our critical accounting policies reflecting our estimates and judgments are described in “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in our Annual Report on Form 10-K for the fiscal year ended January 30, 2021 filed with the SEC on April 9, 2021. There have been no significant changes to our critical accounting policies during the six months ended July 31, 2021.

**Recently Issued Accounting Guidance**

See “Part I, Item 1. Financial Statements – Note 1 – Basis of Presentation and New Accounting Guidance” for disclosures about recently issued accounting guidance.

**ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.**

*Exchange Rate Risk*

More than two-thirds of product sales recorded for the six months ended July 31, 2021 were denominated in currencies other than the U.S. dollar. Our primary exchange rate risk relates to operations in Europe, Canada, South Korea, China, Hong Kong and Mexico. Changes in currencies affect our earnings in various ways. For further discussion on currency-related risk, please refer to our risk factors under “Part I, Item 1A. Risk Factors” contained in our most recent Annual Report on Form 10-K for the fiscal year ended January 30, 2021.

*Foreign Currency Translation Adjustment*

The local selling currency is typically the functional currency for all of our significant international operations. In accordance with authoritative guidance, assets and liabilities of our foreign operations are translated from foreign currencies into U.S. dollars at period-end rates, while income and expenses are translated at the weighted average exchange rates for the period. The related translation adjustments are reflected as a foreign currency translation adjustment in accumulated other comprehensive income (loss) within stockholders’ equity. In addition, we record foreign currency translation adjustments related to our noncontrolling interests within stockholders’ equity. Accordingly, our reported other comprehensive income (loss) could be unfavorably impacted if the U.S. dollar strengthens, particularly against the British pound, Canadian dollar, Chinese yuan, euro, Japanese yen, Korean won, Mexican peso, Polish zloty, Russian rouble and Turkish lira. Alternatively, if the U.S. dollar weakens relative to those currencies, our reported other comprehensive income (loss) could be favorably impacted. Our foreign currency translation adjustments recorded in other comprehensive income (loss) are significantly impacted by net assets denominated in euros.

Periodically, we may also use foreign exchange currency contracts to hedge the translation and economic exposures related to our net investments in certain of our international subsidiaries. Changes in the fair values of these foreign exchange currency contracts, designated as net investment hedges, are recorded in foreign currency translation adjustment as a component of accumulated other comprehensive income (loss) within stockholders’ equity.

During the six months ended July 31, 2021, the total foreign currency translation adjustment decreased stockholders’ equity by $7.5 million, driven primarily by the weakening of the U.S. dollar against the euro.

*Foreign Currency Transaction Gains and Losses*

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency, including gains and losses on foreign exchange currency contracts (see below), are included in the condensed consolidated statements of income (loss). Net foreign currency transaction losses of $8.2 million and $6.7 million were included in the determination of net earnings (loss) for the six months ended July 31, 2021 and August 1, 2020, respectively.

*Foreign Exchange Currency Contracts*

We operate in foreign countries, which exposes us to market risk associated with foreign currency exchange rate fluctuations. Various transactions that occur primarily in Europe, Canada, South Korea, China, Hong Kong and Mexico are denominated in U.S. dollars, British pounds and Russian roubles and thus are exposed to earnings risk as a result of exchange rate fluctuations when converted to their functional currencies. These types of transactions include U.S. dollar-denominated purchases of merchandise and U.S. dollar- and British pound-denominated intercompany liabilities. In addition, certain operating expenses, tax liabilities and pension-related liabilities are denominated in Swiss francs and are exposed to earnings risk as a result of exchange rate fluctuations when converted to the functional currency. Further, there are certain real estate leases that are denominated in a currency other than the functional currency of the respective entity that entered into the agreement (primarily Swiss francs, Russian roubles and Polish zloty). As a result, we may be exposed to volatility related to unrealized gains or losses on the translation of present value of future lease payment obligations when translated at the exchange rate as of a reporting period-end. We are also subject to certain translation and economic exposures related to our net investment in certain of our international subsidiaries. We enter into derivative financial instruments to offset some, but not all, of our exchange risk. In addition, some of the derivative contracts in place will create volatility during the fiscal year as they are marked-to-market according to the accounting rules and may result in revaluation gains or losses in different periods from when the currency impact on the underlying transactions are realized.

*Foreign Exchange Currency Contracts Designated as Cash Flow Hedges*

During the six months ended July 31, 2021, we purchased U.S. dollar forward contracts in Europe totaling US$75.0 million that were designated as cash flow hedges. As of July 31, 2021, we had forward contracts outstanding for our European operations of US$114.0 million to hedge forecasted merchandise purchases, which are expected to mature over the next 12 months. Our foreign exchange currency contracts are recorded in our condensed consolidated balance sheet at fair value based on quoted market rates. Changes in the fair value of the U.S. dollar forward contracts, designated as cash flow hedges for forecasted merchandise purchases, are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity and are recognized in cost of product sales in the period that approximates the time the hedged merchandise inventory is sold. Changes in the fair value of the U.S. dollar forward contracts, designated as cash flow hedges for forecasted intercompany royalties, are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity and are recognized in other income (expense) in the period in which the royalty expense is incurred.

As of July 31, 2021, accumulated other comprehensive income (loss) related to foreign exchange currency contracts included a minimal net unrealized loss, net of tax, of which $0.6 million will be recognized in cost of product sales over the following 12 months, at the then current values on a pre-tax basis, which can be different than the current quarter-end values.

As of July 31, 2021, the net unrealized gain of the remaining open forward contracts recorded in our condensed consolidated balance sheet was approximately $1.9 million.

At January 30, 2021, we had forward contracts outstanding for our European operations of US$100.0 million that were designated as cash flow hedges. At January 30, 2021, the net unrealized loss of these open forward contracts recorded in our condensed consolidated balance sheet was approximately $3.3 million.

*Foreign Exchange Currency Contracts Not Designated as Hedging Instruments*

We also have foreign exchange currency contracts that are not designated as hedging instruments for accounting purposes. Changes in fair value of foreign exchange currency contracts not designated as hedging instruments are reported in net earnings (loss) as part of other income (expense). For the six months ended July 31, 2021, we recorded a net gain of $0.6 million for our euro dollar foreign exchange currency contracts not designated as hedges, which has been included in other income (expense). As of July 31, 2021, we had euro foreign exchange currency contracts to purchase US$15.0 million expected to mature over the next one month. As of July 31, 2021, the net unrealized loss of these open forward contracts recorded in our condensed consolidated balance sheet was approximately $0.2 million.

At January 30, 2021, we had euro foreign exchange currency contracts to purchase US$19.0 million. At January 30, 2021, the net unrealized loss of these open forward contracts recorded in our condensed consolidated balance sheet was approximately $1.2 million.

*Sensitivity Analysis*

As of July 31, 2021, a sensitivity analysis of changes in foreign currencies when measured against the U.S. dollar indicates that, if the U.S. dollar had uniformly weakened by 10% against all of the U.S. dollar denominated foreign exchange derivatives totaling US$129.0 million, the fair value of the instruments would have decreased by $14.3 million. Conversely, if the U.S. dollar uniformly strengthened by 10% against all of the U.S. dollar denominated foreign exchange derivatives, the fair value of these instruments would have increased by $11.7 million. Any resulting changes in the fair value of the hedged instruments may be partially offset by changes in the fair value of certain balance sheet positions (primarily U.S. dollar denominated liabilities in our foreign operations) impacted by the change in the foreign currency rate. The ability to reduce the exposure of currencies on earnings depends on the magnitude of the derivatives compared to the balance sheet positions during each reporting cycle.

*Interest Rate Risk*

We are exposed to interest rate risk on our floating-rate debt. We have entered into interest rate swap agreements for certain of these agreements to effectively convert our floating-rate debt to a fixed-rate basis. The principal objective of these contracts is to eliminate or reduce the variability of the cash flows in interest payments associated with our floating-rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows. We have elected to apply the hedge accounting rules in accordance with authoritative guidance for certain of these contracts.

In April 2019, we issued $300 million principal amount of convertible senior notes in a private offering. The fair value of the convertible senior notes is subject to interest rate risk, market risk and other factors due to a conversion feature. The fair value of the convertible senior notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines. The interest and market value changes affect the fair value of the convertible senior notes but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligation. Additionally, we carry the convertible senior notes at face value, less any unamortized discount on our balance sheet and we present the fair value for disclosure purposes only.

*Interest Rate Swap Agreement Designated as Cash Flow Hedge*

The fair value of the interest rate swap agreement is based upon inputs corroborated by observable market data. Changes in the fair value of the interest rate swap agreement, designated as a cash flow hedge to hedge the variability of cash flows in interest payments associated with our floating-rate real estate secured loan (the “Mortgage Debt”), are recorded as a component of accumulated other comprehensive income (loss) within stockholders’ equity and are amortized to interest expense over the term of the related debt.

As of July 31, 2021, accumulated other comprehensive income (loss) related to the interest rate swap agreement included a net unrealized loss of $0.6 million net of tax, which will be recognized in interest expense over the following 12 months, at the then current values on a pre-tax basis, which can be different than the current quarter-end values. As of July 31, 2021, the net unrealized loss of the interest rate swap recorded in our condensed consolidated balance sheet was approximately $0.7 million. As of January 30, 2021, the net unrealized loss of the interest rate swap recorded in our condensed consolidated balance sheet was approximately $1.0 million.

*Sensitivity Analysis*

As of July 31, 2021, we had indebtedness related to term loans of $55.0 million, finance lease obligations of $24.8 million and the Mortgage Debt of $18.2 million. The term loans provide for annual interest rates ranging between 1.3% to 2.2%. The finance lease obligations are based on fixed interest rates derived from the respective agreements. The Mortgage Debt is covered by a separate interest rate swap agreement with a swap fixed interest rate of approximately 3.06% that matures in January 2026. The interest rate swap agreement is designated as a cash flow hedge and converts the nature of our Mortgage Debt from LIBOR floating-rate debt to fixed-rate debt.

The fair values of our debt instruments are based on the amount of future cash flows associated with each instrument discounted using our incremental borrowing rate. As of July 31, 2021 and January 30, 2021, the carrying value was not materially different from fair value, as the interest rates on our debt approximated rates currently available to us. The fair value of our convertible senior notes is determined based on inputs that are observable in the market and have been classified as Level 2 in the fair value hierarchy.

**ITEM 4. Controls and Procedures.**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the quarterly period covered by this report.

There was no change in our internal control over financial reporting during the second quarter of fiscal 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. Legal Proceedings.

See "Part I, Item 1. Financial Statements – Note 13 – Commitments and Contingencies – Legal and Other Proceedings" in this Form 10-Q for disclosures about our legal and other proceedings.

### ITEM 1A. Risk Factors.

There have not been any material changes in the Risk Factors as previously disclosed in our Annual Report on Form 10-K for the year ended January 30, 2021 filed with the SEC on April 9, 2021.

### ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Items (a) and (b) are not applicable.

Item (c). Issuer Purchases of Equity Securities

Our share repurchases during each fiscal month of the second quarter of fiscal 2022 were as follows:

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs[3] |
|---|---|---|---|---|
| **May 2, 2021 to May 29, 2021** | | | | |
| Repurchase program[1] | — | — | — | $ 47,834,956 |
| Employee transactions[2] | — | — | — | |
| **May 30, 2021 to July 3, 2021** | | | | |
| Repurchase program[1] | — | — | — | $ 47,834,956 |
| Employee transactions[2] | 826 | $ 28.21 | — | |
| **July 4, 2021 to July 31, 2021** | | | | |
| Repurchase program[1] | — | — | — | $ 47,834,956 |
| Employee transactions[2] | — | — | — | |
| **Total** | | | | |
| Repurchase program[1] | — | — | — | |
| Employee transactions[2] | 826 | $ 28.21 | — | |

*Notes:*

1. On June 26, 2012, our Board of Directors authorized a program to repurchase, from time-to-time and as market and business conditions warrant, up to $500 million of our common stock (the "2012 Share Repurchase Program").
2. Consists of shares surrendered to, or withheld by, us in satisfaction of employee tax withholding obligations that occur upon vesting of restricted stock awards granted under our 2004 Equity Incentive Plan, as amended.
3. On August 25, 2021, we announced that our Board of Directors has authorized a new program to repurchase, from time-to-time and as market and business conditions warrant, up to $200 million of our common stock. The newly authorized $200 million program (the "2021 Share Repurchase Program") includes $47.8 million remaining under our previously authorized 2012 Share Repurchase Program. Repurchases may be made on the open market or in privately negotiated transactions, pursuant to Rule 10b5-1 trading plans or other available means. There is no minimum or maximum number of shares to be repurchased under the 2021 Share Repurchase Program, which may be discontinued at any time, without prior notice. The amounts noted in this table exclude the effect of the 2021 Share Repurchase Program.

## ITEM 6. Exhibits.

| Exhibit Number | Description |
|---|---|
| 3.1. | Restated Certificate of Incorporation of the Registrant (incorporated by reference from Amendment No. 3 to the Registrant's Registration Statement on Form S-1 (Registration No. 333-4419) filed July 30, 1996). |
| 3.2. | Certificate of Amendment, dated June 24, 2021, to the Restated Certificate of Incorporation of Guess?, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 30, 2021). |
| 3.3. | Fourth Amended and Restated Bylaws of the Registrant (incorporated by reference from the Registrant's Current Report on Form 8-K filed with the SEC on June 30, 2021). |
| *10.1. | Letter agreement, dated June 30, 2021, by and between Guess?, Inc. and Carlos Alberini (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 2, 2021). |
| *10.2. | Performance Share Award Agreement (Stock Price), dated June 30, 2021, by and between Guess?, Inc. and Carlos Alberini (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on July 2, 2021). |
| *†10.3. | Restricted Stock Unit Agreement (operating earnings), dated as of June 30, 2021, between the Registrant and Carlos Alberini. |
| *†10.4. | Performance Share Award Agreement (total shareholder return), dated as of June 30, 2021, between the Registrant and Carlos Alberini. |
| *†10.5. | Performance Share Award Agreement (licensing and company operating earnings), dated as of June 30, 2021 between the Registrant and Paul Marciano. |
| *†10.6. | Restricted Stock Unit Agreement (operating earnings), dated as of June 30, 2021, between the Registrant and Kathryn Anderson. |
| *†10.7. | Performance Share Award Agreement (total shareholder return), dated as of June 30, 2021, between the Registrant and Kathryn Anderson. |
| *†10.8. | Guess?, Inc. Annual Incentive Bonus Plan. |
| †31.1. | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| †31.2. | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| ††32.1. | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| ††32.2. | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| †101.INS | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| †101.SCH | XBRL Taxonomy Extension Schema Document |
| †101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| †101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| †101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| †101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |
| †104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

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* Management Contract or Compensatory Plan
† Filed herewith
†† Furnished herewith

## SIGNATURES

Pursuant to the requirements 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.

**Guess?, Inc.**

| | | | |
|---|---|---|---|
| Date: | September 2, 2021 | By: | /s/ CARLOS ALBERINI |
| | | | Carlos Alberini<br>Chief Executive Officer |
| Date: | September 2, 2021 | By: | /s/ KATHRYN ANDERSON |
| | | | Kathryn Anderson<br>Chief Financial Officer<br>(Principal Financial Officer) |

Exhibit 10.3

# RESTRICTED STOCK UNIT AGREEMENT

This **RESTRICTED STOCK UNIT AGREEMENT** (this "Agreement"), dated as of **June 30, 2021** (the "Date of Grant"), is entered into by and between GUESS?, INC., a Delaware corporation (the "Company"), and **Carlos Alberini** (the "Grantee").

## RECITALS

**WHEREAS**, the Company maintains the Guess?, Inc. 2004 Equity Incentive Plan (as Amended and Restated as of May 19, 2017) (the "Plan").

**WHEREAS**, the Compensation Committee of the Company's Board (the "Committee") has determined to grant a restricted stock unit award (this "Award") to the Grantee under the Plan in order to increase Grantee's participation in the success of the Company;

**NOW, THEREFORE**, the parties hereto agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan[, except where a capitalized term is defined in the Executive Employment Agreement between the Company and the Grantee, entered into January 27, 2019, as amended (the "Employment Agreement"), and this Agreement indicates the definition used in the Employment Agreement shall apply for purposes of this Agreement as well. This Award and all rights of the Grantee under this Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. Except as specifically provided in this Agreement, in the event of any conflict or inconsistency between the Plan and this Agreement, the Plan shall govern.

2. Grant of Restricted Stock Units. The Company hereby grants to the Grantee as of the Date of Grant (set forth above) a right to receive **56,818** shares of the Company's common stock subject to the terms, conditions, and restrictions set forth herein (the "Restricted Stock Units"). As used herein, the term "Restricted Stock Unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Company's common stock, par value $0.01 per share (the "Common Stock") solely for purposes of the Plan and this Agreement. The Restricted Stock Units shall be used solely as a device for the determination of the number of shares of Common Stock to eventually be delivered to the Grantee if such Restricted Stock Units vest pursuant to this Agreement. The Restricted Stock Units shall not be treated as property or as a trust fund of any kind. The Grantee shall have no rights as a shareholder of the Company, no dividend rights (except as expressly provided in Section 4 with respect to Dividend Equivalent Rights) and no voting rights with respect to the Restricted Stock Units and any shares of Common Stock underlying or issuable in respect of such Restricted Stock Units ("Award Shares") until such shares of Common Stock are actually issued to and held of record by the Grantee. This Award, together with the other equity awards granted by the Company to the Grantee on or about the Date of

Grant, is in complete satisfaction of the Grantee's right to receive stock options or other equity-based awards from the Company with respect to the Company's 2022 fiscal year.

3. Vesting.

A. If the Earnings from Operations Threshold (as determined pursuant to Section 3(B)) is achieved for the Performance Period then, except as otherwise expressly provided in Sections 7 and 8 herein, this Award shall vest as to (i) one-third of the Restricted Stock Units on **January 30, 2022** (the "First Tranche"), (ii) one-third of the Restricted Stock Units on **January 30, 2023** (the "Second Tranche"), and (iii) one-third of the Restricted Stock Units on **January 30, 2024** (the "Third Tranche"); provided that Grantee has been continuously in Service with the Company from the Date of Grant through each applicable vesting date. Except as specifically provided herein, employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting. As used herein, the term "Service" means employment by the Company or a Subsidiary (the date that the Grantee's Service terminates is referred to as the "Severance Date").

B. No portion of this Award shall vest notwithstanding satisfaction of the continued Service requirement for vesting described in Section 3(A) above unless the Committee certifies, following the end of the Company's 2022 fiscal year, that the Company achieved Earnings from Operations (as defined below) for the Performance Period equal to or above the level established by the Committee with respect to the Award in connection with the grant of the Award (the "Earnings from Operations Threshold").

C. If either a Change in Control or the death or Disability (as defined below) of the Grantee occurs before the last day of the Performance Period, the performance-based requirements of Sections 3(A) and 3(B) shall be deemed met as of the date of such event.

D. If the Earnings from Operations Threshold is not met for the Performance Period (and Section 3(C) does not apply), this Award and the Restricted Stock Units subject hereto shall terminate and be cancelled as of the last day of the Performance Period.

E. For purposes of this Award, "Disabled" and "Disability" shall (i) have the meaning defined under the Company's then-current long-term disability insurance plan, policy, program or contract as entitles the Grantee to payment of disability benefits thereunder, or (ii) if there shall be no such plan, policy, program or contract, mean permanent and total disability as defined in Section 22(e)(3) of the Code.

For purposes of this Award, "Earnings from Operations" means: total Company earnings from operations for the Performance Period as calculated in accordance with GAAP, but adjusted (without duplication and to the extent that the particular item would have otherwise impacted Earnings from Operations for such period) to exclude the financial statement impact of the following items: (a) any positive or negative charges or accruals incurred for the Performance Period for litigation matters, but only where such charges or accruals for any particular matter exceed $500,000 for the Performance Period, (b) any professional service and legal fees and related costs excluded from the Company's adjusted results for the Performance Period, as reflected in the Company's press release financials for such period, (c) reorganization charges incurred for the Performance Period, including employee severance related costs, store and other real estate closure related costs and professional fees, (d) impairment charges (including, but not limited to stores, ROU, goodwill and other assets), (e) changes in accounting standards or methods that are implemented during the Performance Period in accordance with GAAP (to the extent not taken into account by the Committee when it established the goals), and (f) acquisitions, costs associated with such acquisitions, and the costs incurred in connection with potential acquisitions that are required to be expensed under GAAP, in each case for the Performance Period.

4. Dividend Equivalents. If a cash dividend is paid with respect to the Common Stock while any Restricted Stock Units subject to the Award are outstanding, the Grantee shall be credited with an amount in cash equal to the dividends the Grantee would have received if he had been the owner of the shares of Common Stock subject to such outstanding Restricted Stock Units; provided, however, that no amount shall be credited with respect to shares that have been delivered to the Grantee as of the applicable dividend record date. Any amounts credited under this Section 4 ("Dividend Equivalents") shall be subject to the same terms and conditions as the Restricted Stock Units to which they relate and shall vest and be paid (or, if applicable, be forfeited) at the same time as the Restricted Stock Units to which they relate.

5. Delivery of Shares. The Company shall deliver or cause to be delivered to the Grantee the number of Award Shares subject to the First Tranche that vest in connection with the end of the Performance Period pursuant to the terms hereof within ten days following certification by the Committee of the satisfaction of the performance criteria set forth in Section 3(B) (and in no event later than 74 days following the end of the Performance Period), and in all other cases in which one or more Restricted Stock units subject to the Award become vested the Company shall deliver or cause to be delivered to the Grantee the number of Award Shares that vested on the applicable vesting date under this Agreement on (or within three business days following, unless vesting is triggered by the Grantee's death or Disability or other separation from Service in which case the applicable period will be within 74 days following) the applicable vesting date. Any Dividend Equivalents described in Section 4 above related to such Award Shares shall be paid in cash at the same time as the delivery of the Award Shares under this Section 5.

6. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Company's Common Stock contemplated by Section 16(b) of the Plan, the Committee will make adjustments, if appropriate, in the number of Restricted Stock Units and the number and kind of securities subject to the Award.

7. Effect of Certain Cessations of Service

A. In the event of the Grantee's "Disability" or death while in Service before January 30, 2024, this Award will become vested as of the Severance Date as to a pro-rata portion of the then outstanding and otherwise unvested Restricted Stock Units subject to this Award that were otherwise scheduled to vest on the next regularly scheduled vesting date under Section 3(A) after the Grantee's Severance Date determined by multiplying (1) the total number of such Restricted Stock Units to this Award that were otherwise scheduled to vest on the next regularly scheduled vesting date under Section 3(A) after the Severance Date by (2) the Pro-Rata Fraction. As used herein, the "Pro-Rata Fraction" means the fraction obtained by dividing (i) the total number of days the Grantee was in Service with the Company following the last regularly scheduled Vesting Date under Section 3(A) (or, if there is no prior Vesting Date in the circumstances, following January 30, 2021) that occurred prior to the Grantee's Severance Date through and including the Severance Date, by (ii) the total number of calendar days following the last regularly scheduled vesting date under Section 3(A) (or, if there is no prior vesting date in the circumstances, following January 30, 2021) through and including the vesting date that was next scheduled to occur after the Grantee's Severance Date pursuant to Section 3(A). Notwithstanding the foregoing, this Section 7(A) shall not apply to the Award if the Grantee's Severance Date occurs on a scheduled vesting date pursuant to Section 3(A). Any Restricted Stock Units subject to this Award as of the Severance Date that are not vested after giving effect to the foregoing provisions of this Section 7(A) shall terminate and be cancelled as of the Severance Date.

B. Notwithstanding anything contained herein or in the Plan to the contrary, in the event that the Grantee's employment by the Company is terminated (a) by the Company without "Cause" (as defined in the Employment Agreement), (b) by the Grantee for "Good Reason" (as defined in the Employment Agreement), or (c) upon expiration of the "Employment Term" (as defined in the Employment Agreement) then in effect by reason of the Company's delivery of a non-renewal notice pursuant to Section 2 of the Employment Agreement if the Company did not have Cause to deliver such non-renewal notice, in any case before January 30, 2024 and outside the Change in Control Window described in Section 7(C) below (such termination of employment under (a), (b) or (c) above, a "Qualifying Termination"), the Award shall become vested as of the Severance Date as to a pro-rata portion of the then outstanding and otherwise unvested Restricted Stock Units subject to this Award that were otherwise scheduled to vest on the next regularly scheduled vesting date under Section 3(A) after the Grantee's Severance Date determined by multiplying (1) the total number of such Restricted Stock Units to this Award that were otherwise scheduled to vest on the next regularly scheduled vesting date under Section 3(A) after the Severance Date by (2) the Pro-Rata Fraction, subject to Section 7(D) below. Notwithstanding the foregoing, this Section 7(B) shall not apply to the Award if the Grantee's Severance Date occurs on a scheduled vesting date pursuant to Section 3(A). Any Restricted Stock Units subject to this Award as of the Severance Date that are not vested after giving effect to the foregoing provisions of this Section 7(B) shall terminate and be cancelled as of the Severance Date.

C. Notwithstanding anything contained herein or in the Plan to the contrary, in the event that the Grantee's employment by the Company is terminated in a Qualifying Termination that occurs before January 30, 2024 and within twelve (12) months before, upon, or within two (2) years after a Change in Control (such period, the "Change in Control Window"), the Restricted Stock Units subject to this Award that are otherwise outstanding and unvested as of the Qualifying Termination shall become vested as of the Qualifying Termination (or, if later, as of the Change in Control and to the extent the Restricted Stock Units did not vest pursuant to Section 7(B) in connection with the Severance Date) subject to Section 7(D) below.

D. Notwithstanding the foregoing, the accelerated vesting provisions of Sections 7(B) and 7(C) are subject to the Grantee's satisfaction of the Release requirement of Section 9(e) of the Employment Agreement in connection with the termination of his Service and, if such requirement is not timely satisfied, Section 7(E) shall apply. If the period of time that the Grantee has to consider, execute, and revoke such Release spans two calendar years, payment of any Restricted Stock Units the vesting of which is contingent on the Grantee satisfying such Release requirement shall (assuming the Grantee satisfies such Release requirement) be made within the applicable period of time provided in Section 5 but in the second of such two years.

E. If the Grantee's Service terminates for any reason other than as provided in Section 7(A)-(C) above, this Award and the Restricted Stock Units subject hereto, to the extent outstanding and unvested as of the date of such termination of Service, shall terminate and be cancelled as of the date of such termination of Service.

F. Sections 14(a) and 14(b) of the Plan shall not apply to the Award.

8. Change in Control. Notwithstanding anything to the contrary in Section 3, Section 5 or Section 7 of this Agreement or any provision of the Plan, the following provisions shall apply upon a Change in Control:

A. If a Change in Control occurs and the then-outstanding and unvested portion of this Award is not continued following such event or assumed or converted into restricted stock units of any successor entity to the Company or a parent thereof (the "Successor Entity"), the continued Service vesting requirement set forth under Section 3(A) of this Award shall be deemed to be satisfied, and the outstanding Restricted Stock Units subject to such portion shall be deemed vested, upon such Change in Control.

B. If the then-outstanding and unvested portion of this Award is continued following such event or is assumed or converted into restricted stock units of any Successor Entity, the continued Service requirement set forth in Section 3(A) above (and the accelerated vesting provisions set forth in Section 7 above) shall continue to apply following such Change in Control.

9. <u>Restrictions on Transfer</u>. The Grantee may not sell, assign, transfer, pledge, encumber or otherwise alienate, hypothecate or dispose of this Award or the Grantee's right hereunder to receive Award Shares, except as otherwise provided in the Committee's sole discretion consistent with the Plan and applicable securities laws.

10. <u>Taxes</u>.

A. The settlement of this Award is conditioned on the Grantee making arrangements reasonably satisfactory to the Company for the withholding of all applicable federal, state, local or foreign taxes as may be required under applicable law.

B. It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) ("<u>Code Section 409A</u>") so as not to subject the Grantee to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Grantee.

C. If the Grantee is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Grantee's "separation from service" (as such term is defined for purposes of Code Section 409A), the Grantee shall not be entitled to any payment or benefit pursuant to this Award until the earlier of (i) the date which is six (6) months after the Grantee's separation from service for any reason other than death, or (ii) the date of the Grantee's death. The provisions of this Section 10(C) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A. Any amounts otherwise payable to the Grantee upon or in the six (6) month period following the Grantee's separation from service that are not so paid by reason of this Section 10(C) shall be paid (without interest, except as otherwise provided for in Section 8(A)) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Grantee's separation from service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Grantee's death). For avoidance of doubt, Dividend Equivalents under Section 4 shall continue to be credited during the period of such six-month delay until the vested Restricted Stock Units are actually settled.

11. <u>Compliance</u>. The Grantee hereby agrees to cooperate with the Company, regardless of Grantee's employment status with the Company, to the extent necessary for the Company to comply with applicable state and federal laws and regulations relating to the Restricted Stock Units.

12. <u>Notices</u>. Any notice required or permitted under this Agreement shall be deemed given when personally delivered, or when deposited in a United States Post Office, postage prepaid, addressed, as appropriate, to the Grantee either at the address on record with the Company or such other address as may be designated by Grantee in writing to the Company; or to the Company, Attention: Stock Plan Administration, 1444 South

Alameda Street, Los Angeles, California 90021, or such other address as the Company may designate in writing to the Grantee.

13. Failure to Enforce Not a Waiver. The failure of the Company or the Grantee to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

14. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware, without regard to Delaware or other laws that might cause other law to govern under applicable principles of conflicts of law. For purposes of litigating any dispute that arises under this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation shall be conducted in the courts of Los Angeles County, or the federal courts for the United States for the Central District of California, and no other courts, where this Agreement is made and/or to be performed.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units awarded under the Plan or future restricted stock or restricted stock units that may be awarded under the Plan by electronic means or request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Amendments. This Agreement may be amended or modified at any time by an instrument in writing signed by both parties.

18. Agreement Not a Contract of Employment. Neither the grant of the Restricted Stock Units, this Agreement nor any other action taken in connection herewith shall constitute or be evidence of any agreement or understanding, express or implied, that the Grantee is an employee of the Company or any subsidiary of the Company.

19. Committee's Powers. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

20. Termination of this Agreement. Upon termination of this Agreement, all rights of the Grantee hereunder shall cease.

21. Clawback Policy. This Award is subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Award or any shares of Common Stock or other cash or

property received with respect to the Award (including any value received from a disposition of the shares acquired in respect of the Award).

*[The remainder of this page has intentionally been left blank.]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed on its behalf by a duly authorized officer and the Grantee has hereunto set his or her hand as of the date and year first above written.

**GUESS?, INC.,**
**a Delaware corporation**

By: /s/ Jason T. Miller

Print Name: Jason T. Miller

Its: General Counsel and Secretary

**GRANTEE**

/s/ Carlos Alberini
*Signature*

Carlos Alberini
*Print Name*

Exhibit 10.4

# PERFORMANCE SHARE AWARD AGREEMENT (TSR)

This **PERFORMANCE SHARE AWARD AGREEMENT** (this "Agreement"), dated as of **June 30, 2021** (the "Date of Grant"), is entered into by and between GUESS?, INC., a Delaware corporation (the "Company"), and **Carlos Alberini** (the "Grantee").

## RECITALS

**WHEREAS**, the Company maintains the Guess?, Inc. 2004 Equity Incentive Plan (as Amended and Restated as of May 19, 2017) (the "Plan").

**WHEREAS**, the Compensation Committee of the Company's Board (the "Committee") has determined to grant performance-based restricted stock units (this "Award") to the Grantee under the Plan in order to increase Grantee's participation in the success of the Company;

**NOW, THEREFORE**, the parties hereto agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan, except where a capitalized term is defined in the Executive Employment Agreement between the Company and the Grantee, entered into January 27, 2019, as amended (the "Employment Agreement"), and this Agreement indicates the definition used in the Employment Agreement shall apply for purposes of this Agreement as well. This Award and all rights of the Grantee under this Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. Except as specifically provided in this Agreement, in the event of any conflict or inconsistency between the Plan and this Agreement, the Plan shall govern.

2. Grant of Restricted Stock Units. The Company hereby grants to the Grantee as of the Date of Grant (set forth above) a right to receive a "target" of **129,451** shares of the Company's common stock subject to the terms, conditions, and restrictions set forth herein (the "Restricted Stock Units," and such target number of Restricted Stock Units, the "Target Number of Restricted Stock Units"). As used herein, the term "Restricted Stock Unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Company's common stock, par value $0.01 per share (the "Common Stock"), solely for purposes of the Plan and this Agreement. The Restricted Stock Units shall be used solely as a device for the determination of the number of shares of Common Stock to eventually be delivered to the Grantee if such Restricted Stock Units vest pursuant to this Agreement. The Restricted Stock Units shall not be treated as property or as a trust fund of any kind. The Grantee shall have no rights as a shareholder of the Company, no dividend rights (except as expressly provided in Section 4 with respect to Dividend Equivalent rights) and no voting rights with respect to the Restricted Stock Units and any shares of Common Stock underlying or issuable in respect of such Restricted Stock Units ("Award Shares") until such shares of Common Stock are actually issued to and held of record by the Grantee. This Award, together with the other equity awards granted by the Company

to the Grantee on or about the Date of Grant, is in complete satisfaction of the Grantee's right to receive stock options or other equity-based awards from the Company with respect to the Company's 2022 fiscal year.

3. Vesting.

A. Subject to Section 3(B) below and except as otherwise expressly provided in Sections 7 and 8 herein, this Award shall vest and become nonforfeitable on the last day of the Performance Period (as defined below) (the "Vesting Date"); provided that the Grantee has been continuously in Service with the Company from the Date of Grant through the Vesting Date. Except as specifically provided herein, Service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting. The number of Restricted Stock Units subject to this Award that vest will be equal to the Target Number of Restricted Stock Units multiplied by a "Vesting Percentage" determined based on the Company's TSR Percentile (as defined below) for the Performance Period in accordance with the following table:

| **TSR Percentile for the Performance Period** | **Vesting Percentage** |
|---|---|
| Below 25th TSR Percentile | 0% |
| 25th TSR Percentile | 25% |
| 50th TSR Percentile | 100% |
| 75th TSR Percentile and Above | 150% |

If the Company's TSR Percentile for the Performance Period is between two points in the preceding table, the Vesting Percentage will be determined by linear interpolation between the Vesting Percentages for those two levels. In no event will the Vesting Percentage be greater than one hundred fifty percent (150%).

Not later than seventy four (74) days after the end of the Performance Period, the Committee will certify, by resolution or other appropriate action in writing, the Vesting Percentage that has been achieved and the number of Restricted Stock Units that vest pursuant to this Section 3(A) (or Sections 7 and 8, as applicable) based on the satisfaction of the performance criteria above. Such number of Restricted Stock Units that vest will be rounded to the nearest whole unit and are referred to herein as the "Vested Restricted Stock Units." Restricted Stock Units that are not Vested Restricted Stock Units, after giving effect to the foregoing provisions and Section 3(B), as of the last day of the Performance Period shall immediately terminate and be cancelled. As used herein, the term "Service" means employment by the Company or a Subsidiary.

B. Notwithstanding anything to the contrary in this Agreement, the number of Restricted Stock Units subject to this Award that become Vested Restricted Stock Units shall not exceed the number of Restricted Stock Units determined by dividing $11,500,000 by the Fair Market Value of a share of Common Stock on the applicable vesting date. In the event that such limit is exceeded, the number of Restricted Stock Units that would otherwise be Vested Restricted Stock Units pursuant to Section 3(A) shall be reduced to the extent necessary such that the actual number of Vested Restricted Stock Units does not exceed such limit.

C. For purposes of this Award, the following definitions shall apply:

i. "Performance Period" means the period of time beginning with the Date of Grant and ending with the last day of the Company's fiscal year 2024.

ii. "TSR Percentile" means the percentile ranking of the Company's TSR among the TSRs for the Company Peer Group members for the Performance Period.

iii. "TSR" means total shareholder return and shall be determined with respect to the Company and any other Company Peer Group member by dividing: (a) the sum of (1) the difference obtained by subtracting the applicable Beginning Price from the applicable Ending Price plus (2) all dividends and other distributions as to which the ex-dividend date occurs during the Performance Period (for purposes of clarity, without duplicating any dividends and other distributions as to which the ex-dividend date occurs during the period of twenty (20) consecutive trading days ending on the last trading day of the Performance Period that are taken into account in the determination of Ending Price) by (b) the Beginning Price. Any non-cash distributions shall be ascribed such dollar value as may be determined by or at the direction of the Committee. For the purpose of determining TSR, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the corresponding ex-dividend date.

iv. "Beginning Price" means, with respect to the Company and any other Company Peer Group member, the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for the twenty (20) consecutive trading days beginning with the Date of Grant. For the purpose of determining Beginning Price, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the corresponding ex-dividend date.

v. "Ending Price" means, with respect to the Company and any other Company Peer Group member, the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for the twenty (20) consecutive trading days ending on the last trading day of the Performance Period. For the purpose of determining Ending Price, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the corresponding ex-dividend date.

vi. "Company Peer Group" means the Company and each of the following companies:

| | |
|---|---|
| Abercrombie & Fitch Co. | American Eagle Outfitters, Inc. |
| Capri Holdings | The Gap, Inc. |
| Chico’s FAS, Inc. | Levi Straus and Co. |
| The Children’s Place, Inc. | lululemon athletica inc. |
| Columbia Sportswear Company | PVH Corp. |
| Deckers Outdoor Corporation | Ralph Lauren Corporation |
| Express, Inc. | Tapestry, Inc. |
| Fossil Group, Inc. | Urban Outfitters, Inc. |

The Company Peer Group shall be subject to adjustment by the Committee for changes that occur prior to the end of the Performance Period as follows: In the event of a merger or other business combination of a Company Peer Group member (including, without limitation, the acquisition of a Company Peer Group member, or all or substantially all of its assets, by a separate entity), such Company Peer Group member shall be excluded from the Company Peer Group; provided, however, that in the event of a merger or other business combination of two Company Peer Group members (including, without limitation, the acquisition of one Company Peer Group member, or all or substantially all of its assets, by another Company Peer Group member), the surviving, resulting or successor entity, as the case may be, shall continue to be treated as a member of the Company Peer Group, provided that the common stock (or similar equity security) of such entity is listed or traded on a national securities exchange as of the end of the Performance Period. In the event a member of the Company Peer Group files for bankruptcy or liquidates, such company shall continue to be treated as a Company Peer Group member; provided that such company’s Ending Price will be treated as $0 if the company is no longer listed or traded on a national securities exchange as of the end of the Performance Period. Other than as provided above, in the event that the common stock (or similar equity security) of a Company Peer Group member is otherwise not listed or traded on a national securities exchange at the end of the Performance Period, such entity shall be excluded from the Company Peer Group.

With respect to the computation of TSR, Beginning Price, and Ending Price, there shall also be an equitable and proportionate adjustment to the extent (if any) necessary to preserve the intended incentives of this Award and mitigate the impact of any stock split, stock dividend or reverse stock split occurring during the Performance Period (or during the applicable 20-day period in determining Beginning Price or Ending Price, as the case may be). The Committee’s determination of whether such an adjustment is required (and the extent of any such adjustment) shall be final and binding.

4. Dividend Equivalents. If a cash dividend is paid with respect to the Common Stock during the Performance Period and while any Restricted Stock Units subject to this Award are outstanding, the Grantee shall be credited with an amount in cash equal to the dividends the Grantee would have received if he had been the owner of the shares of Common Stock subject to the outstanding Target Number of Restricted Stock Units;

provided, however, that no amount shall be credited with respect to shares that have been delivered to the Grantee as of the applicable dividend record date. Any amounts credited under this Section 4 ("Dividend Equivalents") shall be subject to the same terms and conditions as the Restricted Stock Units to which they relate (including, without limitation, application of the applicable Vesting Percentage) and shall vest and be paid (or, if applicable, be forfeited) at the same time as the Restricted Stock Units to which they relate.

5. Delivery of Shares. The Company shall deliver or cause to be delivered to the Grantee the number of Award Shares subject to any Restricted Stock Units that vest pursuant to the terms hereof as soon as administratively practicable after (and in no event later than 74 days following) the corresponding date on which such Restricted Stock Units vest (whether on the Vesting Date or the applicable date of vesting pursuant to Section 7 or Section 8). Any Dividend Equivalents described in Section 4 above related to such Award Shares shall be paid in cash at the same time as the delivery of the Award Shares under this Section 5.

6. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Company's Common Stock contemplated by Section 16(b) of the Plan, the Committee will make adjustments, if appropriate, in the number of Restricted Stock Units and the number and kind of securities subject to this Award.

7. Effect of Certain Cessations of Service.

A. If, at any time prior to the Vesting Date, the Grantee's Service is terminated by the Company without "Cause" (as defined in the Employment Agreement/Offer Letter), by the Grantee for "Good Reason" (as defined in the Employment Agreement/Offer Letter), or upon expiration of the "Employment Term" (as defined in the Employment Agreement) then in effect by reason of the Company's delivery of a non-renewal notice pursuant to Section 2 of the Employment Agreement if the Company did not have Cause to deliver such non-renewal notice (such termination of employment, a "Qualifying Termination"), and such a Qualifying Termination occurs outside the Change in Control Window described in Section 7(B) below, the Target Number of Restricted Stock Units shall be pro-rated by multiplying the Target Number of Restricted Stock Units by the "Equity Award Pro-Rata Fraction." For purposes of this Award, the "Equity Award Pro-Rata Fraction" means the fraction obtained by dividing (i) the total number of days the Grantee was employed by the Company between the first day of the Performance Period and the date of the termination of the Grantee's employment, by (ii) the total number of days in the Performance Period. Such pro-rated number of Target Number of Restricted Stock Units shall remain outstanding and eligible to vest on the Vesting Date based on the Vesting Percentage determined under Section 3(A) as though the Grantee's employment had not been terminated. If a Change in Control occurs after the date of the Qualifying Termination and before the Vesting Date, Section 8(A) shall apply to the Award, and the pro-rata vesting provision of this Section 7(A) shall be given effect in calculating the number of Restricted Stock Units that vest on the Change in Control. If a Change in Control occurs before the date of the Qualifying Termination and a Qualifying Termination occurs before the Vesting Date, the pro-rata vesting provision of this

Section 7(A) shall be given effect after taking Section 8 into account, and any Restricted Stock Units that vest as a result shall vest as of the Qualifying Termination.

B. If, at any time prior to the Vesting Date, the Grantee's Service is terminated in a Qualifying Termination that occurs within twelve (12) months before, upon, or within two (2) years after a Change in Control (such period, the "Change in Control Window"), Section 8(C) below shall apply to the Award (and in such circumstances Section 7(A) shall not apply to the Award).

C. If, at any time prior to the Vesting Date, the Grantee's Service is terminated due to the Grantee's death or "Disability" (as such term is defined in the Employment Agreement), the Target Number of Restricted Stock Units shall be pro-rated by multiplying the Target Number of Restricted Stock Units by the Equity Award Pro-Rata Fraction. Such pro-rated number of Target Number of Restricted Stock Units shall remain outstanding and eligible to vest on the Vesting Date based on the Vesting Percentage determined under Section 3(A) as though the Grantee's employment had not been terminated. If a Change in Control occurs after the date of such a termination of Service and before the Vesting Date, Section 8(A) shall apply to the Award, and the pro-rata vesting provision of this Section 7(C) shall be given effect in calculating the number of Restricted Stock Units that vest on the Change in Control. If a Change in Control occurs before the date of such a termination of Service and such a termination of Service occurs before the Vesting Date, the pro-rata vesting provision of this Section 7(C) shall be given effect after taking Section 8 into account, and any Restricted Stock Units that vest as a result shall vest as of the date of such termination of Service.

D. If the Grantee's Service terminates for any other reason, this Award and the Restricted Stock Units subject hereto, to the extent outstanding and unvested as of the date of such termination of Service, shall terminate and be cancelled as of the date of such termination of Service. Sections 14(a) and 14(b) of the Plan shall not apply to this Award.

8. Change in Control. Notwithstanding anything to the contrary in Section 3, Section 5 or Section 7 of this Agreement or any provision of the Plan, the following provisions shall apply upon a Change in Control:

A. If a Change in Control occurs and this Award (to the extent outstanding) is not continued following such event or assumed or converted into restricted stock units of any successor entity to the Company or a parent thereof (the "Successor Entity"), this Award will vest as of the date of such Change in Control with respect to a number of Restricted Stock Units determined as follows:

i. If the Change in Control occurs during the Company's 2022 fiscal year, this Award shall be become vested as to the Target Number of Restricted Stock Units.

ii. If the Change in Control occurs during the Company's 2023 fiscal year or 2024 fiscal year, the number of Restricted Stock Units subject to this Award that vest in accordance with this Section 8(A)(ii) shall be determined as though the Performance Period ended as of the date of the Change in Control, and the Vesting Percentage under Section 3(A) shall be determined based on actual TSR performance for such shortened performance period.

The foregoing provisions do not supersede Section 7(D) to the extent the Grantee's Service to the Company terminates and such provision is triggered prior to a Change in Control.

B. If this Award (to the extent then outstanding) is continued following a Change in Control or is assumed or converted into restricted stock units of any Successor Entity, the number of Restricted Stock Units subject to this Award shall be adjusted as provided in the next sentence, and such adjusted number of Restricted Stock Units shall remain eligible to vest on the Vesting Date in accordance with this Section 8(B). In such circumstances, the number of Restricted Stock Units subject to this Award shall be adjusted in connection with the Change in Control as follows:

i. If the Change in Control occurs during the Company's 2022 fiscal year, the number of Restricted Stock Units subject to this Award that shall remain eligible to vest in accordance with this Section 8(B) shall be equal to the Target Number of Restricted Stock Units.

ii. If the Change in Control occurs during the Company's 2023 fiscal year or 2024 fiscal year, the number of Restricted Stock Units subject to this Award that shall remain eligible to vest in accordance with this Section 8(B) shall be determined as though the Performance Period ended as of the date of the Change in Control, and the Vesting Percentage under Section 3(A) shall be determined based on actual TSR performance for such shortened performance period.

In such circumstances, the performance-based vesting conditions of Section 3(A) shall no longer apply to this Award (except as expressly provided above to the extent applicable in making the adjustment provided for in Section 8(B)(ii) above, if applicable), and the number of Restricted Stock Units subject to this Award (as so adjusted pursuant to Section 8(B)(i) or (ii) above, as applicable) shall remain eligible to vest on the original Vesting Date (without such date being modified due to the occurrence of the Change in Control), subject to the Grantee remaining continuously in Service with the Company following such Change in Control through the Vesting Date (subject to the accelerated vesting provisions set forth in Section 7(A) and 7(C) above).

C. If the Grantee's Service is terminated in a Qualifying Termination that occurs within the Change in Control Window, the Award shall vest (or shall be deemed to have vested) on the Change in Control (or, if later, the Qualifying Termination) as to one hundred percent (100%) of the number of Restricted Stock Units subject to the Award after applying Section 8(A) or Section 8(B), as applicable.

9. Restrictions on Transfer. The Grantee may not sell, assign, transfer, pledge, encumber or otherwise alienate, hypothecate or dispose of this Award or the Grantee's right hereunder

to receive Award Shares, except as otherwise provided in the Committee's sole discretion consistent with the Plan and applicable securities laws.

10. Taxes.

A. Subject to the Company's ability to comply with applicable laws, rules, and regulations, and unless the Grantee has provided in advance of the applicable withholding event sufficient cash to cover the applicable withholding obligations, upon any distribution of shares of Common Stock in respect of the Award, the Company shall automatically reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of whole shares, valued at their then fair market value (at the time of such withholding, based on the last closing price (in regular trading) of a share of the Company's common stock on the New York Stock Exchange available at the time of such withholding) to satisfy any withholding obligations (including both income tax and the Grantee's portion of employment tax withholding obligations) of the Company or its Subsidiaries with respect to such distribution of shares. In the event that the Company cannot legally satisfy such withholding obligations by such reduction of shares, or in the event of a cash payment or any other withholding event in respect of the Award, the Company shall be entitled to require a cash payment by or on behalf of the Grantee and/or to deduct from other compensation payable to the Grantee any sums required by federal, state or local tax law to be withheld with respect to such distribution or payment.

B. It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) ("Code Section 409A") so as not to subject the Grantee to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Grantee.

C. If the Grantee is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Grantee's "separation from service" (as such term is defined for purposes of Code Section 409A), the Grantee shall not be entitled to any payment or benefit pursuant to this Award until the earlier of (i) the date which is six (6) months after the Grantee's separation from service for any reason other than death, or (ii) the date of the Grantee's death. The provisions of this Section 10(C) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A. Any amounts otherwise payable to the Grantee upon or in the six (6) month period following the Grantee's separation from service that are not so paid by reason of this Section 10(C) shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Grantee's separation from service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Grantee's death).

11. Compliance. The Grantee hereby agrees to cooperate with the Company, regardless of Grantee's employment status with the Company, to the extent necessary for the Company to comply with applicable state and federal laws and regulations relating to the Restricted Stock Units.

12. Notices. Any notice required or permitted under this Agreement shall be deemed given when personally delivered, or when deposited in a United States Post Office, postage prepaid, addressed, as appropriate, to the Grantee either at the address on record with the Company or such other address as may be designated by Grantee in writing to the Company; or to the Company, Attention: Stock Plan Administration, 1444 South Alameda Street, Los Angeles, California 90021, or such other address as the Company may designate in writing to the Grantee.

13. Failure to Enforce Not a Waiver. The failure of the Company or the Grantee to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

14. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware, without regard to Delaware or other laws that might cause other law to govern under applicable principles of conflicts of law. For purposes of litigating any dispute that arises under this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation shall be conducted in the courts of Los Angeles County, or the federal courts for the United States for the Central District of California, and no other courts, where this Agreement is made and/or to be performed.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units awarded under the Plan or future restricted stock or restricted stock units that may be awarded under the Plan by electronic means or request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Amendments. This Agreement may be amended or modified at any time by an instrument in writing signed by both parties.

18. Agreement Not a Contract of Employment. Neither the grant of the Restricted Stock Units, this Agreement nor any other action taken in connection herewith shall constitute or be evidence of any agreement or understanding, express or implied, that the Grantee is an employee of the Company or any subsidiary of the Company.

19. Committee's Powers. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in

furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

20. Termination of this Agreement. Upon termination of this Agreement, all rights of the Grantee hereunder shall cease.

21. Clawback Policy. This Award is subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of this Award or any shares of Common Stock or other cash or property received with respect to this Award (including any value received from a disposition of the shares acquired in respect of this Award).

*[The remainder of this page has intentionally been left blank.]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed on its behalf by a duly authorized officer and the Grantee has hereunto set his or her hand as of the date and year first above written.

**GUESS?, INC.,**
**a Delaware corporation**

By: /s/ Jason T. Miller

Print Name: Jason T. Miller

Its: General Counsel and Secretary

**GRANTEE**

/s/ Carlos Alberini
*Signature*

Carlos Alberini
*Print Name*

Exhibit 10.5

# RESTRICTED STOCK UNIT AGREEMENT

This **RESTRICTED STOCK UNIT AGREEMENT** (this "Agreement"), dated as of **June 30, 2021** (the "Date of Grant"), is entered into by and between GUESS?, INC., a Delaware corporation (the "Company"), and **Paul Marciano** (the "Grantee").

## RECITALS

**WHEREAS**, the Company maintains the Guess?, Inc. 2004 Equity Incentive Plan (as Amended and Restated as of May 19, 2017) (the "Plan").

**WHEREAS**, the Compensation Committee of the Company's Board (the "Committee") has determined to grant a restricted stock unit award (this "Award") to the Grantee under the Plan in order to increase Grantee's participation in the success of the Company;

**NOW, THEREFORE**, the parties hereto agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan. This Award and all rights of the Grantee under this Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. Except as specifically provided in this Agreement, in the event of any conflict or inconsistency between the Plan and this Agreement, the Plan shall govern.

2. Grant of Restricted Stock Units. The Company hereby grants to the Grantee as of the Date of Grant (set forth above) a right to receive **170,455** shares of the Company's common stock subject to the terms, conditions, and restrictions set forth herein (the "Restricted Stock Units"). As used herein, the term "Restricted Stock Unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Company's common stock, par value $0.01 per share (the "Common Stock") solely for purposes of the Plan and this Agreement. The Restricted Stock Units shall be used solely as a device for the determination of the number of shares of Common Stock to eventually be delivered to the Grantee if such Restricted Stock Units vest pursuant to this Agreement. The Restricted Stock Units shall not be treated as property or as a trust fund of any kind. The Grantee shall have no rights as a shareholder of the Company, no dividend rights (except as expressly provided in Section 4 with respect to Dividend Equivalent Rights) and no voting rights with respect to the Restricted Stock Units and any shares of Common Stock underlying or issuable in respect of such Restricted Stock Units ("Award Shares") until such shares of Common Stock are actually issued to and held of record by the Grantee. This Award is in complete satisfaction of the Grantee's right, if any, to receive equity-based awards from the Company with respect to the Company's 2022 fiscal year.

3. Vesting.

   A. If both the Licensing Segment Earnings from Operations Threshold and the Earnings from Operations Threshold (each as determined pursuant to Section 3(B)) are achieved for the Performance Period then, except as otherwise expressly provided in Sections 7 and 8 herein, this Award shall vest as to (i) one-third of the Restricted Stock Units on January 30, 2022 (the "First Tranche"), (ii) one-third of the Restricted Stock Units on January 30, 2023 (the "Second Tranche"), and (iii) one-third of the Restricted Stock Units on January 30, 2024 (the "Third Tranche"); provided that Grantee has been continuously in Service with the Company from the Date of Grant through each applicable vesting date. If either (but not both) the Licensing Segment Earnings from Operations Threshold or the Earnings from Operations Threshold (each as determined pursuant to Section 3(B)) is achieved for the Performance Period then, except as otherwise expressly provided in Sections 7 and 8 herein, this Award shall vest as to (i) one-sixth of the Restricted Stock Units on January 30, 2022 (the "First Tranche"), (ii) one-sixth of the Restricted Stock Units on January 30, 2023 (the "Second Tranche"), and (iii) one-sixth of the Restricted Stock Units on January 30, 2024 (the "Third Tranche"); provided that Grantee has been continuously in Service with the Company from the Date of Grant through each applicable vesting date. Except as specifically provided herein, employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting. As used herein, the term "Service" means employment by the Company or a Subsidiary or service to the Company as a member of the Board.

B. No portion of this Award shall vest notwithstanding satisfaction of the continued Service requirement for vesting described in Section 3(A) above unless the Committee certifies, following the end of the Company's 2022 fiscal year, that the Company achieved (i) Licensing Segment Earnings from Operations (as defined below) for the Company's 2022 fiscal year (the "Performance Period") equal to or above the level established by the Committee with respect to the Award in connection with the grant of the Award (the "Licensing Segment Earnings from Operations Threshold") or (ii) Earnings from Operations (as defined below) for the Performance Period equal to or above the level established by the Committee with respect to the Award in connection with the grant of the Award (the "Earnings from Operations Threshold").

C. If either a Change in Control or the death or Disability (as defined below) of the Grantee occurs before the last day of the Performance Period, the performance-based requirements of Sections 3(A) and 3(B) shall be deemed met as of the date of such event.

D. If both the Licensing Segment Earnings from Operations Threshold and the Earnings from Operations Threshold are not met for the Performance Period (and Section 3(C) does not apply), this Award and the Restricted Stock Units subject hereto shall terminate and be cancelled as of the last day of the Performance Period. If either (but not both) the Licensing Segment Earnings from Operations Threshold or the Earnings from Operations Threshold is not met for the Performance Period (and Section 3(C) does not apply), fifty percent (50%) of the total number of Restricted Stock Units subject to this Award (rounded to the nearest whole number) shall terminate and be cancelled as of the last day of the Performance Period.

E. For purposes of this Award, “Disabled” and “Disability” shall (i) have the meaning defined under the Company’s then-current long-term disability insurance plan, policy, program or contract as entitles the Grantee to payment of disability benefits thereunder, or (ii) if there shall be no such plan, policy, program or contract, mean permanent and total disability as defined in Section 22(e)(3) of the Code.

For purposes of this Award, “Licensing Segment Earnings from Operations” means: the Company’s earnings from operations derived from the Company’s Licensing Segment for the Performance Period as calculated in accordance with generally accepted accounting principles (“GAAP”), but adjusted (without duplication and to the extent that the particular item would have otherwise impacted Licensing Segment Earnings from Operations for such period) to exclude the financial statement impact of the following items: (a) any positive or negative charges or accruals incurred for the Performance Period for litigation matters, but only where such charges or accruals for any particular matter exceed $500,000 for the Performance Period, (b) any professional service and legal fees and related costs excluded from the Company’s adjusted results for the Performance Period, as reflected in the Company’s press release financials for such period, (c) reorganization charges incurred for the Performance Period, including employee severance related costs, store and other real estate closure related costs and professional fees, (d) impairment charges (including, but not limited to stores, ROU, goodwill and other assets), (e) changes in accounting standards or methods that are implemented during the Performance Period in accordance with GAAP (to the extent not taken into account by the Committee when it established the goals), and (f) acquisitions, costs associated with such acquisitions, and the costs incurred in connection with potential acquisitions that are required to be expensed under GAAP, in each case for the Performance Period.

For purposes of this Award, “Earnings from Operations” means: total Company earnings from operations for the Performance Period as calculated in accordance with GAAP, but adjusted (without duplication and to the extent that the particular item would have otherwise impacted Earnings from Operations for such period) to exclude the financial statement impact of the following items: (a) any positive or negative charges or accruals incurred for the Performance Period for litigation matters, but only where such charges or accruals for any particular matter exceed $500,000 for the Performance Period, (b) any professional service and legal fees and related costs excluded from the Company’s adjusted results for the Performance Period, as reflected in the Company’s press release financials for such period, (c) reorganization charges incurred for the Performance Period, including employee severance related costs, store and other real estate closure related costs and professional fees, (d) impairment charges (including, but not limited to stores, ROU, goodwill and other assets), (e) changes in accounting standards or methods that are implemented during the Performance Period in accordance with GAAP (to the extent not taken into account by the Committee when it established the goals), and (f) acquisitions, costs associated with such acquisitions, and the costs incurred in connection with potential acquisitions that are required to be expensed under GAAP, in each case for the Performance Period.

4. Dividend Equivalents. If a cash dividend is paid with respect to the Common Stock while any Restricted Stock Units subject to the Award are outstanding, the Grantee shall be credited with an amount in cash equal to the dividends the Grantee would have received if he had been the owner of the shares of Common Stock subject to such outstanding Restricted Stock Units; provided, however, that no amount shall be credited with respect to shares that have been delivered to the Grantee as of the applicable dividend record date. Any amounts credited under this Section 4 ("Dividend Equivalents") shall be subject to the same terms and conditions as the Restricted Stock Units to which they relate and shall vest and be paid (or, if applicable, be forfeited) at the same time as the Restricted Stock Units to which they relate.

5. Delivery of Shares. The Company shall deliver or cause to be delivered to the Grantee the number of Award Shares subject to the First Tranche that vest pursuant to the terms hereof in connection with the end of the Performance Period within ten days following certification by the Committee of the satisfaction of the performance criteria set forth in Section 3(B) (and in no event later than 74 days following the end of the Performance Period), and in all other cases in which one or more Restricted Stock units subject to the Award become vested the Company shall deliver or cause to be delivered to the Grantee the number of Award Shares that vested on the applicable vesting date under this Agreement on (or within three business days following, unless vesting is triggered by the Grantee's death or Disability in which case the applicable period will be within 74 days following) the applicable vesting date. Any Dividend Equivalents described in Section 4 above related to such Award Shares shall be paid in cash at the same time as the delivery of the Award Shares under this Section 5.

6. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Company's Common Stock contemplated by Section 16(b) of the Plan, the Committee will make adjustments, if appropriate, in the number of Restricted Stock Units and the number and kind of securities subject to the Award.

7. Effect of Certain Cessations of Service. The continued Service vesting requirement set forth under Section 3(A) of this Award shall be deemed to be satisfied, and any then-outstanding Restricted Stock Units shall be deemed vested, in the event of the Grantee's Disability or death while in Service. For purposes of clarity, any Restricted Stock Units that vest pursuant to the preceding sentence shall still be paid at the applicable time set forth in Section 5. If the Grantee's Service terminates for any other reason, this Award and the Restricted Stock Units subject hereto, to the extent outstanding and unvested as of the date of such termination of Service, shall terminate and be cancelled as of the date of such termination of Service. Sections 14(a) and 14(b) of the Plan shall not apply to the Award.

8. Change in Control. Notwithstanding anything to the contrary in Section 3, Section 5 or Section 7 of this Agreement or any provision of the Plan, the following provisions shall apply upon a Change in Control:

   A. If a Change in Control occurs and the then-outstanding and unvested portion of this Award is not continued following such event or assumed or converted into restricted stock units of any successor entity to the Company or a parent thereof (the "Successor Entity"), the continued Service vesting requirement set forth under Section 3(A) of this Award shall be deemed to be satisfied, and the outstanding

Restricted Stock Units subject to such portion shall be deemed vested, upon such Change in Control.

B. If the then-outstanding and unvested portion of this Award is continued following such event or is assumed or converted into restricted stock units of any Successor Entity, the continued Service requirement set forth in Section 3(A) above (and the accelerated vesting provisions set forth in Section 7 above) shall continue to apply following such Change in Control.

9. Restrictions on Transfer. The Grantee may not sell, assign, transfer, pledge, encumber or otherwise alienate, hypothecate or dispose of this Award or the Grantee's right hereunder to receive Award Shares, except as otherwise provided in the Committee's sole discretion consistent with the Plan and applicable securities laws.

10. Taxes.

A. The settlement of this Award is conditioned on the Grantee making arrangements reasonably satisfactory to the Company for the withholding of all applicable federal, state, local or foreign taxes as may be required under applicable law.

B. It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) ("Code Section 409A") so as not to subject the Grantee to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Grantee.

C. If the Grantee is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Grantee's "separation from service" (as such term is defined for purposes of Code Section 409A), the Grantee shall not be entitled to any payment or benefit pursuant to this Award until the earlier of (i) the date which is six (6) months after the Grantee's separation from service for any reason other than death, or (ii) the date of the Grantee's death. The provisions of this Section 10(C) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A. Any amounts otherwise payable to the Grantee upon or in the six (6) month period following the Grantee's separation from service that are not so paid by reason of this Section 10(C) shall be paid (without interest, except as otherwise provided for in Section 8(A)) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Grantee's separation from service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Grantee's death). For avoidance of doubt, Dividend Equivalents under Section 4 shall continue to be credited during the period of such six-month delay until the vested Restricted Stock Units are actually settled.

11. Compliance. The Grantee hereby agrees to cooperate with the Company, regardless of Grantee's employment status with the Company, to the extent necessary for the Company

to comply with applicable state and federal laws and regulations relating to the Restricted Stock Units.

12. Notices. Any notice required or permitted under this Agreement shall be deemed given when personally delivered, or when deposited in a United States Post Office, postage prepaid, addressed, as appropriate, to the Grantee either at the address on record with the Company or such other address as may be designated by Grantee in writing to the Company; or to the Company, Attention: Stock Plan Administration, 1444 South Alameda Street, Los Angeles, California 90021, or such other address as the Company may designate in writing to the Grantee.

13. Failure to Enforce Not a Waiver. The failure of the Company or the Grantee to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

14. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware, without regard to Delaware or other laws that might cause other law to govern under applicable principles of conflicts of law. For purposes of litigating any dispute that arises under this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation shall be conducted in the courts of Los Angeles County, or the federal courts for the United States for the Central District of California, and no other courts, where this Agreement is made and/or to be performed.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units awarded under the Plan or future restricted stock or restricted stock units that may be awarded under the Plan by electronic means or request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Amendments. This Agreement may be amended or modified at any time by an instrument in writing signed by both parties.

18. Agreement Not a Contract of Employment. Neither the grant of the Restricted Stock Units, this Agreement nor any other action taken in connection herewith shall constitute or be evidence of any agreement or understanding, express or implied, that the Grantee is an employee of the Company or any subsidiary of the Company.

19. Committee's Powers. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

20. <u>Termination of this Agreement</u>. Upon termination of this Agreement, all rights of the Grantee hereunder shall cease.

21. <u>Clawback Policy</u>. This Award is subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Award or any shares of Common Stock or other cash or property received with respect to the Award (including any value received from a disposition of the shares acquired in respect of the Award).

*[The remainder of this page has intentionally been left blank.]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed on its behalf by a duly authorized officer and the Grantee has hereunto set his or her hand as of the date and year first above written.

**GUESS?, INC.,**
**a Delaware corporation**

By: /s/ Jason T. Miller

Print Name: Jason T. Miller

Its: General Counsel and Secretary

**GRANTEE**

/s/ Paul Marciano
*Signature*

Paul Marciano
*Print Name*

Exhibit 10.6

# RESTRICTED STOCK UNIT AGREEMENT

This **RESTRICTED STOCK UNIT AGREEMENT** (this "Agreement"), dated as of **June 30, 2021** (the "Date of Grant"), is entered into by and between GUESS?, INC., a Delaware corporation (the "Company"), and **Kathryn Anderson** (the "Grantee").

## RECITALS

**WHEREAS**, the Company maintains the Guess?, Inc. 2004 Equity Incentive Plan (as Amended and Restated as of May 19, 2017) (the "Plan").

**WHEREAS**, the Compensation Committee of the Company's Board (the "Committee") has determined to grant a restricted stock unit award (this "Award") to the Grantee under the Plan in order to increase Grantee's participation in the success of the Company;

**NOW, THEREFORE**, the parties hereto agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan, except where a capitalized term is defined in the Offer Letter between the Company and the Grantee, dated October 23, 2019, as amended (the "Offer Letter"), and this Agreement indicates the definition used in the Offer Letter shall apply for purposes of this Agreement as well. This Award and all rights of the Grantee under this Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. Except as specifically provided in this Agreement, in the event of any conflict or inconsistency between the Plan and this Agreement, the Plan shall govern.

2. Grant of Restricted Stock Units. The Company hereby grants to the Grantee as of the Date of Grant (set forth above) a right to receive **15,625** shares of the Company's common stock subject to the terms, conditions, and restrictions set forth herein (the "Restricted Stock Units"). As used herein, the term "Restricted Stock Unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Company's common stock, par value $0.01 per share (the "Common Stock") solely for purposes of the Plan and this Agreement. The Restricted Stock Units shall be used solely as a device for the determination of the number of shares of Common Stock to eventually be delivered to the Grantee if such Restricted Stock Units vest pursuant to this Agreement. The Restricted Stock Units shall not be treated as property or as a trust fund of any kind. The Grantee shall have no rights as a shareholder of the Company, no dividend rights (except as expressly provided in Section 4 with respect to Dividend Equivalent Rights) and no voting rights with respect to the Restricted Stock Units and any shares of Common Stock underlying or issuable in respect of such Restricted Stock Units ("Award Shares") until such shares of Common Stock are actually issued to and held of record by the Grantee. This Award, together with the other equity awards granted by the Company to the Grantee on or about the Date of Grant, is in complete satisfaction of the Grantee's right to receive stock options or other equity-based awards from the Company with respect to the Company's 2022 fiscal year.

3. Vesting.

A. If the Earnings from Operations Threshold (as determined pursuant to Section 3(B)) is achieved for the Performance Period then, except as otherwise expressly provided in Sections 7 and 8 herein, this Award shall vest as to (i) one-fourth of the Restricted Stock Units on **January 30, 2022** (the "First Tranche"), (ii) one-fourth of the Restricted Stock Units on **January 30, 2023** (the "Second Tranche"), (iii) one-fourth of the Restricted Stock Units on **January 30, 2024** (the "Third Tranche"), and (iv) one-fourth of the Restricted Stock Units on **January 30, 2025** (the "Fourth Tranche"); provided that Grantee has been continuously in Service with the Company from the Date of Grant through each applicable vesting date. Except as specifically provided herein, employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting. As used herein, the term "Service" means employment by the Company or a Subsidiary (the date that the Grantee's Service terminates is referred to as the "Severance Date").

B. No portion of this Award shall vest notwithstanding satisfaction of the continued Service requirement for vesting described in Section 3(A) above unless the Committee certifies, following the end of the Company's 2022 fiscal year, that the Company achieved Earnings from Operations (as defined below) for the Performance Period equal to or above the level established by the Committee with respect to the Award in connection with the grant of the Award (the "Earnings from Operations Threshold").

C. If either a Change in Control or the death or Disability (as defined below) of the Grantee occurs before the last day of the Performance Period, the performance-based requirements of Sections 3(A) and 3(B) shall be deemed met as of the date of such event.

D. If the Earnings from Operations Threshold is not met for the Performance Period (and Section 3(C) does not apply), this Award and the Restricted Stock Units subject hereto shall terminate and be cancelled as of the last day of the Performance Period.

E. For purposes of this Award, "Disabled" and "Disability" shall (i) have the meaning defined under the Company's then-current long-term disability insurance plan, policy, program or contract as entitles the Grantee to payment of disability benefits thereunder, or (ii) if there shall be no such plan, policy, program or contract, mean permanent and total disability as defined in Section 22(e)(3) of the Code.

For purposes of this Award, "Earnings from Operations" means: total Company earnings from operations for the Performance Period as calculated in accordance with GAAP, but adjusted (without duplication and to the extent that the particular item would have otherwise impacted Earnings from Operations for such period) to exclude the financial statement impact of the following items: (a) any positive or negative charges or accruals incurred for the Performance Period for litigation matters, but only where such charges or accruals for any particular matter exceed $500,000 for the Performance Period, (b) any professional service and legal fees and related costs excluded from the Company's adjusted results for the

Performance Period, as reflected in the Company's press release financials for such period, (c) reorganization charges incurred for the Performance Period, including employee severance related costs, store and other real estate closure related costs and professional fees, (d) impairment charges (including, but not limited to stores, ROU, goodwill and other assets), (e) changes in accounting standards or methods that are implemented during the Performance Period in accordance with GAAP (to the extent not taken into account by the Committee when it established the goals), and (f) acquisitions, costs associated with such acquisitions, and the costs incurred in connection with potential acquisitions that are required to be expensed under GAAP, in each case for the Performance Period.

4. Dividend Equivalents. If a cash dividend is paid with respect to the Common Stock while any Restricted Stock Units subject to the Award are outstanding, the Grantee shall be credited with an amount in cash equal to the dividends the Grantee would have received if he had been the owner of the shares of Common Stock subject to such outstanding Restricted Stock Units; provided, however, that no amount shall be credited with respect to shares that have been delivered to the Grantee as of the applicable dividend record date. Any amounts credited under this Section 4 ("Dividend Equivalents") shall be subject to the same terms and conditions as the Restricted Stock Units to which they relate and shall vest and be paid (or, if applicable, be forfeited) at the same time as the Restricted Stock Units to which they relate.

5. Delivery of Shares. The Company shall deliver or cause to be delivered to the Grantee the number of Award Shares subject to the First Tranche that vest in connection with the end of the Performance Period pursuant to the terms hereof within ten days following certification by the Committee of the satisfaction of the performance criteria set forth in Section 3(B) (and in no event later than 74 days following the end of the Performance Period), and in all other cases in which one or more Restricted Stock units subject to the Award become vested the Company shall deliver or cause to be delivered to the Grantee the number of Award Shares that vested on the applicable vesting date under this Agreement on (or within three business days following, unless vesting is triggered by the Grantee's death or Disability or other separation from Service in which case the applicable period will be within 74 days following) the applicable vesting date. Any Dividend Equivalents described in Section 4 above related to such Award Shares shall be paid in cash at the same time as the delivery of the Award Shares under this Section 5.

6. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Company's Common Stock contemplated by Section 16(b) of the Plan, the Committee will make adjustments, if appropriate, in the number of Restricted Stock Units and the number and kind of securities subject to the Award.

7. Effect of Certain Cessations of Service. If the Grantee's Service terminates for any reason, this Award and the Restricted Stock Units subject hereto, to the extent outstanding and unvested as of the date of such termination of Service, shall terminate and be cancelled as of the date of such termination of Service. Sections 14(a) and 14(b) of the Plan shall not apply to the Award.

8. Change in Control. Notwithstanding anything to the contrary in Section 3, Section 5 or Section 7 of this Agreement or any provision of the Plan, the following provisions shall apply upon a Change in Control:

A. If a Change in Control occurs and the then-outstanding and unvested portion of this Award is not continued following such event or assumed or converted into restricted stock units of any successor entity to the Company or a parent thereof (the "Successor Entity"), the continued Service vesting requirement set forth under Section 3(A) of this Award shall be deemed to be satisfied, and the outstanding Restricted Stock Units subject to such portion shall be deemed vested, upon such Change in Control.

B. If the then-outstanding and unvested portion of this Award is continued following such event or is assumed or converted into restricted stock units of any Successor Entity, the continued Service requirement set forth in Section 3(A) above shall continue to apply following such Change in Control.

9. Restrictions on Transfer. The Grantee may not sell, assign, transfer, pledge, encumber or otherwise alienate, hypothecate or dispose of this Award or the Grantee's right hereunder to receive Award Shares, except as otherwise provided in the Committee's sole discretion consistent with the Plan and applicable securities laws.

10. Taxes.

A. The settlement of this Award is conditioned on the Grantee making arrangements reasonably satisfactory to the Company for the withholding of all applicable federal, state, local or foreign taxes as may be required under applicable law.

B. It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) ("Code Section 409A") so as not to subject the Grantee to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Grantee.

C. If the Grantee is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Grantee's "separation from service" (as such term is defined for purposes of Code Section 409A), the Grantee shall not be entitled to any payment or benefit pursuant to this Award until the earlier of (i) the date which is six (6) months after the Grantee's separation from service for any reason other than death, or (ii) the date of the Grantee's death. The provisions of this Section 10(C) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A. Any amounts otherwise payable to the Grantee upon or in the six (6) month period following the Grantee's separation from service that are not so paid by reason of this Section 10(C) shall be paid (without interest, except as otherwise provided for in Section 8(A)) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Grantee's separation from service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Grantee's death). For avoidance of doubt, Dividend Equivalents under Section 4 shall continue to be credited during the period of such six-month delay until the vested Restricted Stock Units are actually settled.

11. Compliance. The Grantee hereby agrees to cooperate with the Company, regardless of Grantee's employment status with the Company, to the extent necessary for the Company to comply with applicable state and federal laws and regulations relating to the Restricted Stock Units.

12. Notices. Any notice required or permitted under this Agreement shall be deemed given when personally delivered, or when deposited in a United States Post Office, postage prepaid, addressed, as appropriate, to the Grantee either at the address on record with the Company or such other address as may be designated by Grantee in writing to the Company; or to the Company, Attention: Stock Plan Administration, 1444 South Alameda Street, Los Angeles, California 90021, or such other address as the Company may designate in writing to the Grantee.

13. Failure to Enforce Not a Waiver. The failure of the Company or the Grantee to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

14. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware, without regard to Delaware or other laws that might cause other law to govern under applicable principles of conflicts of law. For purposes of litigating any dispute that arises under this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation shall be conducted in the courts of Los Angeles County, or the federal courts for the United States for the Central District of California, and no other courts, where this Agreement is made and/or to be performed.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units awarded under the Plan or future restricted stock or restricted stock units that may be awarded under the Plan by electronic means or request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Amendments. This Agreement may be amended or modified at any time by an instrument in writing signed by both parties.

18. Agreement Not a Contract of Employment. Neither the grant of the Restricted Stock Units, this Agreement nor any other action taken in connection herewith shall constitute or be evidence of any agreement or understanding, express or implied, that the Grantee is an employee of the Company or any subsidiary of the Company.

19. Committee’s Powers. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

20. Termination of this Agreement. Upon termination of this Agreement, all rights of the Grantee hereunder shall cease.

21. Clawback Policy. This Award is subject to the terms of the Company’s recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Award or any shares of Common Stock or other cash or property received with respect to the Award (including any value received from a disposition of the shares acquired in respect of the Award).

*[The remainder of this page has intentionally been left blank.]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed on its behalf by a duly authorized officer and the Grantee has hereunto set his or her hand as of the date and year first above written.

**GUESS?, INC.,**
**a Delaware corporation**

By: /s/ Jason T. Miller

Print Name: Jason T. Miller

Its: General Counsel and Secretary

**GRANTEE**

/s/ Kathryn Anderson
*Signature*

Kathryn Anderson
*Print Name*

Exhibit 10.7

# PERFORMANCE SHARE AWARD AGREEMENT (TSR)

This **PERFORMANCE SHARE AWARD AGREEMENT** (this "Agreement"), dated as of **June 30, 2021** (the "Date of Grant"), is entered into by and between GUESS?, INC., a Delaware corporation (the "Company"), and **Kathryn Anderson** (the "Grantee").

## RECITALS

**WHEREAS**, the Company maintains the Guess?, Inc. 2004 Equity Incentive Plan (as Amended and Restated as of May 19, 2017) (the "Plan").

**WHEREAS**, the Compensation Committee of the Company's Board (the "Committee") has determined to grant performance-based restricted stock units (this "Award") to the Grantee under the Plan in order to increase Grantee's participation in the success of the Company;

**NOW, THEREFORE**, the parties hereto agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan, except where a capitalized term is defined in the Offer Letter between the Company and the Grantee, dated October 23, 2019, as amended (the "Offer Letter"), and this Agreement indicates the definition used in the Offer Letter shall apply for purposes of this Agreement as well. This Award and all rights of the Grantee under this Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. Except as specifically provided in this Agreement, in the event of any conflict or inconsistency between the Plan and this Agreement, the Plan shall govern.

2. Grant of Restricted Stock Units. The Company hereby grants to the Grantee as of the Date of Grant (set forth above) a right to receive a "target" of **23,217** shares of the Company's common stock subject to the terms, conditions, and restrictions set forth herein (the "Restricted Stock Units," and such target number of Restricted Stock Units, the "Target Number of Restricted Stock Units"). As used herein, the term "Restricted Stock Unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Company's common stock, par value $0.01 per share (the "Common Stock"), solely for purposes of the Plan and this Agreement. The Restricted Stock Units shall be used solely as a device for the determination of the number of shares of Common Stock to eventually be delivered to the Grantee if such Restricted Stock Units vest pursuant to this Agreement. The Restricted Stock Units shall not be treated as property or as a trust fund of any kind. The Grantee shall have no rights as a shareholder of the Company, no dividend rights (except as expressly provided in Section 4 with respect to Dividend Equivalent rights) and no voting rights with respect to the Restricted Stock Units and any shares of Common Stock underlying or issuable in respect of such Restricted Stock Units ("Award Shares") until such shares of Common Stock are actually issued to and held of record by the Grantee. This Award, together with the other equity awards granted by the Company to the Grantee on or about the Date of Grant, is in

complete satisfaction of the Grantee's right to receive stock options or other equity-based awards from the Company with respect to the Company's 2022 fiscal year.

3. Vesting.

A. Subject to Section 3(B) below and except as otherwise expressly provided in Sections 7 and 8 herein, this Award shall vest and become nonforfeitable on the last day of the Performance Period (as defined below) (the "Vesting Date"); provided that the Grantee has been continuously in Service with the Company from the Date of Grant through the Vesting Date. Except as specifically provided herein, Service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting. The number of Restricted Stock Units subject to this Award that vest will be equal to the Target Number of Restricted Stock Units multiplied by a "Vesting Percentage" determined based on the Company's TSR Percentile (as defined below) for the Performance Period in accordance with the following table:

| **TSR Percentile for the Performance Period** | **Vesting Percentage** |
|---|---|
| Below 25th TSR Percentile | 0% |
| 25th TSR Percentile | 25% |
| 50th TSR Percentile | 100% |
| 75th TSR Percentile and Above | 150% |

If the Company's TSR Percentile for the Performance Period is between two points in the preceding table, the Vesting Percentage will be determined by linear interpolation between the Vesting Percentages for those two levels. In no event will the Vesting Percentage be greater than one hundred fifty percent (150%).

Not later than seventy four (74) days after the end of the Performance Period, the Committee will certify, by resolution or other appropriate action in writing, the Vesting Percentage that has been achieved and the number of Restricted Stock Units that vest pursuant to this Section 3(A) (or Sections 7 and 8, as applicable) based on the satisfaction of the performance criteria above. Such number of Restricted Stock Units that vest will be rounded to the nearest whole unit and are referred to herein as the "Vested Restricted Stock Units." Restricted Stock Units that are not Vested Restricted Stock Units, after giving effect to the foregoing provisions and Section 3(B), as of the last day of the Performance Period shall immediately terminate and be cancelled. As used herein, the term "Service" means employment by the Company or a Subsidiary.

B. Notwithstanding anything to the contrary in this Agreement, the number of Restricted Stock Units subject to this Award that become Vested Restricted Stock Units shall not exceed the number of Restricted Stock Units determined by dividing $2,062,500 by the Fair Market Value of a share of Common Stock on the applicable vesting date. In the event that such limit is exceeded, the number of Restricted Stock Units that would otherwise be Vested Restricted Stock Units pursuant to

Section 3(A) shall be reduced to the extent necessary such that the actual number of Vested Restricted Stock Units does not exceed such limit.

C. For purposes of this Award, the following definitions shall apply:

i. "Performance Period" means the period of time beginning with the Date of Grant and ending with the last day of the Company's fiscal year 2024.

ii. "TSR Percentile" means the percentile ranking of the Company's TSR among the TSRs for the Company Peer Group members for the Performance Period.

iii. "TSR" means total shareholder return and shall be determined with respect to the Company and any other Company Peer Group member by dividing: (a) the sum of (1) the difference obtained by subtracting the applicable Beginning Price from the applicable Ending Price plus (2) all dividends and other distributions as to which the ex-dividend date occurs during the Performance Period (for purposes of clarity, without duplicating any dividends and other distributions as to which the ex-dividend date occurs during the period of twenty (20) consecutive trading days ending on the last trading day of the Performance Period that are taken into account in the determination of Ending Price) by (b) the Beginning Price. Any non-cash distributions shall be ascribed such dollar value as may be determined by or at the direction of the Committee. For the purpose of determining TSR, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the corresponding ex-dividend date.

iv. "Beginning Price" means, with respect to the Company and any other Company Peer Group member, the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for the twenty (20) consecutive trading days beginning with the Date of Grant. For the purpose of determining Beginning Price, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the corresponding ex-dividend date.

v. "Ending Price" means, with respect to the Company and any other Company Peer Group member, the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for the twenty (20) consecutive trading days ending on the last trading day of the Performance Period. For the purpose of determining Ending Price, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the corresponding ex-dividend date.

vi. "Company Peer Group" means the Company and each of the following companies:

| | |
|---|---|
| Abercrombie & Fitch Co. | American Eagle Outfitters, Inc. |

| | |
|---|---|
| Capri Holdings | The Gap, Inc. |
| Chico’s FAS, Inc. | Levi Straus and Co. |
| The Children’s Place, Inc. | lululemon athletica inc. |
| Columbia Sportswear Company | PVH Corp. |
| Deckers Outdoor Corporation | Ralph Lauren Corporation |
| Express, Inc. | Tapestry, Inc. |
| Fossil Group, Inc. | Urban Outfitters, Inc. |

The Company Peer Group shall be subject to adjustment by the Committee for changes that occur prior to the end of the Performance Period as follows: In the event of a merger or other business combination of a Company Peer Group member (including, without limitation, the acquisition of a Company Peer Group member, or all or substantially all of its assets, by a separate entity), such Company Peer Group member shall be excluded from the Company Peer Group; provided, however, that in the event of a merger or other business combination of two Company Peer Group members (including, without limitation, the acquisition of one Company Peer Group member, or all or substantially all of its assets, by another Company Peer Group member), the surviving, resulting or successor entity, as the case may be, shall continue to be treated as a member of the Company Peer Group, provided that the common stock (or similar equity security) of such entity is listed or traded on a national securities exchange as of the end of the Performance Period. In the event a member of the Company Peer Group files for bankruptcy or liquidates, such company shall continue to be treated as a Company Peer Group member; provided that such company’s Ending Price will be treated as $0 if the company is no longer listed or traded on a national securities exchange as of the end of the Performance Period. Other than as provided above, in the event that the common stock (or similar equity security) of a Company Peer Group member is otherwise not listed or traded on a national securities exchange at the end of the Performance Period, such entity shall be excluded from the Company Peer Group.

With respect to the computation of TSR, Beginning Price, and Ending Price, there shall also be an equitable and proportionate adjustment to the extent (if any) necessary to preserve the intended incentives of this Award and mitigate the impact of any stock split, stock dividend or reverse stock split occurring during the Performance Period (or during the applicable 20-day period in determining Beginning Price or Ending Price, as the case may be). The Committee’s determination of whether such an adjustment is required (and the extent of any such adjustment) shall be final and binding.

4. Dividend Equivalents. If a cash dividend is paid with respect to the Common Stock during the Performance Period and while any Restricted Stock Units subject to this Award are outstanding, the Grantee shall be credited with an amount in cash equal to the dividends the Grantee would have received if he had been the owner of the shares of Common Stock subject to the outstanding Target Number of Restricted Stock Units; provided, however, that no amount shall be credited with respect to shares that have been delivered to the Grantee as of the applicable dividend record date. Any amounts credited under this Section

4 ("Dividend Equivalents") shall be subject to the same terms and conditions as the Restricted Stock Units to which they relate (including, without limitation, application of the applicable Vesting Percentage) and shall vest and be paid (or, if applicable, be forfeited) at the same time as the Restricted Stock Units to which they relate.

5. Delivery of Shares. The Company shall deliver or cause to be delivered to the Grantee the number of Award Shares subject to any Restricted Stock Units that vest pursuant to the terms hereof as soon as administratively practicable after (and in no event later than 74 days following) the corresponding date on which such Restricted Stock Units vest (whether on the Vesting Date or the applicable date of vesting pursuant to Section 7 or Section 8). Any Dividend Equivalents described in Section 4 above related to such Award Shares shall be paid in cash at the same time as the delivery of the Award Shares under this Section 5.

6. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Company's Common Stock contemplated by Section 16(b) of the Plan, the Committee will make adjustments, if appropriate, in the number of Restricted Stock Units and the number and kind of securities subject to this Award.

7. Effect of Certain Cessations of Service.

A. If, at any time prior to the Vesting Date, the Grantee's Service is terminated by the Company without "Cause" (as defined in the Offer Letter), by the Grantee for "Good Reason" (as defined in the Offer Letter), (such termination of employment, a "Qualifying Termination"), and such a Qualifying Termination occurs outside the Change in Control Window described in Section 7(B) below, the Target Number of Restricted Stock Units shall be pro-rated by multiplying the Target Number of Restricted Stock Units by the "Equity Award Pro-Rata Fraction." For purposes of this Award, the "Equity Award Pro-Rata Fraction" means the fraction obtained by dividing (i) the total number of days the Grantee was employed by the Company between the first day of the Performance Period and the date of the termination of the Grantee's employment, by (ii) the total number of days in the Performance Period. Such pro-rated number of Target Number of Restricted Stock Units shall remain outstanding and eligible to vest on the Vesting Date based on the Vesting Percentage determined under Section 3(A) as though the Grantee's employment had not been terminated. If a Change in Control occurs after the date of the Qualifying Termination and before the Vesting Date, Section 8(A) shall apply to the Award, and the pro-rata vesting provision of this Section 7(A) shall be given effect in calculating the number of Restricted Stock Units that vest on the Change in Control. If a Change in Control occurs before the date of the Qualifying Termination and a Qualifying Termination occurs before the Vesting Date, the pro-rata vesting provision of this Section 7(A) shall be given effect after taking Section 8 into account, and any Restricted Stock Units that vest as a result shall vest as of the Qualifying Termination.

B. If, at any time prior to the Vesting Date, the Grantee's Service is terminated in a Qualifying Termination that occurs within twelve (12) months before, upon, or within two (2) years after a Change in Control (such period, the "Change in Control Window"), Section 8(C) below shall apply to the Award (and in such circumstances Section 7(A) shall not apply to the Award).

C. If, at any time prior to the Vesting Date, the Grantee’s Service is terminated due to the Grantee’s death or “Disability”, the Target Number of Restricted Stock Units shall be pro-rated by multiplying the Target Number of Restricted Stock Units by the Equity Award Pro-Rata Fraction. Such pro-rated number of Target Number of Restricted Stock Units shall remain outstanding and eligible to vest on the Vesting Date based on the Vesting Percentage determined under Section 3(A) as though the Grantee’s employment had not been terminated. If a Change in Control occurs after the date of such a termination of Service and before the Vesting Date, Section 8(A) shall apply to the Award, and the pro-rata vesting provision of this Section 7(C) shall be given effect in calculating the number of Restricted Stock Units that vest on the Change in Control. If a Change in Control occurs before the date of such a termination of Service and such a termination of Service occurs before the Vesting Date, the pro-rata vesting provision of this Section 7(C) shall be given effect after taking Section 8 into account, and any Restricted Stock Units that vest as a result shall vest as of the date of such termination of Service.

D. If the Grantee’s Service terminates for any other reason, this Award and the Restricted Stock Units subject hereto, to the extent outstanding and unvested as of the date of such termination of Service, shall terminate and be cancelled as of the date of such termination of Service. Sections 14(a) and 14(b) of the Plan shall not apply to this Award.

8. Change in Control. Notwithstanding anything to the contrary in Section 3, Section 5 or Section 7 of this Agreement or any provision of the Plan, the following provisions shall apply upon a Change in Control:

A. If a Change in Control occurs and this Award (to the extent outstanding) is not continued following such event or assumed or converted into restricted stock units of any successor entity to the Company or a parent thereof (the “Successor Entity”), this Award will vest as of the date of such Change in Control with respect to a number of Restricted Stock Units determined as follows:

i. If the Change in Control occurs during the Company’s 2022 fiscal year, this Award shall be become vested as to the Target Number of Restricted Stock Units.

ii. If the Change in Control occurs during the Company’s 2023 fiscal year or 2024 fiscal year, the number of Restricted Stock Units subject to this Award that vest in accordance with this Section 8(A)(ii) shall be determined as though the Performance Period ended as of the date of the Change in Control, and the Vesting Percentage under Section 3(A) shall be determined based on actual TSR performance for such shortened performance period.

The foregoing provisions do not supersede Section 7(D) to the extent the Grantee’s Service to the Company terminates and such provision is triggered prior to a Change in Control.

B. If this Award (to the extent then outstanding) is continued following a Change in Control or is assumed or converted into restricted stock units of any Successor Entity, the number of Restricted Stock Units subject to this Award shall be adjusted as provided in the next sentence, and such adjusted number of Restricted Stock Units shall remain eligible to vest on the Vesting Date in accordance with this Section 8(B). In such circumstances, the number of Restricted Stock Units subject to this Award shall be adjusted in connection with the Change in Control as follows:

i. If the Change in Control occurs during the Company’s 2022 fiscal year, the number of Restricted Stock Units subject to this Award that shall remain eligible to vest in accordance with this Section 8(B) shall be equal to the Target Number of Restricted Stock Units.

ii. If the Change in Control occurs during the Company’s 2023 fiscal year or 2024 fiscal year, the number of Restricted Stock Units subject to this Award that shall remain eligible to vest in accordance with this Section 8(B) shall be determined as though the Performance Period ended as of the date of the Change in Control, and the Vesting Percentage under Section 3(A) shall be determined based on actual TSR performance for such shortened performance period.

In such circumstances, the performance-based vesting conditions of Section 3(A) shall no longer apply to this Award (except as expressly provided above to the extent applicable in making the adjustment provided for in Section 8(B)(ii) above, if applicable), and the number of Restricted Stock Units subject to this Award (as so adjusted pursuant to Section 8(B)(i) or (ii) above, as applicable) shall remain eligible to vest on the original Vesting Date (without such date being modified due to the occurrence of the Change in Control), subject to the Grantee remaining continuously in Service with the Company following such Change in Control through the Vesting Date (subject to the accelerated vesting provisions set forth in Section 7(A) and 7(C) above).

C. If the Grantee’s Service is terminated in a Qualifying Termination that occurs within the Change in Control Window, the Award shall vest (or shall be deemed to have vested) on the Change in Control (or, if later, the Qualifying Termination) as to one hundred percent (100%) of the number of Restricted Stock Units subject to the Award after applying Section 8(A) or Section 8(B), as applicable.

9. Restrictions on Transfer. The Grantee may not sell, assign, transfer, pledge, encumber or otherwise alienate, hypothecate or dispose of this Award or the Grantee’s right hereunder to receive Award Shares, except as otherwise provided in the Committee’s sole discretion consistent with the Plan and applicable securities laws.

10. Taxes.

A. Subject to the Company’s ability to comply with applicable laws, rules, and regulations, and unless the Grantee has provided in advance of the applicable withholding event sufficient cash to cover the applicable withholding obligations, upon any distribution of shares of Common Stock in respect of the Award, the Company shall automatically reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of whole shares, valued at their then fair market value (at the time of such withholding, based on the last closing price (in regular trading) of a share of the Company’s common stock on the New York

Stock Exchange available at the time of such withholding) to satisfy any withholding obligations (including both income tax and the Grantee's portion of employment tax withholding obligations) of the Company or its Subsidiaries with respect to such distribution of shares. In the event that the Company cannot legally satisfy such withholding obligations by such reduction of shares, or in the event of a cash payment or any other withholding event in respect of the Award, the Company shall be entitled to require a cash payment by or on behalf of the Grantee and/or to deduct from other compensation payable to the Grantee any sums required by federal, state or local tax law to be withheld with respect to such distribution or payment.

B. It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) ("Code Section 409A") so as not to subject the Grantee to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Grantee.

C. If the Grantee is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Grantee's "separation from service" (as such term is defined for purposes of Code Section 409A), the Grantee shall not be entitled to any payment or benefit pursuant to this Award until the earlier of (i) the date which is six (6) months after the Grantee's separation from service for any reason other than death, or (ii) the date of the Grantee's death. The provisions of this Section 10(C) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A. Any amounts otherwise payable to the Grantee upon or in the six (6) month period following the Grantee's separation from service that are not so paid by reason of this Section 10(C) shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Grantee's separation from service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Grantee's death).

11. Compliance. The Grantee hereby agrees to cooperate with the Company, regardless of Grantee's employment status with the Company, to the extent necessary for the Company to comply with applicable state and federal laws and regulations relating to the Restricted Stock Units.

12. Notices. Any notice required or permitted under this Agreement shall be deemed given when personally delivered, or when deposited in a United States Post Office, postage prepaid, addressed, as appropriate, to the Grantee either at the address on record with the Company or such other address as may be designated by Grantee in writing to the Company; or to the Company, Attention: Stock Plan Administration, 1444 South Alameda Street, Los Angeles, California 90021, or such other address as the Company may designate in writing to the Grantee.

13. Failure to Enforce Not a Waiver. The failure of the Company or the Grantee to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

14. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware, without regard to Delaware or other laws that might cause other law to govern under applicable principles of conflicts of law. For purposes of litigating any dispute that arises under this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation shall be conducted in the courts of Los Angeles County, or the federal courts for the United States for the Central District of California, and no other courts, where this Agreement is made and/or to be performed.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units awarded under the Plan or future restricted stock or restricted stock units that may be awarded under the Plan by electronic means or request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Amendments. This Agreement may be amended or modified at any time by an instrument in writing signed by both parties.

18. Agreement Not a Contract of Employment. Neither the grant of the Restricted Stock Units, this Agreement nor any other action taken in connection herewith shall constitute or be evidence of any agreement or understanding, express or implied, that the Grantee is an employee of the Company or any subsidiary of the Company.

19. Committee's Powers. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

20. Termination of this Agreement. Upon termination of this Agreement, all rights of the Grantee hereunder shall cease.

21. Clawback Policy. This Award is subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of this Award or any shares of Common Stock or other cash or property received with respect to this Award (including any value received from a disposition of the shares acquired in respect of this Award).

*[The remainder of this page has intentionally been left blank.]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed on its behalf by a duly authorized officer and the Grantee has hereunto set his or her hand as of the date and year first above written.

**GUESS?, INC.,**
**a Delaware corporation**

By: /s/ Jason T. Miller

Print Name: Jason T. Miller

Its: General Counsel and Secretary

**GRANTEE**

/s/ Kathryn Anderson
*Signature*

Kathryn Anderson
*Print Name*

Exhibit 10.8

# GUESS?, INC.
# ANNUAL INCENTIVE BONUS PLAN

## Section 1. Purposes

The purposes of the Guess?, Inc. Annual Incentive Bonus Plan (this “Plan”) are to (i) attract, retain and motivate selected officers and other key employees of Guess?, Inc., a Delaware corporation (the “Company”), and its Subsidiaries (as defined in Section 3(c) below), and (ii) to provide the Company with a structure to award incentives to achieve specific goals of the Company.

## Section 2. Administration and Interpretation

(a) This Plan shall be administered by the Compensation Committee (the “Committee”) of the Board of Directors of the Company (the “Board”), which shall consist of not less than two members of the Board. The Committee may designate all or any portion of its power and authority under this Plan to any sub-committee of the Committee or to any executive officer or executive officers of the Company (each an “Authorized Committee Designee”); provided that no such designation shall be permitted or effective with respect to any award to, or any other matter concerning, any individual who the Board has determined is an executive officer of the Company. An Authorized Committee Designee, to the extent provided by the Committee, shall have and may exercise all the power and authority of the Committee hereunder, subject to the limitations set forth in the immediately preceding sentence.

(b) The Committee shall have full power and authority to construe and interpret this Plan and may from time to time adopt such rules and regulations for carrying out this Plan as it may deem necessary or advisable. Any action taken by, or inaction of, the Committee relating or pursuant to this Plan and within its authority hereunder or under applicable law shall be within its absolute discretion and shall be conclusive and binding upon all persons. No member of the Committee, nor any person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any award made under this Plan), and all such persons shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, attorneys’ fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time. In making any determination or in taking or not taking any action under this Plan, the Committee may obtain and may rely upon the advice of experts, including employees and professional advisors to the Company. No director, officer or agent of the Company shall be liable for any such action or determination taken or made or omitted in good faith. The Committee may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company or to third parties.

**Section 3. Participation**

(a) Participation in this Plan during any fiscal year shall be limited to those officers and key employees of the Company and its Subsidiaries who, in the sole opinion of the Committee, are in a position to have a significant impact on the performance of the Company and who are selected by the Committee (such persons, “Participants”); provided that participation by an employee of a Subsidiary shall be subject to approval of this Plan by such Subsidiary’s Board of Directors, which approval shall constitute the Subsidiary’s agreement to pay, at the direction of the Committee, awards directly to its employees or to reimburse the Company for the cost of such participation in accordance with such provisions as may be adopted by the Company.

(b) Unless otherwise determined by the Committee in its sole and absolute discretion, or as provided in a Participant’s employment agreement with the Company, if a Participant ceases to be employed by the Company and/or its Subsidiaries prior to the date that an award is actually paid to the Participant under this Plan (regardless of the reason for such termination of employment, whether it occurred during or after the end of the applicable fiscal year, and whether or not the Participant had been employed for all or a portion of the applicable fiscal year), the Participant shall have no right as to such award and such award opportunity shall terminate (without payment) on such termination of the Participant’s employment. Unless otherwise determined by the Committee in its sole and absolute discretion, or as provided in a Participant’s employment agreement with the Company, in no event will a Participant be considered to have earned an award under this Plan (or any portion thereof) unless the Participant is employed by the Company or one of its Subsidiaries on the date that such award is actually paid to the Participant.

(c) The Committee has the authority to provide for the treatment of awards then-outstanding under this Plan in connection with a “Change in Control” of the Company (as that term is defined in the Company’s 2004 Equity Incentive Plan).

(d) The term “Subsidiary” shall mean any entity at least 50% of whose issued and outstanding voting stock or voting power is owned, directly or indirectly by the Company.

**Section 4. Determination of Incentive Awards**

(a) For each fiscal year, the Committee shall: (i) determine the Participants who are to be eligible to receive performance-based awards under this Plan during such year, (ii) notify each such Participant in writing concerning his or her selection for participation in this Plan for such year, (iii) select the Performance Criteria applicable to such year for each such Participant and (iv) establish, in terms of a formula or other methodology for each Participant, the Performance Goal and the amount of each award which may be earned for such year if such Performance Goal is achieved.

(b) The term “Performance Criteria” means the criteria or criterion that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant.

(c) The term “Performance Goal” means the goal(s) established by the Committee for the fiscal year based upon the Performance Criteria. The Performance Goal may be expressed in terms of consolidated Company performance or the performance of a Subsidiary, segment, division or business unit of the Company (or any combination of the foregoing) or otherwise.

(d) Unless otherwise provided by the Committee, actual financial performance shall be measured by reference to the Company’s financial records and the consolidated financial statements of the Company, to the extent applicable. The Committee may, in its sole discretion, (whether specified at the time it set the applicable Performance Goal(s) or otherwise) adjust the Performance Goal(s) and/or performance measurements to mitigate the unbudgeted impact of material, unusual or nonrecurring gains and losses, accounting changes, or other items determined appropriate by the Committee. The Committee is authorized at any time during or after the fiscal year to increase, reduce or eliminate the amount of an award payable to any Participant for any reason. The Committee may also provide that the Chief Executive Officer or Chairman of the Board shall have the discretion to increase or decrease the award otherwise payable to any Participant based upon the Participant’s individual performance during the fiscal year.

**Section 5. Awards**

(a) No later than 90 days after the last day of each fiscal year, the Committee shall determine awards to Participants for such fiscal year by comparing actual financial performance to the Performance Goal(s), Performance Criteria and amounts of awards adopted by the Committee for such year and taking into account such other factors as the Committee may consider to be relevant in the circumstances. Each award under this Plan shall be paid in cash promptly after the amount of the award has been determined; provided, that in all events, each award shall be paid no later than the 15th day of the third month following the Company’s first taxable year in which such award is no longer subject to a substantial risk of forfeiture unless a participant elects to defer payment if permitted by the Committee and on such terms as may be contained in the applicable deferred compensation plan or arrangement.

(b) No award under this Plan shall be considered as compensation in calculating any insurance, profit-sharing, retirement, or other benefit for which the recipient is eligible unless any such insurance, profit-sharing, retirement or other benefit is granted under a plan which expressly provided that incentive compensation shall be considered as compensation under such plan.

(c) There is no requirement that the maximum amount available for awards in any fiscal year be awarded, nor that an award will be granted to any particular Participant for any fiscal year. Any portion of any amount available for making awards for any fiscal year which shall not have been awarded, shall not carry over or increase the maximum amount of awards payable in any subsequent year.

(d) In the exercise of its discretion, the Committee may allow a Participant to elect to defer the receipt of all or any portion of an award under this Plan. Any such deferral shall be made pursuant to the terms and conditions set forth in any deferred compensation plan or arrangement adopted by the Company.

**Section 6. Death of Participant**

If the Committee provides that a Participant is entitled to the payment of an award hereunder but the Participant dies before such award is actually paid, such unpaid award shall be paid to the Participant's estate or legal representatives or, where the Committee has authorized the designation of beneficiaries, to such beneficiaries as may have been designated by the Participant, at the time that awards are payable to Participants generally under Section 5(a).

**Section 7. Non-Assignability and Contingent Nature of Rights**

No Participant, no person claiming through him or her, nor any other person shall have any right or interest in this Plan or its continuance, or in the payment of any award under this Plan, unless and until all the provisions of this Plan, the rules adopted thereunder, and restrictions and limitations on the award itself have been fully complied with. No rights under this Plan, contingent or otherwise, shall be transferable, assignable or subject to any pledge or encumbrance of any nature.

**Section 8. Source of Payments**

The Company shall not have any obligation to establish any separate fund or trust or other segregation of assets to provide for payments under this Plan. To the extent any person acquires any rights to receive payments hereunder from the Company, such rights shall be no greater than those of an unsecured creditor.

**Section 9. Tax Withholding**

The Company or a Subsidiary thereof, as appropriate, shall have the right to deduct from all payments made under this Plan to a Participant or to a Participant's beneficiary or beneficiaries any Federal, state or local taxes required by law to be withheld with respect to such payments.

**Section 10. Duration, Termination and Amendment**

This Plan shall be effective immediately and shall continue in effect until terminated by the Committee. The Committee may at any time terminate or from time to time amend, modify or suspend, in whole or in part, and if suspended, may reinstate, any or all of the provisions of this Plan in such respects as the Committee may deem advisable in its sole discretion.

**Section 11. Construction**

The term "award" or "awards" as used in the preceding provisions of this Plan refer to an award or awards, as the case may be, granted under this Plan. This Plan is intended to satisfy

Section 409A of the Code and avoid any tax, penalty, or interest thereunder, and shall be construed consistent with that intent.

**Section 12. No Restriction on Corporate Powers; Deductibility**

This Plan shall not affect in any way the right or power of the Company or its stockholders to make or authorize any sale of all or any portion of the assets of the Company or any Subsidiary, any merger or consolidation of the Company or any Subsidiary, a reorganization, dissolution or liquidation of the Company or any Subsidiary, any other event or series of events (whether of a similar character or otherwise), or any other corporate action. This Plan shall not affect in any way the right or power of the Company to award other compensation under any other plan or authority (including, without limitation, the general authority of the Board and the Committee to award compensation in such circumstances as it may determine to be appropriate).

**Section 13. Headings**

The headings of sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of this Plan.

**Section 14. Governing Law**

This Plan shall be governed by and construed in accordance with the laws of the State of California.

**Section 15. No Contract of Employment or Right to Awards**

Nothing contained herein shall be construed as a contract of employment between the Company and any Participant, or as giving a right to any person to be granted awards under this Plan or to continue in the employment of the Company or any of its Subsidiaries, or as limiting the right of the Company or any of its Subsidiaries to discharge any Participant at any time, with or without cause.

**Section 16. Clawback Policy**

The awards under this Plan are subject to the terms of the Company’s recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of awards under this Plan.

* * * * *

**Exhibit 31.1**

I, Carlos Alberini, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Guess?, 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.

Date: September 2, 2021

By: /s/ CARLOS ALBERINI
Carlos Alberini
*Chief Executive Officer*

**Exhibit 31.2**

I, Kathryn Anderson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Guess?, 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.

Date: September 2, 2021

By: /s/ KATHRYN ANDERSON

Kathryn Anderson
*Chief Financial Officer*

**Exhibit 32.1**

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Carlos Alberini, Chief Executive Officer of Guess?, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the period ended July 31, 2021, as filed with the Securities and Exchange Commission (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 2, 2021

By: /s/ CARLOS ALBERINI
Carlos Alberini
*Chief Executive Officer*

**Exhibit 32.2**

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Kathryn Anderson, Chief Financial Officer of Guess?, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the period ended July 31, 2021, as filed with the Securities and Exchange Commission (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 2, 2021

By: /s/ KATHRYN ANDERSON
Kathryn Anderson
*Chief Financial Officer*