REFINITIV

# DELTA REPORT

## 10-Q

GIII - G III APPAREL GROUP LTD /

10-Q - APRIL 30, 2024 COMPARED TO 10-Q - OCTOBER 31, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 1397 |
| --- | --- |
| CHANGES | 257 |
| DELETIONS | 738 |
| ADDITIONS | 402 |

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

# FORM 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2023 April 30, 2024

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: 0-18183

# G-III APPAREL GROUP, LTD.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 41-1590959 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 512 Seventh Avenue, New York, New York | 10018 |
| (Address of principal executive offices) | (Zip Code) |

(212) 403-0500
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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, $0.01 par value per share | GIII | The Nasdaq Stock Market |

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. ☐

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

As of December 4, 2023 June 3, 2024, there were 45,727,662 44,987,939 shares of issuer's common stock, par value $0.1 per share, outstanding.

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## PART I – FINANCIAL INFORMATION

**Item 1. Financial Statements.**

**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

| | October 31, 2023 | October 31, 2022 | January 31, 2023 | April 30, 2024 | April 30, 2023 | January 31, 2024 |
|---|---|---|---|---|---|---|
| | (Unaudited) | (Unaudited) | | (Unaudited) | (Unaudited) | |
| | (In thousands, except per share amounts) | | | (In thousands, except per share amounts) | | |
| **ASSETS** | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | $ 197,391 | $ 150,719 | $ 191,652 | $ 508,434 | $ 289,729 | $ 507,829 |
| Accounts receivable, net of allowance for doubtful accounts of $18,412 $18,258 and $18,297, respectively | 863,221 | 881,135 | 674,963 | | | |
| Accounts receivable, net of allowance for doubtful accounts of $1,195, $18,832 and $1,471, respectively | | | | 473,186 | 494,601 | 562,363 |
| Inventories | 591,530 | 900,987 | 709,345 | 479,671 | 630,308 | 520,426 |
| Prepaid income taxes | 2,216 | 1,110 | 5,886 | 19,080 | 7,692 | 1,356 |
| Prepaid expenses and other current assets | 58,779 | 50,594 | 70,654 | 68,143 | 69,432 | 68,344 |
| Total current assets | 1,713,137 | 1,984,545 | 1,652,500 | 1,548,514 | 1,491,762 | 1,660,318 |
| Investments in unconsolidated affiliates | 24,354 | 25,870 | 24,467 | 22,007 | 27,585 | 22,472 |
| Property and equipment, net | 52,032 | 54,185 | 53,742 | 60,588 | 53,157 | 55,084 |
| Operating lease assets | 221,474 | 216,663 | 239,665 | 209,199 | 237,056 | 216,886 |
| Other assets, net | 53,852 | 54,206 | 52,644 | 44,875 | 52,183 | 45,147 |
| Other intangibles, net | 32,565 | 34,585 | 34,842 | 29,653 | 34,131 | 31,676 |
| Deferred income tax assets, net | 26,389 | 8,973 | 26,389 | 25,581 | 26,389 | 19,248 |
| Trademarks | 625,530 | 607,526 | 628,156 | 624,982 | 632,220 | 630,333 |
| Goodwill | — | 303,668 | — | | | |
| Total assets | $2,749,333 | $3,290,221 | $2,712,405 | $2,565,399 | $2,554,483 | $2,681,164 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | | |
| Current liabilities | | | | | | |
| Current portion of notes payable | $ 59,099 | $ 91,613 | $ 135,518 | $ 23,664 | $ 139,418 | $ 15,026 |
| Accounts payable | 179,396 | 223,154 | 169,508 | 158,652 | 140,064 | 182,531 |
| Accrued expenses | 153,200 | 150,349 | 115,586 | 103,854 | 99,092 | 140,535 |
| Customer refund liabilities | 108,042 | 99,528 | 89,760 | 59,865 | 69,408 | 84,054 |
| Current operating lease liabilities | 55,897 | 50,645 | 52,917 | 55,990 | 51,024 | 56,587 |
| Income tax payable | 46,380 | 26,956 | 14,875 | 5,899 | 8,234 | 14,676 |
| Other current liabilities | 330 | 933 | 905 | 141 | 863 | 219 |
| Total current liabilities | 602,344 | 643,178 | 579,069 | 408,065 | 508,103 | 493,628 |
| Notes payable, net of discount and unamortized issuance costs | 402,846 | 787,892 | 483,840 | 402,687 | 403,586 | 402,807 |
| Deferred income tax liabilities, net | 44,265 | 34,894 | 44,783 | 48,152 | 45,561 | 42,736 |
| Noncurrent operating lease liabilities | 183,522 | 185,171 | 204,974 | 168,462 | 202,406 | 178,247 |
| Other noncurrent liabilities | 14,543 | 16,787 | 15,141 | 20,686 | 15,325 | 15,764 |
| Total liabilities | 1,247,520 | 1,667,922 | 1,327,807 | 1,048,052 | 1,174,981 | 1,133,182 |
| | | | | | | |
| Redeemable noncontrolling interests | (1,407) | 41 | (850) | (2,528) | (945) | (2,278) |
| | | | | | | |
| Stockholders' Equity | | | | | | |
| Preferred stock; 1,000 shares authorized; no shares issued | — | — | — | — | — | — |
| Common stock - $0.01 par value; 120,000 shares authorized; 49,396, 49,396 and 49,396 shares issued, respectively | 264 | 264 | 264 | 264 | 264 | 264 |
| Additional paid-in capital | 453,504 | 465,230 | 468,712 | 450,844 | 472,474 | 458,841 |
| Accumulated other comprehensive loss | (15,995) | (42,744) | (11,653) | (10,090) | (6,936) | (3,207) |
| Retained earnings | 1,131,258 | 1,245,061 | 983,944 | 1,165,914 | 987,180 | 1,160,112 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Common stock held in treasury, at cost - 3,670, 1,907 and 2,680 shares, respectively | (65,811) | (45,553) | (55,819) | | | |
| Common stock held in treasury, at cost - 4,430, 3,802 and 3,668 shares, respectively | | | | (87,057) | (72,535) | (65,750) |
| Total stockholders' equity | 1,503,220 | 1,622,258 | 1,385,448 | 1,519,875 | 1,380,447 | 1,550,260 |
| Total liabilities, redeemable noncontrolling interests and stockholders' equity | $2,749,333 | $3,290,221 | $2,712,405 | $2,565,399 | $2,554,483 | $2,681,164 |

*The accompanying notes are an integral part of these statements.*



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**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS INCOME AND COMPREHENSIVE (LOSS) INCOME**

| | Three Months Ended October 31, | | Nine Months Ended October 31, | | Three Months Ended Apri | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2024 | 20 |
| | (Unaudited) | | | | (Unaudited) | |
| | (In thousands, except per share amounts) | | | | (In thousands, except per share | |
| Net sales | $ 1,067,110 | $ 1,078,299 | $ 2,333,460 | $ 2,372,300 | $ 609,747 | $ |
| Cost of goods sold | 633,697 | 733,672 | 1,373,594 | 1,552,708 | 350,854 | |
| Gross profit | 433,413 | 344,627 | 959,866 | 819,592 | 258,893 | |
| Selling, general and administrative expenses | 236,308 | 239,893 | 703,476 | 616,351 | 236,621 | |
| Depreciation and amortization | 6,595 | 7,270 | 19,130 | 20,021 | 8,768 | |
| Asset impairments and gain on lease terminations | 222 | 250 | 222 | 212 | | |
| Operating profit | 190,288 | 97,214 | 237,038 | 183,008 | 13,504 | |
| Other (loss) income | (3,129) | (2,795) | (1,964) | 24,823 | (223) | |
| Interest and financing charges, net | (11,024) | (16,052) | (32,666) | (40,805) | (5,424) | |
| Income before income taxes | 176,135 | 78,367 | 202,408 | 167,026 | 7,857 | |
| Income tax expense | 48,755 | 17,521 | 55,651 | 39,489 | 2,305 | |
| Net income | 127,380 | 60,846 | 146,757 | 127,537 | 5,552 | |
| Less: Loss attributable to noncontrolling interests | (260) | (257) | (557) | (519) | (250) | |
| Net income attributable to G-III Apparel Group, Ltd. | $ 127,640 | $ 61,103 | $ 147,314 | $ 128,056 | $ 5,802 | $ |
| **NET INCOME PER COMMON SHARE ATTRIBUTABLE TO G-III APPAREL GROUP, LTD.:** | | | | | | |
| Basic: | | | | | | |
| Net income per common share | $ 2.79 | $ 1.29 | $ 3.21 | $ 2.68 | $ 0.13 | $ |
| Weighted average number of shares outstanding | 45,723 | 47,488 | 45,904 | 47,832 | 45,484 | |
| Diluted: | | | | | | |
| Net income per common share | $ 2.74 | $ 1.26 | $ 3.13 | $ 2.62 | $ 0.12 | $ |

| | | | | | | |
|---|---|---|---|---|---|---|
| Weighted average number of shares outstanding | 46,560 | 48,475 | 46,992 | 48,866 | 46,734 | |
| Net income | $ 127,380 | $ 60,846 | $ 146,757 | $ 127,537 | $ 5,552 | $ |
| Other comprehensive loss: | | | | | | |
| Foreign currency translation adjustments | (11,391) | (26,473) | (4,317) | (28,111) | (6,883) | |
| Other comprehensive loss | (11,391) | (26,473) | (4,317) | (28,111) | | |
| Comprehensive income | $ 115,989 | $ 34,373 | $ 142,440 | $ 99,426 | | |
| Other comprehensive (loss) income | | | | | (6,883) | |
| Comprehensive (loss) income | | | | | $ (1,331) | $ |
| Comprehensive loss attributable to noncontrolling interests: | | | | | | |
| Net loss | (260) | (257) | (557) | (519) | (250) | |
| Foreign currency translation adjustments | (1) | (45) | (25) | (104) | — | |
| Comprehensive loss attributable to noncontrolling interests | (261) | (302) | (582) | (623) | (250) | |
| Comprehensive income attributable to G-III Apparel Group, Ltd. | $ 115,728 | $ 34,071 | $ 141,858 | $ 98,803 | | |
| Comprehensive (loss) income attributable to G-III Apparel Group, Ltd. | | | | | $ (1,581) | $ |

*The accompanying notes are an integral part of these statements.*



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**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

| | Common Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Retained Earnings | Common Stock Held In Treasury | Total | Common Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Retained Earnings | Common Stock Held In Treasury | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | (Unaudited) (In thousands) | | | | | | | | | |
| Balance as of July 31, 2023 | $ 264 | $ 448,762 | $ (4,603) | $ 1,003,618 | $ (65,926) | $ 1,382,115 | | | | | | |
| Equity awards vested, net | — | (115) | — | — | 115 | — | | | | | | |
| Share-based compensation expense | — | 4,890 | — | — | — | 4,890 | | | | | | |
| Taxes paid for net share settlements | — | (33) | — | — | — | (33) | | | | | | |
| Other comprehensive loss, net | — | — | (11,392) | — | — | (11,392) | | | | | | |
| Net income attributable to G-III Apparel Group, Ltd. | — | — | — | 127,640 | — | 127,640 | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Balance as of October 31, 2023 | $ 264 | $ 453,504 | $ (15,995) | $ 1,131,258 | $ (65,811) | $ 1,503,220 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Balance as of July 31, 2022 | $ 264 | $ 461,621 | $ (16,226) | $ 1,183,958 | $ (45,616) | $ 1,584,001 |
| Equity awards vested, net | — | (63) | — | — | 63 | — |
| Share-based compensation expense | — | 3,672 | — | — | — | 3,672 |
| Other comprehensive loss, net | — | — | (26,518) | — | — | (26,518) |
| Net income attributable to G-III Apparel Group, Ltd. | — | — | — | 61,103 | — | 61,103 |
| Balance as of October 31, 2022 | $ 264 | $ 465,230 | $ (42,744) | $ 1,245,061 | $ (45,553) | $ 1,622,258 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Balance as of January 31, 2023 | $ 264 | $ 468,712 | $ (11,653) | $ 983,944 | $ (55,819) | $ 1,385,448 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | (Unaudited)<br>(In thousands) | | | |
| Balance as of January 31, 2024 | | | | | | | $ 264 | $ 458,841 | $ (3,207) | $ 1,160,112 | $ (65,750) | $ 1,[illegible] |
| Equity awards vested, net | — | (16,108) | — | — | 16,108 | — | — | (7,043) | — | — | 7,043 | |
| Share-based compensation expense | — | 11,728 | — | — | — | 11,728 | — | 6,580 | — | — | — | |
| Taxes paid for net share settlements | — | (10,828) | — | — | — | (10,828) | — | (7,534) | — | — | — | |
| Other comprehensive loss, net | — | — | (4,342) | — | — | (4,342) | — | — | (6,883) | — | — | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Repurchases of common stock | — | — | — | — | (26,100) | (26,100) | — | — | — | — | (28,350) | |
| Net income attributable to G-III Apparel Group, Ltd. | — | — | — | 147,314 | — | 147,314 | — | — | — | 5,802 | — | |
| Balance as of October 31, 2023 | $ 264 | $ 453,504 | $ (15,995) | $ 1,131,258 | $ (65,811) | $ 1,503,220 | | | | | | |
| Balance as of April 30, 2024 | | | | | | | $ 264 | $ 450,844 | $ (10,090) | $ 1,165,914 | $ (87,057) | $ 1, |
| | | | | | | | | | | | | |
| Balance as of January 31, 2022 | $ 264 | $ 456,329 | $ (14,529) | $ 1,117,005 | $ (39,157) | $ 1,519,912 | | | | | | |
| Balance as of January 31, 2023 | | | | | | | $ 264 | $ 468,712 | $ (11,653) | $ 983,944 | $ (55,819) | $ 1, |
| Equity awards vested, net | — | (10,226) | — | — | 10,226 | — | — | (53) | — | — | 53 | |
| Share-based compensation expense | — | 28,917 | — | — | — | 28,917 | — | 3,837 | — | — | — | |
| Taxes paid for net share settlements | — | (9,790) | — | — | — | (9,790) | — | (22) | — | — | — | |
| Other comprehensive loss, net | — | — | (28,215) | — | — | (28,215) | | | | | | |
| Other comprehensive income, net | | | | | | | — | — | 4,717 | — | — | |
| Repurchases of common stock | — | — | — | — | (16,622) | (16,622) | — | — | — | — | (16,769) | |
| Net income attributable to G-III Apparel Group, Ltd. | — | — | — | 128,056 | — | 128,056 | — | — | — | 3,236 | — | |
| Balance as of October 31, 2022 | $ 264 | $ 465,230 | $ (42,744) | $ 1,245,061 | $ (45,553) | $ 1,622,258 | | | | | | |
| Balance as of April 30, 2023 | | | | | | | $ 264 | $ 472,474 | $ (6,936) | $ 987,180 | $ (72,535) | $ 1, |

*The accompanying notes are an integral part of these statements.*



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**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Nine Months Ended October 31, | | Three Months Ended April 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2024 | 2023 |
| | (Unaudited, in thousands) | | (Unaudited, in thousands) | |
| Cash flows from operating activities | | | | |
| Net income attributable to G-III Apparel Group, Ltd. | $ 147,314 | $ 128,056 | $ 5,802 | $ 3,236 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | | |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 19,130 | 20,021 | 8,768 | 6,576 |
| Loss on disposal of fixed assets | 239 | 127 | 6 | 393 |
| Non-cash operating lease costs | 43,467 | 38,264 | 13,899 | 14,902 |
| Gain on lease terminations | — | (38) | | |
| Asset impairment | 222 | 250 | | |
| Equity gain (loss) in unconsolidated affiliates | 3,725 | (817) | | |
| Equity loss in unconsolidated affiliates | | | 893 | 482 |
| Change in fair value of equity securities | (1,009) | 1,182 | — | (1,009) |
| Share-based compensation | 11,728 | 28,917 | 6,580 | 3,837 |
| Deferred financing charges and debt discount amortization | 6,054 | 7,629 | 823 | 2,640 |
| Deferred income taxes | (519) | (1,347) | (917) | 778 |
| Non-cash gain on fair value of prior minority ownership of Karl Lagerfeld | — | (30,925) | | |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable, net | (188,258) | (248,280) | 89,177 | 180,362 |
| Inventories | 117,815 | (355,313) | 40,755 | 79,037 |
| Income taxes, net | 35,175 | 29,444 | (26,501) | (8,448) |
| Prepaid expenses and other current assets | 12,636 | 5,274 | (61) | 2,422 |
| Other assets, net | (3,044) | (718) | (487) | 448 |
| Customer refund liabilities | 18,282 | 12,740 | (24,189) | (20,352) |
| Operating lease liabilities | (43,750) | (38,312) | (14,892) | (16,724) |
| Accounts payable, accrued expenses and other liabilities | 47,064 | (11,484) | (54,165) | (46,749) |
| Net cash provided by (used in) operating activities | 226,271 | (415,330) | | |
| Net cash provided by operating activities | | | 45,491 | 201,831 |
| | | | | |
| Cash flows from investing activities | | | | |
| Operating lease assets initial direct costs | (52) | (85) | (1,648) | (52) |
| Investment in e-commerce retailer | — | (25,000) | | |
| Investment in equity interest of private company | (3,600) | — | (429) | (3,600) |
| Investment in equity securities | — | (22,378) | | |
| Sale of equity securities | — | 22,434 | | |
| Capital expenditures | (15,653) | (14,803) | (12,720) | (4,978) |
| Acquisition of KLH, net of cash acquired | — | (168,592) | | |
| Acquisition of other foreign business, net of cash required | — | (2,701) | | |

| | | | | |
|---|---|---|---|---|
| Net cash used in investing activities | (19,305) | (211,125) | (14,797) | (8,630) |
| | | | | |
| Cash flows from financing activities | | | | |
| Repayment of borrowings - revolving facility | (112,826) | (172,513) | (23,528) | (85,400) |
| Proceeds from borrowings - revolving facility | 32,738 | 512,748 | 23,528 | 5,313 |
| Repayment of borrowings - LVMH Note | (75,000) | — | | |
| Repayment of borrowings - foreign facilities | (106,100) | (28,512) | (30,539) | (36,073) |
| Proceeds from borrowings - foreign facilities | 99,032 | 36,863 | 39,100 | 37,199 |
| Purchase of treasury shares | (26,100) | (16,622) | (28,350) | (16,769) |
| Taxes paid for net share settlements | (10,828) | (9,790) | (7,534) | (22) |
| Net cash (used in) provided by financing activities | (199,084) | 322,174 | | |
| Net cash used in financing activities | | | (27,323) | (95,752) |
| | | | | |
| Foreign currency translation adjustments | (2,143) | (10,984) | (2,766) | 628 |
| Net increase (decrease) in cash and cash equivalents | 5,739 | (315,265) | | |
| Net increase in cash and cash equivalents | | | 605 | 98,077 |
| Cash and cash equivalents at beginning of period | 191,652 | 465,984 | 507,829 | 191,652 |
| Cash and cash equivalents at end of period | $ 197,391 | $ 150,719 | $ 508,434 | $ 289,729 |
| | | | | |
| Supplemental disclosures of cash flow information | | | | |
| Cash payments: | | | | |
| Interest, net | $ 32,882 | $ 38,391 | $ 11,953 | $ 16,781 |
| Income tax payments, net | $ 20,195 | $ 4,643 | $ 24,182 | $ 9,176 |

*The accompanying notes are an integral part of these statements.*



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**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 – BASIS OF PRESENTATION**

As used in these financial statements, the term “Company” or “G-III” refers to G-III Apparel Group, Ltd. and its subsidiaries. The Company designs, sources and markets an extensive range of apparel, including outerwear, dresses, sportswear, swimwear, women’s suits and women’s performance wear, as well as women’s handbags, footwear, small leather goods, cold weather accessories and luggage. The Company also operates retail stores and licenses its proprietary brands under several product categories.

The Company consolidates the accounts of its wholly-owned and majority-owned subsidiaries. The Company's DKNY and Donna Karan business in China is operated by Fabco Holding B.V. (“Fabco”) is , a Dutch joint venture limited liability company that is was 75% owned by the Company through April 16, 2024 and is was treated as a consolidated majority-owned subsidiary. Sonia Rykiel is a wholly-owned operating subsidiary. Karl Lagerfeld Holding B.V. (“KLH”) is a Dutch limited liability company that was 19% owned by the Company through May 30, 2022 and was accounted for during that time using the equity method of accounting. Effective May 31, 2022 April 17, 2024, the Company acquired the remaining 81% 25% interest in KLH Fabco that it did not previously own and, as a result, KLH Fabco began being treated as a consolidated wholly-owned subsidiary. KL North America B.V. (“KLNA”) is a Dutch joint venture limited liability company that was 49% owned by the Company and 51% indirectly owned by KLH through May 30, 2022 and was accounted for during that time using the equity method of accounting. Effective May 31, 2022, KLNA became an indirect wholly-owned subsidiary of the Company as a result of the Company's acquisition of the remaining 81% interest in KLH it did not previously own. All material intercompany balances and transactions have been eliminated. The results of KLH are included in the Company's consolidated financial statements beginning May 31, 2022.

KLH, Karl Lagerfeld Holding B.V. ("KLH"), a Dutch limited liability company that is wholly-owned by the Company, Vilebrequin International SA ("Vilebrequin"), a Swiss corporation that is wholly-owned by the Company, Fabco Sonia Rykiel, a Swiss corporation that is wholly-owned by the Company, and Sonia Rykiel Fabco report results on a calendar year basis rather than on the January 31 fiscal year basis used by the Company. Accordingly, the results of KLH, Vilebrequin, Fabco Sonia Rykiel and Sonia Rykiel Fabco are included in the financial statements for the quarter ended or ending closest to the Company's fiscal quarter end. For example, with respect to the Company's results for the nine-month three-month period ended October 31, 2023 April 30, 2024, the results of KLH, Vilebrequin, Fabco Sonia Rykiel and Sonia Rykiel Fabco are included for the nine-month three-month period ended September 30, 2023. For the year ended January 31, 2023, the results of KLH, which includes KLNA, are included for the period from May 31, 2022 through December 31, 2022. The results of the Company's previous 49% ownership interest in KLNA and 19% ownership interest in KLH are included for the period from January 1, 2022 through May 30, 2022 March 31, 2024. The Company's retail operations segment reports on a 52/53 week fiscal year. For fiscal 2025 and 2024, and 2023, the three and nine-month three-month periods for the retail operations segment were each 13-week and 39-week periods respectively, and ended on October 28, 2023 May 4, 2024 and October 29, 2022 April 29, 2023, respectively.

The results for the three and nine months ended October 31, 2023 April 30, 2024 are not necessarily indicative of the results expected for the entire fiscal year, given the seasonal nature of the Company's business. The accompanying financial statements included herein are unaudited. All adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim period presented have been reflected.

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2023 January 31, 2024 filed with the Securities and Exchange Commission (the "SEC").

Assets and liabilities of the Company's foreign operations, where the functional currency is not the U.S. dollar (reporting currency), are translated from the foreign currency 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 loss within stockholders' equity.



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**NOTE 2 – ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The Company's financial instruments consist of trade receivables arising from revenue transactions in the ordinary course of business. The Company considers its trade receivables to consist of two portfolio segments: wholesale and retail trade receivables. Wholesale trade receivables result from credit the Company has extended to its wholesale customers based on pre-defined criteria and are generally due within 30 to 60 days. Retail trade receivables primarily relate to amounts due from third-party credit card processors for the settlement of debit and credit card transactions and are typically collected within 3 to 5 days.



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The Company's accounts receivable and allowance for doubtful accounts as of October 31, 2023 April 30, 2024, October 31, 2022 April 30, 2023 and January 31, 2023 January 31, 2024 were:

| | October 31, 2023 | | | April 30, 2024 | | |
|---|---|---|---|---|---|---|
| | Wholesale | Retail | Total | Wholesale | Retail | Total |
| | (In thousands) | | | (In thousands) | | |
| Accounts receivable, gross | $ 880,827 | $ 806 | $ 881,633 | $473,075 | $1,306 | $474,381 |
| Allowance for doubtful accounts | (18,349) | (63) | (18,412) | (1,132) | (63) | (1,195) |
| Accounts receivable, net | $ 862,478 | $ 743 | $ 863,221 | $471,943 | $1,243 | $473,186 |

| | October 31, 2022 | | | April 30, 2023 | | |
|---|---|---|---|---|---|---|
| | Wholesale | Retail | Total | Wholesale | Retail | Total |
| | (In thousands) | | | (In thousands) | | |
| Accounts receivable, gross | $ 898,383 | $ 1,010 | $ 899,393 | $512,315 | $1,118 | $513,433 |
| Allowance for doubtful accounts | (18,192) | (66) | (18,258) | (18,769) | (63) | (18,832) |
| Accounts receivable, net | $ 880,191 | $ 944 | $ 881,135 | $493,546 | $1,055 | $494,601 |

| | January 31, 2023 | | | January 31, 2024 | | |
|---|---|---|---|---|---|---|
| | Wholesale | Retail | Total | Wholesale | Retail | Total |
| | (In thousands) | | | (In thousands) | | |
| Accounts receivable, gross | $ 692,033 | $ 1,227 | $ 693,260 | $563,130 | $ 704 | $563,834 |
| Allowance for doubtful accounts | (18,237) | (60) | (18,297) | (1,408) | (63) | (1,471) |
| Accounts receivable, net | $ 673,796 | $ 1,167 | $ 674,963 | $561,722 | $ 641 | $562,363 |

The allowance for doubtful accounts for wholesale trade receivables is estimated based on several factors. In circumstances where the Company is aware of a specific customer's inability to meet its financial obligations (such as in the case of bankruptcy filings (including potential bankruptcy filings), extensive delay in payment or substantial downgrading by credit rating agencies), a specific reserve for bad debt is recorded against amounts due from that customer to reduce the net recognized receivable to the amount reasonably expected to be collected. For all other wholesale customers, an allowance for doubtful accounts is determined through analysis of the aging of accounts receivable at the end of the reporting period for financial statements, assessments of collectability based on historical trends and an evaluation of the impact of economic conditions. The Company considers both current and forecasted future economic conditions in determining the adequacy of its allowance for doubtful accounts.

The allowance for doubtful accounts for retail trade receivables is estimated at the credit card chargeback rate applied to the previous 90 days of credit card sales. In addition, the Company considers both current and forecasted future economic conditions in determining the adequacy of its allowance for doubtful accounts.



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The Company had the following activity in its allowance for credit losses: doubtful accounts:

| | Wholesale | Retail | Total | Wholesale | Retail | Total |
|---|---|---|---|---|---|---|
| | | (In thousands) | | | | |
| | | | | | (In thousands) | |
| Balance as of January 31, 2024 | | | | $ (1,408) | $(63) | $ (1,471) |
| Provision for credit losses, net | | | | 276 | — | 276 |
| Accounts written off as uncollectible | | | | — | — | — |
| Balance as of April 30, 2024 | | | | $ (1,132) | $(63) | $ (1,195) |
| Balance as of January 31, 2023 | $ (18,237) | $ (60) | $ (18,297) | $(18,237) | $(60) | $(18,297) |
| Provision for credit losses, net | (115) | (3) | (118) | (532) | (3) | (535) |
| Accounts written off as uncollectible | 3 | — | 3 | — | — | — |
| Balance as of October 31, 2023 | $ (18,349) | $ (63) | $ (18,412) | | | |
| Balance as of April 30, 2023 | | | | $(18,769) | $(63) | $(18,832) |
| Balance as of January 31, 2022 | $ (17,307) | $ (84) | $ (17,391) | | | |
| Balance as of January 31, 2023 | | | | $(18,237) | $(60) | $(18,297) |
| Provision for credit losses, net | (935) | 18 | (917) | 166 | (3) | 163 |
| Accounts written off as uncollectible | 50 | — | 50 | 16,663 | — | 16,663 |
| Balance as of October 31, 2022 | $ (18,192) | $ (66) | $ (18,258) | | | |
| Balance as of January 31, 2022 | $ (17,307) | $ (84) | $ (17,391) | | | |
| Provision for credit losses, net | (1,002) | 24 | (978) | | | |
| Accounts written off as uncollectible | 72 | — | 72 | | | |
| Balance as of January 31, 2023 | $ (18,237) | $ (60) | $ (18,297) | | | |
| Balance as of January 31, 2024 | | | | $ (1,408) | $(63) | $ (1,471) |

**NOTE 3 – INVENTORIES**

Wholesale inventories, which comprise a significant portion of the Company's inventory, and KLH inventories are stated at the lower of cost (determined by the first-in, first-out method) or net realizable value. Retail and Vilebrequin inventories are stated at the lower of cost (determined by the weighted average method) or net realizable value. Substantially all of the Company's inventories consist of finished goods.

The inventory return asset, which consists of the amount of goods that are anticipated to be returned by customers, was $15.6 million $11.3 million, $17.1 million $12.9 million and $19.2 million $16.5 million as of October 31, 2023 April 30, 2024, October 31, 2022 April 30, 2023 and January 31, 2023 January 31, 2024, respectively. The inventory return asset is recorded within prepaid expenses and other current assets on the condensed consolidated balance sheets.

Inventory held on consignment by the Company's customers totaled $7.9 million $10.3 million, $6.5 million $7.6 million and $6.6 million at October 31, 2023 April 30, 2024, October 31, 2022 April 30, 2023 and January 31, 2023 January 31, 2024, respectively. The Company reflects this inventory on its condensed consolidated balance sheets.

**NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

Generally Accepted Accounting Principles establish a three-level valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy for a particular asset or liability depends on the inputs used in its valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally-derived (unobservable). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

- Level 1 — inputs to the valuation methodology based on quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 — inputs to the valuation methodology based on quoted prices for similar assets or liabilities in active markets for substantially the full term of the financial instrument; quoted prices for identical or similar instruments in markets that are not active for substantially the full term of the financial instrument; and model-derived valuations whose inputs or significant value drivers are observable.
- Level 3 — inputs to the valuation methodology based on unobservable prices or valuation techniques that are significant to the fair value measurement.



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The following table summarizes the carrying values and the estimated fair values of the Company's debt instruments:

| | | Carrying Value | | | Fair Value | | | | Carrying Value | | | Fair Value | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | October 31, | October 31, | January 31, | October 31, | October 31, | January 31, | | April 30, | April 30, | January 31, | April 30, | April 30, | January 3 |
| Financial Instrument | Level | 2023 | 2022 | 2023 | 2023 | 2022 | 2023 | Level | 2024 | 2023 | 2024 | 2024 | 2023 | 2024 |
| | | (In thousands) | | | | | | | | | | | | |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | (In thousands) | | | | |
| Secured Notes | 1 | $400,000 | $400,000 | $400,000 | $396,340 | $379,000 | $380,000 | 1 | $400,000 | $400,000 | $400,000 | $401,952 | $376,000 | $401,08 |
| Revolving credit facility | 2 | — | 340,235 | 80,087 | — | 340,235 | 80,087 | | | | | | | |
| Note issued to LVMH | 3 | 49,787 | 119,415 | 121,202 | 49,350 | 118,173 | 119,426 | 3 | — | 123,019 | — | — | 121,476 | – |
| Unsecured loans | 2 | 9,097 | 10,446 | 10,866 | 9,097 | 10,446 | 10,866 | 2 | 8,517 | 11,212 | 8,791 | 8,517 | 11,212 | 8,79 |
| Overdraft facilities | 2 | 1,872 | 3,664 | 3,657 | 1,872 | 3,664 | 3,657 | 2 | 6,932 | 4,132 | 2,651 | 6,932 | 4,132 | 2,65 |
| Foreign credit facility | 2 | 4,161 | 10,416 | 7,792 | 4,161 | 10,416 | 7,792 | 2 | 13,025 | 8,462 | 8,939 | 13,025 | 8,462 | 8,93 |

The Company's debt instruments are recorded at their carrying values in its condensed consolidated balance sheets, which may differ from their respective fair values. The fair value of the Company's secured notes is based on their current market price as of October 31, 2023 April 30, 2024. The carrying amount of the Company's variable rate debt approximates the fair value, as interest rates change with market rates. Furthermore, the carrying value of all other financial instruments potentially subject to valuation risk (principally consisting of cash, accounts receivable and accounts payable) also approximates fair value due to the short-term nature of these accounts.

The 2% note in the original principal amount of $125 million (the "LVMH Note") issued to LVMH Moet Hennessy Louis Vuitton Inc. ("LVMH") in connection with the acquisition of DKNY and Donna Karan was recorded on the balance sheet at a discount of $40.0 million in accordance with ASC 820 – *Fair Value Measurements* ("ASC 820"). For purposes of this fair value disclosure, the Company based its fair value estimate for the LVMH Note on the initial fair value as determined at the date of the acquisition of DKNY and Donna Karan and records the recorded amortization using the effective interest method over the term of the LVMH Note. The Company repaid $75.0 million of the principal amount of the LVMH Note on June 1, 2023 and the remaining $50.0 million of such principal amount on December 1, 2023.

The fair value of the LVMH Note was considered a Level 3 valuation in the fair value hierarchy.

*Non-Financial Assets and Liabilities*

The Company's non-financial assets that are measured at fair value on a nonrecurring basis include long-lived assets, which consist primarily of property and equipment and operating lease assets. The Company reviews these assets for impairment whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable. For assets that are not recoverable, an impairment loss is recognized equal to the difference between the carrying amount of the asset or asset group and its estimated fair value. For operating lease assets, the Company determines the fair value of the assets by discounting the estimated market rental rates over the remaining term of the lease. These fair value measurements are considered level 3 measurements in the fair value hierarchy. During fiscal 2023, 2024, the Company recorded a $2.7 million $1.3 million impairment charge primarily related to leasehold improvements, furniture and fixtures, computer hardware and operating lease assets at certain DKNY, Karl Lagerfeld Paris and Vilebrequin stores as a result of the performance of these stores.

**NOTE 5 – LEASES**

The Company leases retail stores, warehouses, distribution centers, office space and certain equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company recognizes lease expense for these leases on a straight-line basis over the lease term.

Most leases are for a term of one to ten years. Some leases include one or more options to renew, with renewal terms that can extend the lease term from one to ten years. Several of the Company's retail store leases include an option to terminate the lease based on failure to achieve a specified sales volume. The exercise of lease renewal options is generally at the Company's sole discretion. The exercise of lease termination options is generally by mutual agreement between the Company and the lessor.

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Certain of the Company's lease agreements include rental payments based on a percentage of retail sales over contractual levels and others include rental payments adjusted periodically for inflation. The Company's leases do not contain any material residual value guarantees or material restrictive covenants.

The Company's operating lease assets and liabilities as of October 31, 2023 April 30, 2024, October 31, 2022 April 30, 2023 and January 31, 2023 January 31, 2024 consist of the following:

| Leases | Classification | October 31, 2023 | October 31, 2022 | January 31, 2023 | Classification | April 30, 2024 | April 30, 2023 |
|---|---|---|---|---|---|---|---|
| | | | (In thousands) | | | | (In thousand |
| Assets | | | | | | | |
| Operating | Operating lease assets | $ 221,474 | $ 216,663 | $ 239,665 | Operating lease assets | $ 209,199 | $ 237,056 |
| | | | | | | | |
| Liabilities | | | | | | | |
| Current operating | Current operating lease liabilities | $ 55,897 | $ 50,645 | $ 52,917 | Current operating lease liabilities | $ 55,990 | $ 51,024 |
| Noncurrent operating | Noncurrent operating lease liabilities | 183,522 | 185,171 | 204,974 | Noncurrent operating lease liabilities | 168,462 | 202,406 |
| Total lease liabilities | | $ 239,419 | $ 235,816 | $ 257,891 | | $ 224,452 | $ 253,430 |

The Company recorded lease costs of $18.1 million $18.2 million and $55.1 million $18.6 million during the three and nine months ended October 31, 2023. The Company recorded lease costs of $17.1 million April 30, 2024 and $46.1 million during the three and nine months ended October 31, 2022. 2023, respectively. Lease costs are recorded within selling, general and administrative expenses in the Company's condensed consolidated statements of operations and comprehensive income. The Company recorded variable lease costs and short-term lease costs of $6.7 million $5.3 million and $18.1 million $5.9 million for the three and nine months ended October 31, 2023. The Company recorded variable lease costs April 30, 2024 and short-term lease costs of $6.1 million and $16.7 million for the three and nine months ended October 31, 2022. 2023, respectively. Short-term lease costs are immaterial.

As of October 31, 2023 April 30, 2024, the Company's maturity of operating lease liabilities in the years ending up to January 31, 2028 January 31, 2029 and thereafter are as follows:

| Year Ending January 31, | Amount | Amount |
|---|---|---|
| | (In thousands) | (In thousands) |
| 2024 | $ 17,459 | |
| 2025 | 72,772 | $ 54,456 |
| 2026 | 59,813 | 62,049 |
| 2027 | 46,756 | 49,360 |

| | | |
|---|---|---|
| 2028 | 37,635 | 39,594 |
| After 2028 | 60,142 | |
| 2029 | | 26,657 |
| After 2029 | | 42,222 |
| Total lease payments | $ 294,577 | $ 274,338 |
| Less: Interest | 55,158 | 49,886 |
| Present value of lease liabilities | $ 239,419 | $ 224,452 |

As of October 31, 2023 April 30, 2024, there are no material leases that are legally binding but have not yet commenced.

As of October 31, 2023 April 30, 2024, the weighted average remaining lease term related to operating leases is 5.0 4.9 years. The weighted average discount rate related to operating leases is 8.5% 6.7%.

Cash paid for amounts included in the measurement of operating lease liabilities was $53.2 million $19.4 million and $47.6 million $21.2 million during the nine three months ended October 31, 2023 April 30, 2024 and 2022, 2023, respectively. Right-of-use assets obtained in exchange for lease obligations were $26.8 million $6.8 million and $96.7 million $10.5 million during the nine three months ended October 31, 2023 April 30, 2024 and 2022, 2023, respectively.

**NOTE 6 – KARL LAGERFELD ACQUISITION**

On April 29, 2022, the Company entered into a share purchase agreement (the "Purchase Agreement") pursuant to which the Company agreed to acquire the remaining 81% interest in KLH that it did not already own, for an aggregate consideration of €193.4 million (approximately $207.6 million) in cash, after taking into account certain adjustments. The acquisition closed on May 31, 2022. The Company funded the purchase price from cash on hand.



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On May 31, 2022, the effective date of the acquisition, the Company's previously held 19% investment in KLH and 49% investment in KLNA were remeasured at fair value using a market approach based on the purchase price of the acquisition and a discount for lack of control related to the Company's previously held minority investment in KLH. As a result of this remeasurement, a non-cash gain of $27.1 million was recorded as of the effective date of the acquisition.

The addition of Karl Lagerfeld to the Company's portfolio of owned brands advances several of its strategic initiatives, including increasing its direct ownership of brands and their licensing opportunities and further diversifying its global presence. This acquisition offers additional opportunities to expand the Company's international growth by further developing its European-based brands, which also include Vilebrequin and Sonia Rykiel. The Company believes that Karl Lagerfeld's existing digital channel presence provides an opportunity for the Company to enhance its omni-channel business and further accelerate its digital initiatives.

*Purchase Price Consideration*

The purchase price of $207.6 million, after taking into account certain adjustments, was paid from cash on hand. The purchase price has been revised to include adjustments in accordance with the Purchase Agreement.

The initial purchase price and the valuation of the prior minority ownership for the acquisition of KLH is as follows (in thousands):

| | |
|---|---|
| Cash disbursed for the acquisition of KLH | $ 168,592 |
| Plus: cash acquired | 38,499 |
| Plus: aggregate adjustments to purchase price | 516 |

| | | |
|---|---|---|
| Initial purchase price | | 207,607 |
| Plus: fair value of prior minority ownership | | 102,858 |
| Total consideration | $ | 310,465 |

*Allocation of the Purchase Price Consideration*

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

| **(In thousands)** | | |
|---|---|---|
| Cash and cash equivalents | $ | 38,499 |
| Accounts receivable, net | | 28,449 |
| Inventories | | 33,489 |
| Prepaid income taxes | | 1,100 |
| Prepaid expenses and other current assets | | 3,347 |
| Property, plant and equipment, net | | 11,545 |
| Operating lease assets | | 55,753 |
| Goodwill | | 84,336 |
| Trademarks | | 178,823 |
| Customer relationships | | 4,294 |
| Deferred income taxes | | 5,131 |
| Other long-term assets | | 2,237 |
| Total assets acquired | $ | 447,003 |
| Notes payable | | 3,606 |
| Accounts payable | | 9,175 |
| Accrued expenses | | 15,261 |
| Operating lease liabilities | | 58,942 |
| Income taxes payable | | 2,099 |
| Deferred income taxes | | 42,222 |
| Other long-term liabilities | | 5,233 |
| Total liabilities assumed | $ | 136,538 |
| Total fair value of acquisition consideration | $ | 310,465 |

During the year ended January 31, 2023, the Company recorded adjustments to the fair values of assets acquired and liabilities assumed at the date of acquisition based on additional information obtained. The Company recorded an



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additional $36.9 million in both total assets and total liabilities, primarily related to goodwill, deferred tax assets and liabilities, operating lease assets, inventories, accounts receivable, net, accounts payable, customer relationships and operating lease liabilities.

The Company recognized goodwill of approximately $84.3 million in connection with the acquisition of KLH. The goodwill was assigned to the Company's wholesale operations reporting unit. In fiscal 2023, as a result of the Company's annual impairment test, the Company recorded a $347.2 million non-cash impairment charge to fully impair the carrying value of its goodwill. This charge included all of the $84.3 million of goodwill previously recognized in connection with the acquisition of KLH. The Company made an election under Internal Revenue Code Section 338(g) to amortize the total goodwill and intangible assets over a 15 year period for income tax purposes in the United States.

The fair values assigned to identifiable intangible assets acquired were based on assumptions and estimates made by management using unobservable inputs reflecting the Company's own assumptions about the inputs that market participants would use in pricing the asset or liability based on the best information available. The fair values of the trademarks were determined using the relief from royalty method and the fair value of the customer relationships were determined using an income approach. The Company classifies these intangibles as Level 3 fair value measurements. Identifiable intangible assets acquired include the following (in thousands):

| | Fair Value | Weighted Average Amortization Period |
|---|---|---|
| Trademarks | $ 178,823 | — |
| Customer relationships | 4,294 | 8 |
| | $ 183,117 | — |

The Company recognized approximately $5.6 million of acquisition related costs that were expensed in fiscal 2023 and fiscal 2022. The fiscal 2023 and fiscal 2022 acquisition and integration costs were recorded within selling, general and administrative expenses in the Company's condensed consolidated statements of operations and comprehensive income for the fiscal years ended January 31, 2023 and 2022, respectively.

The fair value of assets acquired and liabilities assumed were finalized as of May 31, 2023.

**NOTE 7 6 – NET INCOME PER COMMON SHARE**

Basic net income per common share has been computed using the weighted average number of common shares outstanding during each period. Diluted net income per share, when applicable, is computed using the weighted average number of common shares and potential dilutive common shares, consisting of unvested restricted stock unit awards outstanding during the period. Approximately 8,200 9,500 and 59,200 302,200 shares of common stock have been excluded from the diluted net income per share calculation for the three and nine months ended October 31, 2023. Approximately 310,600 April 30, 2024 and 258,600 shares of common stock have been excluded from the diluted net income per share calculation for the three and nine months ended October 31, 2022. 2023, respectively. All share-based payments



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outstanding that vest based on the achievement of performance conditions, and for which the respective performance conditions have not been achieved, have been excluded from the diluted per share calculation.

The following table reconciles the numerators and denominators used in the calculation of basic and diluted net income per share:

| | Three Months Ended October 31, 2023 | Three Months Ended October 31, 2022 | Nine Months Ended October 31, 2023 | Nine Months Ended October 31, 2022 | Three Months Ended April 30, 2024 | Three Months Ended April 30, 2023 |
|---|---|---|---|---|---|---|
| | (In thousands, except share and per share amounts) | | | | (In thousands, except share and per share amounts) | |
| Net income attributable to G-III Apparel Group, Ltd. | $ 127,640 | $ 61,103 | $ 147,314 | $ 128,056 | $ 5,802 | $ 3,236 |
| Basic net income per share: | | | | | | |
| Basic common shares | 45,723 | 47,488 | 45,904 | 47,832 | 45,484 | 46,286 |
| Basic net income per share | $ 2.79 | $ 1.29 | $ 3.21 | $ 2.68 | $ 0.13 | $ 0.07 |
| Diluted net income per share: | | | | | | |
| Basic common shares | 45,723 | 47,488 | 45,904 | 47,832 | 45,484 | 46,286 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Dilutive restricted stock unit awards and stock options | 837 | 987 | 1,088 | 1,034 | 1,250 | 1,156 |
| Diluted common shares | 46,560 | 48,475 | 46,992 | 48,866 | 46,734 | 47,442 |
| Diluted net income per share | $ 2.74 | $ 1.26 | $ 3.13 | $ 2.62 | $ 0.12 | $ 0.07 |



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**NOTE 8 7 – NOTES PAYABLE**

Long-term debt consists of the following:

| | October 31, 2023 | October 31, 2022 | January 31, 2023 | April 30, 2024 | April 30, 2023 | January 31, 2024 |
|---|---|---|---|---|---|---|
| | | (In thousands) | | | (In thousands) | |
| Secured Notes | $ 400,000 | $ 400,000 | $ 400,000 | $ 400,000 | $ 400,000 | $ 400,000 |
| Revolving credit facility | — | 340,235 | 80,087 | | | |
| LVMH Note | 50,000 | 125,000 | 125,000 | — | 125,000 | — |
| Unsecured loans | 9,097 | 10,446 | 10,866 | 8,517 | 11,212 | 8,791 |
| Overdraft facilities | 1,872 | 3,664 | 3,657 | 6,932 | 4,132 | 2,651 |
| Foreign credit facility | 4,161 | 10,416 | 7,792 | 13,025 | 8,462 | 8,939 |
| Subtotal | 465,130 | 889,761 | 627,402 | 428,474 | 548,806 | 420,381 |
| Less: Net debt issuance costs (1) | (2,972) | (4,671) | (4,246) | (2,123) | (3,821) | (2,548) |
| Debt discount | (213) | (5,585) | (3,798) | — | (1,981) | — |
| Current portion of long-term debt | (59,099) | (91,613) | (135,518) | (23,664) | (139,418) | (15,026) |
| Total | $ 402,846 | $ 787,892 | $ 483,840 | $ 402,687 | $ 403,586 | $ 402,807 |

(1) Does not include debt issuance costs, net of amortization, totaling $2.8 million $2.0 million, $4.4 million $3.6 million and $4.0 million $2.4 million as of October 31, 2023 April 30, 2024, October 31, 2022 April 30, 2023 and January 31, 2023 January 31, 2024, respectively, related to the revolving credit facility. These debt issuance costs have been deferred and are classified in assets in the accompanying condensed consolidated balance sheets in accordance with ASC 835.

*Senior Secured Notes*

In August 2020, the Company completed a private debt offering of $400 million aggregate principal amount of its 7.875% Senior Secured Notes due August 2025 (the “Notes”). The terms of the Notes are governed by an indenture (the “Indenture”), among the Company, the guarantors party thereto and U.S. Bank, National Association, as trustee and collateral agent (the “Collateral Agent”). The net proceeds of the Notes were used (i) to repay the $300 million that was outstanding under the Company’s prior term loan facility due 2022 (the “Term Loan”), (ii) to pay related fees and expenses and (iii) for general corporate purposes.

The Notes bear interest at a rate of 7.875% per year payable semi-annually in arrears on February 15 and August 15 of each year.

The Notes are unconditionally guaranteed on a senior-priority secured basis by the Company's current and future wholly-owned domestic subsidiaries that guarantee any of the Company's credit facilities, including the Company's ABL facility (the





(the "ABL Facility") pursuant to the ABL Credit Agreement, or certain future capital markets indebtedness of the Company or the guarantors.

The Notes and the related guarantees are secured by (i) first priority liens on the Company's Cash Flow Priority Collateral (as defined in the Indenture), and (ii) a second-priority lien on the Company's ABL Priority Collateral (as defined in the Indenture), in each case subject to permitted liens described in the Indenture.

In connection with the issuance of the Notes and execution of the Indenture, the Company and the Guarantors entered into a pledge and security agreement (the "Pledge and Security Agreement"), among the Company, the Guarantors and the Collateral Agent.

The Notes are subject to the terms of the intercreditor agreement which governs the relative rights of the secured parties in respect of the ABL Facility and the Notes (the "Intercreditor Agreement"). The Intercreditor Agreement restricts the actions permitted to be taken by the Collateral Agent with respect to the Collateral on behalf of the holders of the Notes.

The Company may redeem some or all of the Notes at any time and from time to time at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date.





If the Company experiences a Change of Control (as defined in the Indenture), the Company is required to offer to repurchase the Notes at 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

The Indenture contains covenants that, among other things, limit the Company's ability and the ability of its restricted subsidiaries to incur or guarantee additional indebtedness, pay dividends or make other restricted payments, make certain investments, incur restrictions on the ability of the Company's restricted subsidiaries that are not guarantors to pay dividends or make certain other payments, create or incur certain liens, sell assets and subsidiary stock, impair the security interests, transfer all or substantially all of the Company's assets or enter into merger or consolidation transactions, and enter into transactions with affiliates. The Indenture provides for customary events of default which include (subject in certain cases to customary grace and cure periods), among others, nonpayment of principal or interest, breach of other agreements in the Indenture, failure to pay certain other indebtedness, failure of certain guarantees to be enforceable, failure to perfect certain collateral securing the Notes, failure to pay certain final judgments, and certain events of bankruptcy or insolvency.

The Company incurred debt issuance costs totaling $8.5 million related to the Notes. In accordance with ASC 835, the debt issuance costs have been deferred and are presented as a contra-liability, offsetting the outstanding balance of the Notes, and are amortized over the remaining life of the Notes.

*Second Amended and Restated ABL Credit Agreement*

In August 2020, the Company's subsidiaries, G-III Leather Fashions, Inc., Riviera Sun, Inc., CK Outerwear, LLC, AM Retail Group, Inc. and The Donna Karan Company Store LLC (collectively, the "Borrowers"), entered into the second amended and restated credit agreement (the "ABL "Second ABL Credit Agreement") with the Lenders named therein and with JPMorgan Chase Bank, N.A., as Administrative Agent. The Second ABL Credit Agreement is a five year senior secured credit facility subject to a springing maturity date if, subject to certain conditions, the Notes are not refinanced or repaid prior to the date that is 91 days prior to the date of any relevant payment thereunder. The Second ABL Credit Agreement provides for borrowings in the aggregate principal amount of up to $650 million. The Company and certain of its subsidiaries (the "Guarantors"), are Loan Guarantors under the Second ABL Credit Agreement.

The Second ABL Credit Agreement refinanced, amended and restated the Amended Credit Agreement, dated as of December 1, 2016 (as amended, supplemented or otherwise modified from time to time prior to August 7, 2020, the "Prior Credit Agreement"). The Prior Credit Agreement provided for borrowings of up to $650 million. and was due to expire in December 2021. The Second ABL Credit Agreement extended the maturity date of this facility from December 2021 to August 2025. 2025, subject to a springing maturity date if, subject to certain conditions, the Notes are not refinanced or repaid prior to the date that is 91 days prior to the date of any relevant payment thereunder.



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Amounts available under the Second ABL Credit Agreement are subject to borrowing base formulas and overadvances as specified in the Second ABL Credit Agreement. Borrowings originally bore interest, at the Borrowers' option, at LIBOR plus a margin of 1.75% to 2.25% or an alternate base rate margin of 0.75% to 1.25% (defined as the greatest of (i) the "prime rate" of JPMorgan Chase Bank, N.A. from time to time, (ii) the federal funds rate plus 0.5% and (iii) the LIBOR rate for a borrowing with an interest period of one month) plus 1.00%, with the applicable margin determined based on Borrowers' availability under the Second ABL Credit Agreement. In April 2023, the Company amended the Second ABL Credit Agreement to replace LIBOR with the Adjusted Term Secured Overnight Financing Rate ("SOFR") as a successor rate. All other material terms and conditions of the Second ABL Credit Agreement were unchanged. Borrowings under the amended Second ABL Credit Agreement now bear interest, at the Borrower's option, at the alternate base rate (defined as, for a given day, the greatest of (i) the "prime rate" in effect on such day, (ii) the NYFRB Rate (as defined in the amendment) in effect on such day plus 0.5% and (iii) the Adjusted Term SOFR (defined as an interest rate per annum equal to the Term SOFR for such interest period plus 0.10%) for a one-month interest period as published two business days prior to such day plus 1%) plus an applicable spread or the Adjusted Term SOFR Rate plus an applicable spread. The Company applied certain provisions and practical expedients of ASC 848 – Reference Rate Reform related to the transition from LIBOR to SOFR.

The Second ABL Credit Agreement is secured by specified assets of the Borrowers and the Guarantors. In addition to paying interest on any outstanding borrowings under the Second ABL Credit Agreement, the Company is required to pay a commitment fee to the lenders under the credit agreement with respect to the unutilized commitments. The commitment fee accrues at a tiered rate equal to 0.50% per annum on the average daily amount of the available commitments when the average usage is less than 50% of the total available commitments and decreases to 0.35% per annum on the average daily amount of the available commitments when the average usage is greater than or equal to 50% of the total available commitments.



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The revolving credit facility Second ABL Credit Agreement contains covenants that, among other things, restrict the Company's ability to, subject to specified exceptions, incur additional debt; incur liens; sell or dispose of certain assets; merge with other companies; liquidate or dissolve the Company; acquire other companies; make loans, advances, or guarantees; and make certain investments. In certain circumstances, the revolving credit facility also requires the Company to maintain a fixed charge coverage ratio, as defined in the agreement, not less than 1.00 to 1.00 for each period of twelve consecutive fiscal months of the Company. As of October 31, 2023 April 30, 2024, the Company was in compliance with these covenants.

As of October 31, 2023 April 30, 2024, the Company had no borrowings outstanding under the Second ABL Credit Agreement. The Second ABL credit agreement also includes amounts available for letters of credit. As of October 31, 2023 April 30, 2024, there were outstanding trade and standby letters of credit amounting to $2.0 million $4.8 million and $2.9 million, respectively.

At the date of the refinancing of the Prior Credit Agreement, the Company had $3.3 million of unamortized debt issuance costs remaining from the Prior Credit Agreement. The Company extinguished and charged to interest expense $0.4 million of the prior debt issuance costs and incurred new debt issuance costs totaling $5.1 million related to the ABL Credit Agreement. The Company has recorded $8.0 million of debt issuance costs related to the Second ABL Credit Agreement. As permitted under ASC 835, the debt issuance costs have been deferred and are presented as an asset which is amortized ratably over the term of the Second ABL Credit Agreement.

In June 2024, the Company entered into the third amended and restated credit agreement that provides for borrowings in the aggregate principal amount of up to $700 million and extends the maturity date to June 2029, subject to certain conditions. See Note 12 – Subsequent Events for more information.

*LVMH Note*

As a portion of the consideration for the acquisition of DKNY and Donna Karan, International ("DKI"), the Company issued to LVMH a junior lien secured promissory note in the principal amount of $125.0 million that bears bore interest at the rate of 2% per year. $75.0 million of the principal amount of the LVMH Note was repaid paid on June 1, 2023 and the remaining $50.0 million of such principal amount was paid on December 1, 2023. The LVMH Note is classified in current portion of notes payable in the Company's condensed consolidated balance sheets as of October 31, 2023 and January 31, 2023. $75.0 million of the LVMH Note is classified in current portion of notes payable in the Company's condensed consolidated balance sheet as of October 31, 2022.

ASC 820 requires required the LVMH Note to be recorded at fair value at issuance. As a result, the Company recorded a $40.0 million debt discount upon issuance of the LVMH Note. discount. This discount is being was amortized as interest expense using the effective interest method over the term of the LVMH Note.



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*Unsecured Loans*

Several of the Company's foreign entities borrow funds under various unsecured loans of which a portion is to provide funding for operations in the normal course of business while other loans are European state backed loans as part of COVID-19 relief programs. In the aggregate, the Company is currently required to make quarterly installment payments of principal in the amount of €0.6 million under these unsecured loans. Interest on the outstanding principal amount of the unsecured loans accrues at a fixed rate equal to 0% to 5.0% per annum, payable on either a quarterly or monthly basis. As of October 31, 2023 April 30, 2024, the Company had an aggregate outstanding balance of €8.6 million €7.9 million ($9.1 8.5 million) under these unsecured loans.

*Overdraft Facilities*

During fiscal 2021 T.R.B International SA ("TRB") and 2025, certain of the Company's foreign entities entered into several overdraft facilities that allow for applicable bank accounts to be in a negative position up to a certain maximum overdraft. TRB entered into an These uncommitted overdraft facility facilities with HSBC Bank allowing allow for a an aggregate maximum overdraft of €5 million €10 million. Interest on drawn balances accrues at a rate equal to the Euro Interbank Offered Rate ("EURIBOR") plus a margin of 1.75% per annum, payable quarterly. The facility may be cancelled at any time by TRB the Company or HSBC Bank. As part of a COVID-19 relief program, TRB and its subsidiaries have also certain of the Company's foreign entities entered into several state backed overdraft facilities with UBS Bank in Switzerland for an aggregate of CHF 4.7 million at varying interest rates of 0% to 0.5%. As of October 31, 2023 April 30, 2024, TRB the Company had an aggregate of €1.8 million €6.4 million ($1.9 6.9 million) drawn under these various facilities.



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*Foreign Credit Facility*

KLH has a credit agreement with ABN AMRO Bank N.V. with a credit limit of €15.0 million which is secured by specified assets of KLH. Borrowings bear interest at the EURIBOR Euro Interbank Offered Rate plus a margin of 1.7%. As of October 31, 2023 April 30, 2024, KLH had €3.9 million €12.1 million ($4.2 13.0 million) of borrowings outstanding under this credit facility.

**NOTE 9 8 – REVENUE RECOGNITION**

*Disaggregation of Revenue*

In accordance with ASC 606 – *Revenue from Contracts with Customers*, the Company discloses its revenues by segment. Each segment presents its own characteristics with respect to the timing of revenue recognition and the type of customer. In addition, disaggregating revenues using a segment basis is consistent with how the Company's Chief Operating Decision Maker manages the Company. The Company has identified the wholesale operations segment and the retail operations segment as distinct sources of revenue.

*Wholesale Operations Segment.* Wholesale revenues include sales of products to retailers under owned, licensed and private label brands, as well as sales related to the Vilebrequin and Karl Lagerfeld businesses, including from retail stores operated by Vilebrequin and Karl Lagerfeld, other than sales of product under the Karl Lagerfeld Paris brand generated by the Company's retail stores and digital outlets. Wholesale revenues from sales of products are recognized when control transfers to the customer. The Company considers control to have been transferred when the Company has transferred physical possession of the product, the Company has a right to payment for the product, the customer has legal title to the product and the customer has the significant risks and rewards of the product. Wholesale revenues are adjusted by variable consideration arising from implicit or explicit obligations. Wholesale revenues also include revenues from license agreements related to the DKNY, Donna Karan, Karl Lagerfeld, G.H. Bass, Andrew Marc, Vilebrequin and Sonia Rykiel trademarks owned by the Company.

*Retail Operations Segment.* Retail store revenues are generated by direct sales to consumers through Company-operated stores and product sales through the Company's digital channels for the DKNY, Donna Karan, Karl Lagerfeld Paris, G.H. Bass and Wilsons Leather businesses. Retail stores primarily consist of DKNY and Karl Lagerfeld Paris retail stores, substantially all of which are operated as outlet stores. Retail operations segment revenues are recognized at the point of sale when the customer takes possession of the goods and tenders payment. Digital revenues primarily consist of sales to consumers through the Company's digital platforms. Digital revenue is recognized when a customer takes possession of the goods. Retail sales are recorded net of applicable sales tax.

*Contract Liabilities*

The Company's contract liabilities, which are recorded within accrued expenses in the accompanying condensed consolidated balance sheets, primarily consist of gift card liabilities and advance payments from licensees. In some of its retail concepts, the Company also offers a limited loyalty program where customers accumulate points redeemable for cash discount certificates that expire 90 days after issuance. Total contract liabilities were $3.3 million $4.8 million, $3.3 million $4.1 million and $5.1 million $5.2 million at October 31, 2023 April 30, 2024, October 31, 2022 April 30, 2023 and January 31, 2023 January 31, 2024, respectively. The Company recognized $3.1 million $3.6 million in revenue for the three months ended October 31, 2023 April 30, 2024 related to contract liabilities that existed at July 31, 2023 January 31, 2024. The Company recognized $4.3 $3.6 million in revenue for the nine three months ended October 31, 2023 April 30, 2023 related to contract liabilities that existed at January 31, 2023. There were no contract assets recorded as of October 31, 2023 April 30, 2024, October 31, 2022 April 30, 2023 and January 31, 2023 January 31, 2024. Substantially all of the advance payments from licensees as of October 31, 2023 April 30, 2024 are expected to be recognized as revenue within the next twelve months.





**NOTE 10 9 – SEGMENTS**

The Company's reportable segments are business units that offer products through different channels of distribution. The Company has two reportable segments: wholesale operations and retail operations. The wholesale operations segment includes sales of products to retailers under owned, licensed and private label brands, as well as sales related to the Vilebrequin and Karl Lagerfeld businesses, including from retail stores operated by Vilebrequin and Karl Lagerfeld, other than sales of product under the Karl Lagerfeld Paris brand generated by the Company's retail stores and digital outlets. Wholesale revenues also include royalty revenues from license agreements related to the DKNY, Donna Karan, Karl Lagerfeld, Vilebrequin, G.H. Bass, Andrew Marc and Sonia Rykiel trademarks owned by the Company. The retail operations segment consists primarily of direct sales to consumers through Company-operated stores, which consists primarily of DKNY and Karl Lagerfeld Paris stores, as well as the digital channels for DKNY, Donna Karan, Karl Lagerfeld Paris, G.H. Bass and Wilsons Leather. Substantially all DKNY and Karl Lagerfeld Paris stores are operated as outlet stores.

The following segment information is presented for the three and nine month periods indicated below:

| | Three Months Ended October 31, 2023 | | | | Three Months Ended April 30, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Wholesale | Retail | Elimination (1) | Total | Wholesale | Retail | Elimination (1) | Total |
| | | | | | | | | |
| | (In thousands) | | | | (In thousands) | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Net sales | $1,054,303 | $32,711 | $ (19,904) | $1,067,110 | $597,766 | $30,528 | $ (18,547) | $609,747 |
| Cost of goods sold | 636,961 | 16,640 | (19,904) | 633,697 | 353,228 | 16,173 | (18,547) | 350,854 |
| Gross profit | 417,342 | 16,071 | — | 433,413 | 244,538 | 14,355 | — | 258,893 |
| Selling, general and administrative expenses | 213,263 | 23,045 | — | 236,308 | 215,575 | 21,046 | — | 236,621 |
| Depreciation and amortization | 5,475 | 1,120 | — | 6,595 | 7,015 | 1,753 | — | 8,768 |
| Asset impairments and gain on lease terminations | 222 | — | — | 222 | | | | |
| Operating profit (loss) | $ 198,382 | $ (8,094) | $ — | $ 190,288 | $ 21,948 | $ (8,444) | $ — | $ 13,504 |

| | Three Months Ended October 31, 2022 | | | | Three Months Ended April 30, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Wholesale | Retail | Elimination (1) | Total | Wholesale | Retail | Elimination (1) | Total |
| | (In thousands) | | | | (In thousands) | | | |
| Net sales | $1,069,574 | $28,762 | $ (20,037) | $1,078,299 | $586,903 | $30,217 | $ (10,531) | $606,589 |
| Cost of goods sold | 740,734 | 12,975 | (20,037) | 733,672 | 352,470 | 14,849 | (10,531) | 356,788 |
| Gross profit | 328,840 | 15,787 | — | 344,627 | 234,433 | 15,368 | — | 249,801 |
| Selling, general and administrative expenses | 216,916 | 22,977 | — | 239,893 | 204,089 | 23,872 | — | 227,961 |
| Depreciation and amortization | 6,224 | 1,046 | — | 7,270 | 5,745 | 831 | — | 6,576 |
| Asset impairment, net of gain on lease terminations | 250 | — | — | 250 | | | | |
| Operating profit (loss) | $ 105,450 | $ (8,236) | $ — | $ 97,214 | $ 24,599 | $ (9,335) | $ — | $ 15,264 |

| | Nine Months Ended October 31, 2023 | | | |
|---|---|---|---|---|
| | Wholesale | Retail | Elimination (1) | Total |
| | (In thousands) | | | |
| Net sales | $ 2,280,391 | $ 97,268 | $ (44,199) | $ 2,333,460 |
| Cost of goods sold | 1,369,315 | 48,478 | (44,199) | 1,373,594 |
| Gross profit | 911,076 | 48,790 | — | 959,866 |
| Selling, general and administrative expenses | 633,841 | 69,635 | — | 703,476 |
| Depreciation and amortization | 16,247 | 2,883 | — | 19,130 |
| Asset impairment, net of gain on lease terminations | 222 | — | — | 222 |
| Operating profit (loss) | $ 260,766 | $ (23,728) | $ — | $ 237,038 |

| | Nine Months Ended October 31, 2022 | | | |
|---|---|---|---|---|
| | Wholesale | Retail | Elimination (1) | Total |
| | (In thousands) | | | |
| Net sales | $ 2,338,435 | $ 87,758 | $ (53,893) | $ 2,372,300 |
| Cost of goods sold | 1,564,595 | 42,006 | (53,893) | 1,552,708 |
| Gross profit | 773,840 | 45,752 | — | 819,592 |
| Selling, general and administrative expenses | 548,411 | 67,940 | — | 616,351 |
| Depreciation and amortization | 17,304 | 2,717 | — | 20,021 |
| Asset impairment, net of gain on lease terminations | 250 | (38) | — | 212 |
| Operating profit (loss) | $ 207,875 | $ (24,867) | $ — | $ 183,008 |

(1) Represents intersegment sales to the Company's retail operations segment.



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The total net sales by licensed and proprietary product sales for each of the Company's reportable segments are as follows:

| | Three Months Ended | | Nine Months Ended | | Three Months Ended | |
|---|---|---|---|---|---|---|
| | October 31, 2023 | October 31, 2022 | October 31, 2023 | October 31, 2022 | April 30, 2024 | April 30, 2023 |
| | (In thousands) | | | | (In thousands) | |
| Licensed brands | $ 625,231 | $ 669,408 | $ 1,261,894 | $ 1,403,142 | $ 261,706 | $ 298,005 |
| Proprietary brands | 429,072 | 400,166 | 1,018,497 | 935,293 | 336,060 | 288,898 |
| Wholesale net sales(1) | $ 1,054,303 | $ 1,069,574 | $ 2,280,391 | $ 2,338,435 | | |
| Wholesale net sales | | | | | $ 597,766 | $ 586,903 |
| | | | | | | |
| Licensed brands | $ — | $ — | $ — | $ — | $ — | $ — |
| Proprietary brands | 32,711 | 28,762 | 97,268 | 87,758 | 30,528 | 30,217 |
| Retail net sales | $ 32,711 | $ 28,762 | $ 97,268 | $ 87,758 | $ 30,528 | $ 30,217 |

(1) As of May 31, 2022, the Company acquired the remaining interests in KLH (Karl Lagerfeld branded product) that it did not already own. Net sales of Karl Lagerfeld product were included in licensed brands net sales of the wholesale operations segment through May 31, 2022. Subsequent to May 31, 2022, net sales of Karl Lagerfeld product are included in proprietary brands net sales of the wholesale operations segment.

**NOTE 11 10 – STOCKHOLDERS' EQUITY**

For the three months ended October 31, 2023 April 30, 2024, the Company issued no shares of common stock and utilized 4,354 267,129 shares of treasury stock in connection with the vesting of equity awards. For the three months ended October 31, 2022 April 30, 2023, the Company issued no shares of common stock and utilized 2,366 shares of treasury stock in connection with the vesting of equity awards. For the nine months ended October 31, 2023, the Company issued no shares of common stock and utilized 608,325 shares of treasury stock in connection with the vesting of equity awards. For the nine months ended October 31, 2022, the Company issued no shares of common stock and utilized 385,485 2,001 shares of treasury stock in connection with the vesting of equity awards.

**NOTE 12 – CANADIAN CUSTOMS DUTY EXAMINATION**

In accordance with a favorable ruling by the Canadian International Trade Tribunal, in fiscal 2023 and fiscal 2024, G-III Canada received refunds from the Canada Border Service Agency ("CBSA") in the aggregate amount of CAD$2.7 million ($2.0 million), including interest and net of a dutiable design assist, for amounts paid by G-III Canada to the CBSA between February 1, 2014 and January 31, 2018. G-III Canada has filed adjustment requests with the CBSA for the period from February 1, 2018 to January 31, 2022 to amend declared dutiable values. These amendments are expected to result in an additional refund of duty and interest, net of refunds already received, from the CBSA of approximately CAD$12.4 million ($8.9 million) plus related interest. These amounts are recorded within other assets, net in the condensed consolidated balance sheets.

**NOTE 13 11 – RECENT ADOPTED AND ISSUED ACCOUNTING PRONOUNCEMENTS**

*Recently Adopted Accounting Guidance*

There was no accounting guidance adopted during the three months ended October 31, 2023 April 30, 2024.

*Issued Accounting Guidance Being Evaluated for Adoption*

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures". The ASU expands the scope and frequency of segment disclosures and introduces the concept of a "significant expense principle," which requires entities to disclose significant expense categories and amounts that are regularly provided to the chief operating decision maker ("CODM") and included within the reported measure of a segment's profit or loss. The ASU also changes current disclosure requirements by allowing entities to report multiple measures of a segment's profit or loss, provided the reported measures are used by the CODM to assess performance and allocate resources and that the measure closest to GAAP is also provided. Finally, the ASU requires all segment profit or loss and assets disclosures to be provided on both an annual and interim basis and requires entities to disclose the title and position of the individual identified as the CODM. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 and shall be applied retrospectively to all periods presented in the financial statements. The Company has reviewed all recently issued accounting pronouncements is currently evaluating the standard and concluded determining the extent of additional interim and annual segment disclosures that they were either not applicable or not expected to have a significant impact to the consolidated financial statements. may be required.

**NOTE 14 – RELATED PARTY TRANSACTION** In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The ASU requires public companies to disclose, on an annual basis, a tabular reconciliation of the effective tax rate to the statutory rate for federal, state and foreign income taxes. It also requires greater detail about individual reconciling items in the rate reconciliation to the extent the impact of those items exceeds a specified threshold. In addition, the ASU requires public companies to disclose their income tax payments (net of refunds received), disaggregated between federal, state/local and foreign jurisdictions. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the standard and determining the extent of additional disclosures that may be required.

In June 2023, the Company entered into a stock sale and purchase agreement (the "Agreement") with Sammy Aaron, the Company's Vice Chairman and President and a Director of the Company. Pursuant to the Agreement, the Company purchased from Mr. Aaron 208,943 shares of its common stock for $4.1 million at a price equal to the closing price of the Company's shares on the date of the Agreement.



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**NOTE 12 – SUBSEQUENT EVENTS**

**NOTE 15 – EMPLOYMENT AGREEMENTS** *Investment in AWWG*

In May 2024, the Company acquired a 12% minority interest in AWWG Investments B.V. ("AWWG") for €50 million ($53.6 million). AWWG is a global fashion group and premier platform for international brands. AWWG owns a portfolio of brands including Hackett, Pepe Jeans and Façonnable and manages the Iberian business for PVH Corp. The Company intends to leverage AWWG's expertise with AWWG becoming the agent for Karl Lagerfeld, DKNY and Donna Karan in Spain and Portugal. This investment is intended to accelerate several of the Company's priorities, including expanding its international business and identifying opportunities for growth of our owned brands.

*Third Amended and Restated ABL Credit Agreement*

On August 9, 2023 June 4, 2024, the Company’s subsidiaries, G-III Leather Fashions, Inc., Riviera Sun, Inc., AM Retail Group, Inc. and The Donna Karan Company Store LLC (collectively, the “Borrowers”), entered into the third amended and restated credit agreement (the “Third ABL Credit Agreement”) with the lenders named therein and with JPMorgan Chase Bank, N.A., as administrative agent. The Third ABL Credit Agreement is a new employment agreement with Morris Goldfarb, five-year senior secured asset-based revolving credit facility providing for borrowings in an aggregate principal amount of up to $700 million. The Company and certain of its Chairman and Chief Executive Officer. The employment agreement included provisions, among others, that (i) changed wholly-owned domestic subsidiaries, as well as G-III Apparel Canada ULC (collectively, the structure of Mr. Goldfarb’s annual cash incentive that “Guarantors”), are designed to align with current market practice and reduce guarantors under the size of the annual cash incentive, (ii) changed the mix of annual cash compensation and annual equity grants in a manner that increases the weighting of equity compared to cash and encourages long-term performance and shareholder value creation, and (iii) in recognition of the significant reduction in the annual cash incentive agreed to by Mr. Goldfarb, provide for a grant of 700,000 performance share units (PSUs) that may be earned over three years if certain stock price and relative total shareholder return targets are achieved. Third ABL Credit Agreement.

On August 29, 2023 The Third ABL Credit Agreement amends and restates the Second Amended Credit Agreement, dated as of August 7, 2020 (as amended, supplemented or otherwise modified from time to time prior to June 4, 2024, the Company entered into “Second Credit Agreement”), by and among the Borrowers and the Guarantors, the lenders from time-to-time party thereto, and JPMorgan Chase Bank, N.A., in its capacity as the administrative agent thereunder. The Second Credit Agreement provided for borrowings of up to $650 million and was due to expire on August 7, 2025. The Third ABL Credit Agreement extends the maturity date to June 2029, subject to a new employment agreement springing maturity date as defined within the credit agreement.

Amounts available under the Third ABL Credit Agreement are subject to borrowing base formulas and overadvances as specified in the Third ABL Credit Agreement. Borrowings bear interest, at the Borrowers’ option, at Adjusted Term Secured Overnight Financing Rate (“SOFR”) plus a margin of 1.50% to 2.00%, or the alternate base rate plus a margin of 0.50% to 1.00% (defined as the greatest of (i) the “prime rate” of JPMorgan Chase Bank, N.A. from time to time, (ii) the federal funds rate plus 0.5% and (iii) SOFR for a borrowing with Sammy Aaron, its Vice Chairman and President. an interest period of one month plus 1.00%), with the applicable margin determined based on the Borrowers’ average daily availability under the Third ABL Credit Agreement. The employment agreement included provisions, among others, that (i) changed to the structure of Mr. Aaron’s annual cash incentive that are designed to align with current market practice and to reduce the size Third ABL Credit Agreement is secured by specified assets of the annual cash incentive, (ii) changed Borrowers and the mix of annual cash compensation and annual equity grants in a manner that increases the weighting of equity compared to cash and encourages long-term performance and shareholder value creation and (iii) in recognition of the significant reduction in the annual cash incentive agreed to by Mr. Aaron, provides for a special bonus of $2,000,000 that was paid shortly after the new employment agreement was entered into and a retention bonus of $1,000,000 payable if, as of January 31, 2025, the Company has not terminated the employment agreement for “cause” or he has not terminated the employment agreement without “cause” or without “Good Reason” (each of the terms as defined in the employment agreement). Guarantors.



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**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

Unless the context otherwise requires, “G-III,” “us,” “we” and “our” refer to G-III Apparel Group, Ltd. and its subsidiaries. References to fiscal years refer to the year ended or ending on January 31 of that year. For example, our fiscal year ending January 31, 2024 January 31, 2025 is referred to as “fiscal 2024. 2025.”

KLH, Vilebrequin, Fabco Sonia Rykiel and Sonia Rykiel Fabco report results on a calendar year basis rather than on the January 31 fiscal year basis used by G-III. Accordingly, the results of KLH, Vilebrequin, Fabco Sonia Rykiel and Sonia Rykiel Fabco are included in the financial statements for the quarter ended or ending closest to G-III’s fiscal quarter end. For example, with respect to our results for the nine-month three-month period ended October 31, 2023 April 30, 2024, the results of KLH, Vilebrequin, Fabco Sonia Rykiel and Sonia Rykiel Fabco are included for the nine-month three-month period ended September 30, 2023 March 31, 2024. We accounted for our investment in each of KLH and KLNA using the equity method of accounting through May 30, 2022. Effective May 31, 2022, KLH is accounted for as our consolidated wholly-owned subsidiary and KLNA is an indirect wholly-owned subsidiary of ours. Our retail operations segment uses a 52/53-

week fiscal year. For fiscal 2025 and 2024, and 2023, the three and nine-month three-month periods for the retail operations segment were each 13-week and 39-week periods respectively, and ended on October 28, 2023 May 4, 2024 and October 29, 2022 April 29, 2023, respectively.

Various statements contained in this Form 10-Q, in future filings by us with the SEC, in our press releases and in oral statements made from time to time by us or on our behalf constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations and are indicated by words or phrases such as "anticipate," "estimate," "expect," "will," "project," "we believe," "is or remains optimistic," "currently envisions," "forecasts," "goal" and similar words or phrases and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from the future results, performance or achievements expressed in or implied by such forward-looking statements. Forward-looking statements also include representations of our expectations or beliefs concerning future events that involve risks and uncertainties, including, but not limited to, the following:

- the failure to maintain our material license agreements could cause us to lose significant revenues and have a material adverse effect on our results of operations;
- unless we are able to increase the sales of our other products, acquire new businesses and/or enter into other license agreements covering different products, the limited extension period of the amended Calvin Klein and Tommy Hilfiger license agreements could cause a significant decrease in our net sales and have a material adverse effect on our results of operations;
- any adverse change in our relationship with PVH Corp. and its Calvin Klein or Tommy Hilfiger brands would have a material adverse effect on our results of operations;
- our dependence on the strategies and reputation of our licensors;
- risks relating to our wholesale operations including, among others, maintaining the image of our proprietary brands and business practices of our customers that could adversely affect us and retail customer concentration; us;
- our significant customer concentration, and the risk that the loss of one of our largest customers could adversely affect our business;
- risks relating to our retail operations segment;
- our ability to achieve operating enhancements and cost reductions from our retail operations;
- dependence on existing management;
- our ability to make strategic acquisitions and possible disruptions from acquisitions, including our ownership of the entire Karl Lagerfeld business;
- need for additional financing;
- seasonal nature of our business and effect of unseasonable or extreme weather on our business;
- possible adverse effects from disruptions to the worldwide supply chain;
- price, availability and quality of materials used in our products;
- the need to protect our trademarks and other intellectual property;
- risk that our licensees may not generate expected sales or maintain the value of our brands;
- the impact of the current economic and credit environment on us, our customers, suppliers and vendors, including without limitation, the effects of inflationary cost pressures and higher interest rates;
- effects of war, acts of terrorism, natural disasters or public health crises could adversely affect our business and results of operations, including the wars in Ukraine and the Middle East;



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- the global health crisis caused by COVID-19 has had, and the current and uncertain future outlook with respect to COVID-19 and its variants will likely continue to have, adverse effects on our business, financial condition and results of operations;
- our dependence on foreign manufacturers;
- risks of expansion into foreign markets, conducting business internationally and exposures to foreign currencies;



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- risks related to the implementation of the national security law in Hong Kong;
- the need to successfully upgrade, maintain and secure our information systems;
- increased exposure to consumer privacy, cybersecurity and fraud concerns, including as a result of the a remote working environment;
- possible adverse effects of data security or privacy breaches;
- the impact on our business of the imposition of tariffs by the United States government and the escalation of trade tensions between countries;
- changes in tax legislation or exposure to additional tax liabilities that could impact our business;
- the effect of regulations applicable to us as a U.S. public company;
- focus on corporate responsibility issues by stakeholders;
- potential effect on the price of our stock if actual results are worse than financial forecasts or if we are unable to provide financial forecasts;
- fluctuations in the price of our common stock;
- impairment of our trademarks or other intangibles may require us to record charges against earnings as was the case in the fourth quarter of fiscal 2023; earnings; and
- risks related to our indebtedness.

Any forward-looking statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. A detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations is described under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended January 31, 2023 January 31, 2024. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

**Overview**

G-III designs, sources and markets an extensive range of apparel, including outerwear, dresses, sportswear, swimwear, women's suits and women's performance wear, as well as women's handbags, footwear, small leather goods, cold weather accessories and luggage. G-III has a substantial portfolio of more than 30 licensed and proprietary brands, anchored by our global power key brands: DKNY, Donna Karan, Karl Lagerfeld, Nautica and Halston, as well as other major brands that currently drive our business, including Calvin Klein and Tommy Hilfiger. We are not only licensees, but also brand owners, and we distribute our products through multiple channels. channels and in markets located in a variety of geographies.

Our own proprietary brands include DKNY, Donna Karan, Karl Lagerfeld, Karl Lagerfeld Paris, Vilebrequin, G.H. Bass, Eliza J, Jessica Howard, Andrew Marc, Marc New York, Wilsons Leather and Sonia Rykiel. We have an extensive portfolio of well-known licensed brands, including Calvin Klein, Tommy Hilfiger, Nautica, Halston, Levi's, Guess?, Kenneth Cole, Cole Haan, Vince Camuto, Dockers and Champion. Through our team sports business, we have licenses with the National Football League, National Basketball Association, Major League Baseball, National Hockey League and over 150 U.S. colleges and universities. We also source and sell products to major retailers under for their own private retail labels. label programs.

Our products are sold through a cross section of leading retailers such as Macy's, including its Bloomingdale's division, Dillard's, Hudson's Bay Company, including its Saks Fifth Avenue division, Nordstrom, Kohl's, TJX Companies, Ross Stores, Burlington and Costco. We also sell our products using digital channels through retail partners such as macys.com, nordstrom.com and dillards.com, each of which has a substantial online business. operates significant digital businesses. In addition, we sell to leading online retail partners such as Amazon, Fanatics, Zalando and Zappos.

We also distribute apparel and other products directly to consumers through our own DKNY, Karl Lagerfeld, Karl Lagerfeld Paris and Vilebrequin retail stores, as well as through our digital channels sites for the our DKNY, Donna Karan, Karl Lagerfeld, Karl Lagerfeld Paris, Vilebrequin, G.H. Bass, Wilsons Leather and Sonia Rykiel businesses. brands.

We operate in fashion markets that are intensely competitive. Our ability to continuously evaluate and respond to changing consumer demands and tastes, across multiple market segments, distribution channels and geographic areas is critical to our success. Although our portfolio of brands is aimed at diversifying our risks in this regard, misjudging shifts in consumer preferences could have a negative effect on our business. Our continued success in the future will depend depends on our ability to design products that are accepted in the marketplace, source the manufacture of our products on a competitive basis and continue to diversify our product portfolio and the markets we serve.



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We believe that consumers prefer to buy brands they know, and we have continually sought to increase the portfolio of name brands we can offer through different tiers of retail distribution, for a wide array of products at a variety of price points. We have increased the portfolio of brands we offer through licenses, acquisitions and joint ventures. It is our objective to continue to expand our product offerings and we are continually discussing new licensing opportunities with brand owners and seeking to acquire established brands.

**Recent Developments**

*Repositioning and Expansion of Donna Karan*

We acquired the DKNY and Donna Karan brands, two of the most iconic American fashion brands, in December 2016. We initially repositioned and relaunched DKNY and we have successfully grown the brand. We are now focused on the repositioning and expansion of In February 2024, we relaunched the Donna Karan brand for Spring 2024. The with new Donna Karan will be designs supported by a modern system of dressing created to appeal to a woman's senses on every level, addressing her full lifestyle needs. powerful ad campaign and an updated digital experience. Our new Donna Karan product is expected to be currently being distributed in North America and internationally the United States through our diversified distribution network, including better department stores, digital channels and our own Donna Karan website.

We intend to continue to focus on several initiatives to continue the momentum and invest in marketing to further drive awareness of the Donna Karan brand, as well as to expand the brand into complementary categories through licensing. Donna Karan is widely considered to be a top fashion brand and is recognized as one of the most famous designer names in American fashion. We believe that the strength of the Donna Karan brand, along with our success with the DKNY brand, demonstrates the potential for our new Donna Karan products.

*Investment in AWWG*

In May 2024, we acquired a 12% minority interest in AWWG Investments B.V. ("AWWG") for €50 million ($53.6 million). AWWG is a global fashion group and premier platform for international brands. AWWG owns a portfolio of brands including Hackett, Pepe Jeans and Façonnable and manages the Iberian business for PVH Corp. We intend to leverage AWWG's expertise with AWWG becoming the agent for Karl Lagerfeld, DKNY and Donna Karan in Spain and Portugal. This investment is intended to accelerate several of our priorities including expanding our international business and identifying opportunities for growth of our owned brands.

*License Agreement for Nautica Brand*

In March 2023, we entered into a long-term license with Authentic Brands Group for women's apparel under the Nautica brand in North America.

We plan to currently produce products a full women's jeanswear line under the Nautica brand across a number of categories starting with a full women's jeanswear collection and then expanding plan to expand in a phased approach into additional categories including sportswear, suit separates and dresses. The new This five-year license agreement, effective beginning in as of January 2024, includes three extensions for five years each. First deliveries are expected to begin began in January 2024. The Our Nautica product is expected to be distributed in North America through our diversified distribution network, including better department stores, digital channels and Nautica's stores and website, as well as in franchised stores globally. We believe that significant opportunity exists for Nautica in the better women's apparel space in categories where we have strong significant expertise. The Nautica brand joins our portfolio of some of the largest American brands in the world.

*License Third Amended and Restated ABL Credit Agreement for Halston Brand*

In May 2023, we On June 4, 2024, our subsidiaries, G-III Leather Fashions, Inc., Riviera Sun, Inc., AM Retail Group, Inc. and The Donna Karan Company Store LLC (collectively, the "Borrowers"), entered into the third amended and restated credit agreement (the "Third ABL Credit Agreement") with the lenders named therein and with JPMorgan Chase Bank, N.A., as administrative agent. The Third ABL Credit Agreement is a global twenty-five year master license with Xcel Brands, Inc. five-year senior secured asset-based revolving credit facility providing for borrowings in an aggregate principal amount of up to design $700 million. We and produce all categories certain of men's and women's product for our wholly-owned domestic subsidiaries, as well as G-III Apparel Canada ULC (collectively, the Halston brand. "Guarantors"), are guarantors under the Third ABL Credit Agreement.

The agreement provides for an initial term Third ABL Credit Agreement amends and restates the Second Amended Credit Agreement, dated as of five years, followed by a twenty-year period, as well as a purchase option at August 7, 2020 (as amended, supplemented or otherwise modified from time to time prior to June 4, 2024, the end of the twenty-five year term. First deliveries of Halston product are expected to begin in the fall of 2024. Our Halston product is expected to be distributed globally through our diversified distribution network, including better department stores and digital channels. We believe that significant opportunity exists in the better women's apparel space where G-III has significant expertise. The Halston brand joins G-III's portfolio of some of the largest American brands in the world.

"Second Credit



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*License Agreement"), by and among the Borrowers and the Guarantors, the lenders from time-to-time party thereto, and JPMorgan Chase Bank, N.A., in its capacity as the administrative agent thereunder. The Second Credit Agreement provided for Champion Brand* borrowings of up to $650 million and was due to expire on August 7, 2025. The Third ABL Credit Agreement extends the maturity date to June 2029, subject to a springing maturity date as defined within the credit agreement.

In September 2023, we entered into Amounts available under the Third ABL Credit Agreement are subject to borrowing base formulas and overadvances as specified in the Third ABL Credit Agreement. Borrowings bear interest, at the Borrowers' option, at Adjusted Term Secured Overnight Financing Rate ("SOFR") plus a license margin of 1.50% to 2.00%, or the alternate base rate plus a margin of 0.50% to 1.00% (defined as the greatest of (i) the "prime rate" of JPMorgan Chase Bank, N.A. from time to time, (ii) the federal funds rate plus 0.5% and (iii) SOFR for a borrowing with HanesBrands Inc. to design and produce a men's and women's outerwear collection for their Champion brand in North America.

The agreement provides for an initial term interest period of five years, effective beginning in January 2024, one month plus 1.00%), with a five year renewal option the applicable margin determined based on achieving sales targets. First deliveries the Borrowers' average daily availability under the Third ABL Credit Agreement. The Third ABL Credit Agreement is secured by specified assets of Champion product are expected for the Fall 2024 season. Our Champion product is expected to be distributed in North America through our diversified distribution network, including better department stores Borrowers and digital channels. Our collections will feature quality heritage pieces that complement and enhance Champion's principles. We believe this license aligns with G-III's core competencies in outerwear and will fit seamlessly into our well-developed outerwear divisions. the Guarantors.

**Segments**

We report based on two segments: wholesale operations and retail operations.

Our wholesale operations segment includes sales of products to retailers under owned, licensed and private label brands, as well as sales related to the Karl Lagerfeld and Vilebrequin businesses, including from retail stores operated by Vilebrequin and Karl Lagerfeld, other than sales of product under the Karl Lagerfeld Paris brand generated by our retail stores and digital outlets. sites. Wholesale revenues also include royalty revenues from license agreements related to our owned trademarks including DKNY, Donna Karan, Karl Lagerfeld, G.H. Bass, Andrew Marc, Vilebrequin and Sonia Rykiel.

Our retail operations segment consists primarily of direct sales to consumers through our company-operated stores and product sales through our digital channels sites for the DKNY, Donna Karan, Karl Lagerfeld Paris, G.H. Bass and Wilsons Leather businesses. brands. Our company-operated stores primarily consist of DKNY and Karl Lagerfeld Paris retail stores, substantially all of which are operated as outlet stores.

**Trends Affecting Our Business**

*Industry Trends*

Significant trends that affect the apparel industry include retail chains closing unprofitable stores, an increased focus by retail chains and others on expanding digital sales and providing convenience-driven fulfillment options, the continued consolidation of retail chains and the desire on the part of retailers to consolidate vendors supplying them.

In addition, we sell our products online through retail partners such as macys.com, nordstrom.com and dillards.com, each of which has a substantial online business. As sales of apparel through digital channels continue to increase, we are developing additional digital marketing initiatives on both our web sites and third party web sites and through social media. We are investing in digital personnel, marketing, logistics, planning, distribution and other strategic opportunities to expand our digital footprint. Our digital business consists of our own web platforms at www.dkny.com, www.donnakaran.com, www.ghbass.com, www.vilebrequin.com, www.wilsonsleather.com, www.soniarykiel.com, www.karllagerfeldparis.com and www.karl.com. In addition, we sell to leading online retail partners such as Amazon, Fanatics, Zalando and Zappos and have made minority investments in two e-commerce retailers. Zappos.

A number of retailers have experienced financial difficulties, which in some cases have resulted in bankruptcies, liquidations and/or store closings. The financial difficulties of a retail customer of ours could result in reduced business with that customer. We may also assume higher credit risk relating to receivables of a retail customer experiencing financial difficulty that could result in higher reserves for doubtful accounts or increased write-offs of accounts receivable. We attempt to mitigate credit risk from our customers by closely monitoring accounts receivable balances and shipping levels, as well as the ongoing financial performance and credit standing of customers.

Retailers are seeking to differentiate their offerings by devoting more resources to the development of exclusive products, whether by focusing on their own private label products or on products produced exclusively for a retailer by a national



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brand manufacturer. Exclusive brands are only made available to a specific retailer. As a result, customers loyal to their brands can only find them in the stores of that retailer.



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We have attempted to respond to general trends in our industry by continuing to focus on selling products with recognized brand equity, by attention to design, quality and value and by improving our sourcing capabilities. We have also responded with the strategic acquisitions made by us, such as our purchase of the interests not previously owned by us that resulted in Karl Lagerfeld becoming our wholly-owned subsidiary, and new license agreements entered into by us, such as our recent license agreements for the Nautica, Halston and Champion brands, that brands. Our actions added to our portfolio of licensed and proprietary brands and helped diversify our business by adding new product lines and expanding distribution channels. We believe that our broad distribution capabilities help us to respond to the various shifts by consumers between distribution channels and that our operational capabilities will enable us to continue to be a vendor of choice for our retail partners.

*Tax Laws and Regulations*

On December 12, 2022, In December 2022, the Council of the European Union ("EU") announced that EU member states reached an agreement to implement the minimum tax component of the Organization for Economic Co-operation and Development's international tax reform initiative, known as Pillar Two. The Pillar Two Model Rules provide for a global minimum tax of 15% for multinational enterprise groups, and is expected to be effective for our fiscal year ending January 31, 2025. We are in the process of evaluating the 2025. While we do not expect these rules to have a material impact of Pillar Two, if any, on our effective tax rate and or financial results. We results, we will continue to monitor evolving tax legislation in the developing laws as further information becomes available. jurisdictions in which we operate.

*Inflation and Interest Rates*

Inflationary pressures have impacted the entire economy, including our industry. Recent high rates of inflation, including increased fuel and food prices, have led to a softening of consumer demand and increased promotional activity in the apparel categories we sell and sell. Ongoing inflation may lead to further challenges to increase our sales. Ongoing inflation sales and may also negatively impact our cost structure and labor costs in the future.

The Federal Reserve raised interest rates multiple several times in fiscal 2023, as well as thus far in fiscal 2024 in response to concerns about inflation and may continue to do so inflation. It is unclear whether the Federal Reserve will reduce interest rates, maintain the current high rates or even raise interest rates in the future. fiscal 2025. Higher interest rates increase the cost of our borrowing under our revolving credit facility, may increase economic uncertainty and may negatively affect consumer spending. Volatility in interest rates may adversely affect our business or our customers. If the equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, or at all.

*Foreign currency fluctuation*

Our consolidated operations are impacted by the relationships between our reporting currency, the U.S. Dollar, and those of our non-United States subsidiaries whose functional/local currency is other than the U.S. Dollar, primarily the Euro. Volatility in the global foreign currency exchange rates may have a negative impact on the reported results of certain of our non-United States subsidiaries in the future, when translated to the U.S. Dollar.

*Supply Chain*

In fiscal 2022 2024, the Panama Canal experienced severe drought conditions which forced the canal to reduce the number of vessels transiting through it on a daily basis by approximately one-third. In addition, conflicts in the Middle East have caused major disruptions to global supply chains by impacting critical shipping routes through the Suez Canal and 2023, there were numerous factors disrupting Red Sea for cargo, adding time and cost to shipments. While the conditions at the Panama Canal are improving, port congestion and capacity shortages in Asia are beginning to disrupt container shipping industry that negatively affected transit and impact our supply chain in fiscal 2025. Transit times from our overseas suppliers, have increased to destinations on the east coast of the United States and Europe. These delays have not as well as our ability to ensure that we were able to import our product yet resulted in a manner that allows significant loss of customer sales. We have not yet experienced significant increases in transportation costs to North America, but have experienced increased transportation costs for timely delivery shipments to Europe. We anticipate moderate increases in our customers.

More recently, shipping costs in North America and transit times have returned to levels comparable to, and in some cases lower than, pre-pandemic time periods. We continue to monitor the transportation market for circumstances that may cause delays and negatively impact our ability to deliver product to our retail partners in a timely manner.

As a result of supply chain disruptions, Europe in fiscal 2023, we accelerated production schedules to allow for more lead time and to accommodate the anticipated extended transit times from our overseas suppliers in an effort to import our product in a manner that allows for timely delivery to our customers. As a result, our inventory levels were higher than usual in fiscal 2023. 2025.



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Elevated inventory levels and disruptions in the shipping industry contributed to us incurring significant demurrage charges in fiscal 2023. We implemented measures to ensure that we did not incur these charges in our current fiscal year, including reducing product buys to account for current inventory levels and adjusting our production schedules to receive inventory closer to the need for delivery. We experienced inventory levels that were higher than normal through the first half of fiscal 2024. As a result, our warehouse operations were less efficient and we continued to incur additional labor and storage costs related to our inventory in the first half of fiscal 2024. Our inventory levels returned to a more normalized level in the third quarter of fiscal 2024 and we expect this to continue into the fourth quarter of fiscal 2024. Our warehouse capacity has been, and we expect it to continue to be, sufficient for our needs which is expected to bring these costs in line with historical norms. As a result, our warehousing and distribution costs have been reduced for the third quarter of fiscal 2024 and we expect reduced costs to continue through the fourth quarter of fiscal 2024.

We have secured all required space with two of our long-term steamship carrier partners, including the space needed for our peak period and beyond. We continue to monitor supply chain challenges most recently the developing situation and coordinate with the Panama Canal, and will our partners to divert or adjust routes accordingly to ensure delivery of our product.

*Impact of COVID-19*

The continued impact of COVID-19 on our business operations remains uncertain and cannot be predicted. The extent to which COVID-19 impacts our results will depend on continued developments around the world in the public and private responses to COVID-19. New information may emerge concerning the severity and the spread of variants of the COVID-19 virus in locations that are important to our business. Actions taken to contain COVID-19 or its variants, or treat their impact, may change or become more restrictive if additional waves of infections occur. We continue to monitor the latest developments regarding the impacts of COVID-19 and have incorporated certain assumptions regarding the duration, severity and global macroeconomic impact of the pandemic into our financial outlook.

*International Conflicts*

We are monitoring the direct and indirect impacts from the military conflicts between Russia and Ukraine and between Israel and Hamas. Hamas, as well as other confrontations in the Middle East related to the Israel and Hamas conflict. These international conflicts and the continued threat of terrorism, heightened security measures and military action in response to acts of terrorism or civil unrest have disrupted commerce and intensified concerns regarding the United States and world economies. Our sales in Russia, Ukraine and Israel are not material to our financial results. However, the imposition of additional sanctions by the United States and/or foreign governments, as well as the sanctions already in place, could lead to restrictions related to sales and our supply chain for which the financial impact is uncertain. In addition, the continuation or escalation of these international conflicts, including the potential for additional countries to declare war against each other, may lead to further, broader unfavorable macroeconomic conditions, including unfavorable foreign exchange rates, increases in fuel prices, food shortages, a weakening of the worldwide economy, lower consumer demand and volatility in financial markets. The possible effects of these international conflicts could have a material adverse effect on our business and our results of operations.

**Results of Operations**

***Three months ended October 31, 2023 April 30, 2024 compared to three months ended October 31, 2022 April 30, 2023***

Net sales for the three months ended October 31, 2023 decreased April 30, 2024 increased to $1.07 billion $609.7 million from $1.08 billion $606.6 million in the same period last year. Net sales of our segments are reported before intercompany eliminations.

Net sales of our wholesale operations segment decreased increased to $1.05 billion $597.8 million for the three months ended October 31, 2023 April 30, 2024 from $1.07 billion $586.9 million in the comparable period last year. This decrease increase was primarily the result of an increase in net sales of our Karl Lagerfeld and DKNY products. In addition, the relaunched Donna Karan products started shipping during the current year period which contributed to the increase in net sales. The increase in sales of Karl Lagerfeld products was primarily related to sportswear and handbags and the increase in sales of DKNY products was primarily related to sportswear. These increases were partially offset by a decrease in net sales of Calvin Klein and Tommy Hilfiger licensed products. This decrease was partially offset by an increase in net sales of our DKNY and Karl Lagerfeld products. The increase in sales of DKNY products was primarily related to handbags and women's outerwear.

Net sales of our retail operations segment increased to $32.7 million were $30.5 million for the three months ended October 31, 2023 from $28.8 million April 30, 2024 compared to $30.2 million in the same period last year. The number of retail stores operated by us increased decreased from 60 61 at October 31,



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2022 April 30, 2023 to 62 52 at October 31, 2023 April 30, 2024. The increase in sales in our retail operations segment was primarily the result of increased sales at our Karl Lagerfeld Paris stores, partially offset by decreased sales at our DKNY stores.

Gross profit was $433.4 million $258.9 million, or 40.6% 42.5% of net sales, for the three months ended October 31, 2023 April 30, 2024, compared to $344.6 million $249.8 million, or 32.0% 41.2% of net sales, in the same period last year. The gross profit percentage in our wholesale operations segment was 39.6% 40.9% in the three months ended October 31, 2023 April 30, 2024 compared to 30.7% 39.9% in the same period last year. The gross profit percentage in the prior year period was negatively impacted by $26.7 million in demurrage charges incurred due to our inability to pick up freight from port terminals in a timely manner. The gross profit percentage in the current year period was positively impacted by lower freight costs compared to the same period last year. The gross profit percentage in our retail operations segment was 49.1% for the three months ended October 31, 2023 compared to 54.9% for the same period last year. The gross profit percentage in the current year period was negatively impacted by an increase in promotional activity.

Selling, general and administrative expenses decreased to $236.3 million in the three months ended October 31, 2023 from $239.9 million in the same period last year. The decrease in expenses was primarily due to a decrease of $9.0 million in third-party warehouse and facility expenses primarily related to lower inventory levels during the period. This decrease was partially offset by an increase of $5.1 million in compensation expense, primarily as a result of increases in salaries.

Depreciation and amortization was $6.6 million for the three months ended October 31, 2023 compared to $7.3 million in the same period last year. This decrease primarily results from lower depreciation and amortization as a result of a reduction in capital expenditures in recent years.

Other loss was $3.1 million in the three months ended October 31, 2023 compared to $2.8 million in the same period last year. We recorded $2.7 million in losses from unconsolidated affiliates during the three months ended October 31, 2023 compared to $0.2 million in losses from unconsolidated affiliates in the same period last year. Other loss in the current period also consisted of $0.4 million of foreign currency losses compared to $4.0 million of foreign currency losses during the same period last year.

Interest and financing charges, net, for the three months ended October 31, 2023 were $11.0 million compared to $16.1 million in the same period last year. The decrease in interest and financing charges was primarily due to a decrease of $2.5 million in interest charges as a result of lower average borrowings under our revolving credit facility in the current year period and a decrease of $1.1 million in interest charges related to the LVMH Note as a result of the repayment of $75 million in principal of this Note on June 1, 2023.

Income tax expense was $48.8 million for the three months ended October 31, 2023 compared to $17.5 million for the same period last year. Our effective tax rate increased to 27.7% in the current year's quarter from 22.4% in last year's comparable quarter. The lower effective tax rate in the prior year period was due the exclusion of the gain recognized as a result of the remeasurement of the fair value of our previously held 19% investment in KLH and 49% interest in KLNA from taxable income.

***Nine months ended October 31, 2023 compared to nine months endedOctober 31, 2022***

Net sales for the nine months ended October 31, 2023 decreased to $2.33 billion from $2.37 billion in the same period last year. Net sales of our segments are reported before intercompany eliminations.

Net sales of our wholesale operations segment decreased to $2.28 billion for the nine months ended October 31, 2023 from $2.34 billion in the comparable period last year. This decrease was primarily the result of a decrease in net sales of Calvin Klein and Tommy Hilfiger licensed products. This decrease was partially offset by the addition of $110.2 million in net sales due to the inclusion of the results of the acquired Karl Lagerfeld business for all of the current period compared to only four months in the same period last year.

Net sales of our retail operations segment increased to $97.3 million for the nine months ended October 31, 2023 from $87.8 million in the same period last year. The number of retail stores operated by us increased from 60 at October 31, 2022 to 62 at October 31, 2023. The increase in sales in our retail operations segment was primarily the result of increased sales at our Karl Lagerfeld Paris stores.



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Gross profit was $959.9 million, or 41.1% of net sales, for the nine months ended October 31, 2023, compared to $819.6 million, or 34.5% of net sales, in the same period last year. The gross profit percentage in our wholesale operations segment was 40.0% in the nine months ended October 31, 2023 compared to 33.0% in the same period last year. The gross profit percentage in the prior year period was negatively impacted by $30.8 million in demurrage charges incurred due to our inability to pick up freight from port terminals in a timely manner. The gross profit percentage in the current year period was positively impacted by lower freight costs and slightly higher prices a shift in sales to product related to our customers compared to the same period last year. owned brands which have no royalty costs, as well as a more favorable product mix. The gross profit percentage in our retail operations segment was 50.2% 47.0% for the nine three months ended October 31, 2023 April 30, 2024 compared to 52.1% 50.9% for the same period last year. The gross profit percentage in the current year period was negatively impacted by an increase in promotional activity.

Selling, general and administrative expenses increased to $703.5 million $236.6 million in the nine three months ended October 31, 2023 April 30, 2024 from $616.4 million $228.0 million in the same period last year. We recognized an additional $72.8 million of expenses due to the inclusion of the results of KLH for the current period ended October 31, 2023 as compared to only four months in the same period last year. The remainder of the increase in expenses was primarily due to an increase of $16.7 million $10.6 million in advertising expenses, primarily related to the relaunch of the Donna Karan brand and higher spending on the DKNY brand, as well as an increase of $2.8 million in compensation expense, expenses, primarily from due to an increase in salaries and bonus expense accruals. This increase was salaries. These increases were partially offset by reduced royalty advertising a decrease of $5.5 million in third-party warehouse and facility expenses which decreased due to associated with carrying lower net sales levels of licensed product. inventory.

Depreciation and amortization was $19.1 million $8.8 million for the nine three months ended October 31, 2023 April 30, 2024 compared to $20.0 million $6.6 million in the same period last year. This decrease increase primarily results from lower higher depreciation and amortization as a result related to information technology expenditures and fixturing costs at department stores.



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Other loss was $0.2 million in capital expenditures in recent years, partially offset by an increase of $2.4 million of depreciation and amortization expense due to the inclusion of the results of KLH for all of the current period three months ended April 30, 2024 compared to four months other income of $1.0 million in the same period last year.

Other loss was $2.0 million in the nine months ended October 31, 2023 compared to other income of $24.8 million for the same period last year. Other income in the prior year period consisted of a gain of $30.9 million during the nine months ended October 31, 2022 as a result of the remeasurement of our previously held 19% investment in KLH and 49% investment in KLNA as of the effective date of the acquisition by us of the interests in KLH that we did not previously own. Other loss in the current period consisted was impacted by $0.9 million of $0.7 million losses from unconsolidated affiliates during the current year period compared to $0.5 million of such losses in the same period last year. Additionally, other loss in the current period was impacted by $0.6 million of foreign currency income during the nine months ended October 31, 2023 current year period compared to $9.4 million $0.4 million of foreign currency losses during the same period last year. Additionally, we recorded $3.7 million in losses from unconsolidated affiliates during the nine months ended October 31, 2023 compared to $0.8 million in such income from unconsolidated affiliates in the same period last year.

Interest and financing charges, net, for the nine three months ended October 31, 2023 April 30, 2024 were $32.7 million $5.4 million compared to $40.8 million $12.2 million in the same period last year. The decrease in interest and financing charges was primarily due to a $3.0 million $4.3 million increase in investment income from having a larger cash position in the current year fiscal 2025 compared to the prior year fiscal 2024 and a decrease of $2.2 million in interest charges due to lower average borrowings under our revolving credit facility in the current year period. In addition, there was a decrease of $1.6 million $2.4 million in interest charges related to the LVMH Note as a result of the repayment of $75 million $125 million in principal of this Note on June 1, 2023. in fiscal 2024.

Income tax expense was $55.7 million $2.3 million for the nine three months ended October 31, 2023 April 30, 2024 compared to $39.5 million $0.9 million for the same period last year. Our effective tax rate increased to 27.5% 29.3% in the current year's period quarter from 23.6% 23.1% in last year's comparable period. quarter. The lower effective tax rate in the prior year period was due to discrete items in the exclusion of the gain recognized as a result of the remeasurement of the fair value of our previously held 19% investment in KLH and 49% interest in KLNA from taxable income. quarter.

**Liquidity and Capital Resources**

*Cash Availability*

We rely on our cash flows generated from operations, cash and cash equivalents and the borrowing capacity under our revolving credit facility to meet the cash requirements of our business. The cash requirements of our business are primarily related to the seasonal buildup in inventories, compensation paid to employees, occupancy, payments to vendors in the normal course of business, capital expenditures, interest payments on debt obligations and income tax payments. A principal payment of $75 million was made on June 1, 2023 with respect to the LVMH Note. The remaining principal amount of $50 million under the LVMH Note was paid on December 1, 2023. We have also used cash to repurchase our shares. shares and make minority investments.



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As of October 31, 2023 April 30, 2024, we had cash and cash equivalents of $197.4 million $508.4 million and availability under our revolving credit facility in excess of approximately $645 million $480 million. As of October 31, 2023 April 30, 2024, we were in compliance with all covenants under our senior secured notes and revolving credit facility. In May 2024, we used $53.6 million of our cash to acquire the minority interest in AWWG.

*Senior Secured Notes*

In August 2020, we completed a private debt offering of $400 million aggregate principal amount of our 7.875% Senior Secured Notes due August 2025 (the “Notes) “Notes”). The terms of the Notes are governed by an indenture, dated as of August 7, 2020 (the “Indenture”), among us, the guarantors party thereto and U.S. Bank, National Association, as trustee and collateral agent (the “Collateral Agent”). The net proceeds of the Notes were used (i) to repay the $300 million that was outstanding under our prior term loan facility that was due in 2022 (the “Term Loan”), (ii) to pay related fees and expenses and (iii) for general corporate purposes.

The Notes bear interest at a rate of 7.875% per year payable semi-annually in arrears on February 15 and August 15 of each year.

The Notes are unconditionally guaranteed on a senior-priority secured basis by our current and future wholly-owned domestic subsidiaries that guarantee any of our credit facilities, including our ABL facility (the “ABL Facility”) pursuant to the ABL Credit Agreement, or certain future capital markets indebtedness of ours or the guarantors.

The Notes and the related guarantees are secured by (i) first priority liens on our Cash Flow Priority Collateral (as defined in the Indenture), and (ii) a second-priority lien on our ABL Priority Collateral (as defined in the Indenture), in each case subject to permitted liens described in the Indenture.

In connection with the issuance of the Notes and execution of the Indenture, we and the Guarantors entered into a pledge and security agreement (the “Pledge and Security Agreement”), among us, the Guarantors and the Collateral Agent.



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The Notes are subject to the terms of the intercreditor agreement which governs the relative rights of the secured parties in respect of the ABL Facility and the Notes (the “Intercreditor Agreement”). The Intercreditor Agreement restricts the actions permitted to be taken by the Collateral Agent with respect to the Collateral on behalf of the holders of the Notes.

We may redeem some or all of the Notes at any time and from time to time at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date.

If we experience a Change of Control (as defined in the Indenture), we are required to offer to repurchase the Notes at 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

The Indenture contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to incur or guarantee additional indebtedness, pay dividends or make other restricted payments, make certain investments, incur restrictions on the ability of our restricted subsidiaries that are not guarantors to pay dividends or make certain other payments, create or incur certain liens, sell assets and subsidiary stock, impair the security interests, transfer all or substantially all of our assets or enter into merger or consolidation transactions, and enter into transactions with affiliates. The Indenture provides for customary events of default which include (subject in certain cases to customary grace and cure periods), among others, nonpayment of principal or interest, breach of other agreements in the Indenture, failure to pay certain other indebtedness, failure of certain guarantees to be enforceable, failure to perfect certain collateral securing the Notes, failure to pay certain final judgments, and certain events of bankruptcy or insolvency.

We incurred debt issuance costs totaling $8.5 million related to the Notes. In accordance with ASC 835, the debt issuance costs have been deferred and are presented as a contra-liability, offsetting the outstanding balance of the Notes, and are amortized over the remaining life of the Notes.



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*Second Amended and Restated ABL Credit Agreement*

In August 2020, our subsidiaries, G-III Leather Fashions, Inc., Riviera Sun, Inc., CK Outerwear, LLC, AM Retail Group, Inc. and The Donna Karan Company Store LLC (collectively, the “Borrowers”), entered into the second amended and restated credit agreement (the “ABL “Second ABL Credit Agreement”) with the Lenders named therein and with JPMorgan Chase Bank, N.A., as Administrative Agent. The Second ABL Credit Agreement is a five year senior secured credit facility subject to a springing maturity date if, subject to certain conditions, the Notes are not refinanced or repaid prior to the date that is 91 days prior to the date of any relevant payment thereunder. The Second ABL Credit Agreement provides for borrowings in the aggregate principal amount of up to $650 million. We and certain of our subsidiaries (the “Guarantors”), are Loan Guarantors under the Second ABL Credit Agreement.

The Second ABL Credit Agreement refinanced, amended and restated the Amended Credit Agreement, dated as of December 1, 2016 (as amended, supplemented or otherwise modified from time to time prior to August 7, 2020, the “Prior Credit Agreement”). The Prior Credit Agreement provided for borrowings of up to $650 million, and was due to expire in December 2021. The Second ABL Credit Agreement extended the maturity date of this facility from December 2021 to August 2025. 2025, subject to a springing maturity date if, subject to certain conditions, the Notes are not refinanced or repaid prior to the date that is 91 days prior to the date of any relevant payment thereunder.

Amounts available under the Second ABL Credit Agreement are subject to borrowing base formulas and overadvances as specified in the Second ABL Credit Agreement. Borrowings originally bore interest, at the Borrowers’ option, at LIBOR plus a margin of 1.75% to 2.25% or an alternate base rate margin of 0.75% to 1.25% (defined as the greatest of (i) the “prime rate” of JPMorgan Chase Bank, N.A. from time to time, (ii) the federal funds rate plus 0.5% and (iii) the LIBOR rate for a borrowing with an interest period of one month) plus 1.00%, with the applicable margin determined based on Borrowers’ availability under the Second ABL Credit Agreement. In April 2023, we amended the Second ABL Credit Agreement to replace LIBOR with Adjusted Term Secured Overnight Financing Rate (“SOFR”) as a successor rate. All other material terms and conditions of the Second ABL Credit Agreement were unchanged. Borrowings under the amended Second ABL Credit Agreement now bear interest, at the Borrower’s option, at the alternate base rate (defined as, for a given day, the greatest of (i) the “prime rate” in effect on such day, (ii) the NYFRB Rate (as defined in the amendment) in effect on such day plus 0.5% and (iii) the Adjusted Term SOFR (defined as an interest rate per annum equal to the Term SOFR for such interest period plus 0.10%) for a one-month interest period as published two business days prior to such



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day plus 1%) plus an applicable spread or the Adjusted Term SOFR Rate plus an applicable spread. We applied certain provisions and practical expedients of ASC 848 – Reference Rate Reform related to the transition from LIBOR to SOFR. We do There was not expect a material change to our interest expense or results of operations as a result of transitioning the reference rate used in our Second ABL Credit Agreement from LIBOR to SOFR.

The Second ABL Credit Agreement is secured by specified assets of the Borrowers and the Guarantors. In addition to paying interest on any outstanding borrowings under the Second ABL Credit Agreement, we are required to pay a commitment fee to the lenders under the credit agreement with respect to the unutilized commitments. The commitment fee accrues at a tiered rate equal to 0.50% per annum on the average daily amount of the available commitments when the average usage is less than 50% of the total available commitments and decreases to 0.35% per annum on the average daily amount of the available commitments when the average usage is greater than or equal to 50% of the total available commitments.

The revolving credit facility Second ABL Credit Agreement contains covenants that, among other things, restrict our ability to, subject to specified exceptions, incur additional debt; incur liens; sell or dispose of certain assets; merge with other companies; liquidate or dissolve the Company; acquire other companies; make loans, advances, or guarantees; and make certain investments. In certain circumstances, the revolving credit facility also requires us to maintain a fixed charge coverage ratio, as defined in the agreement, not less than 1.00 to 1.00 for each period of twelve consecutive fiscal months. As of October 31, 2023 April 30, 2024, we were in compliance with these covenants.

As of October 31, 2023 April 30, 2024, we had no borrowings outstanding under the Second ABL Credit Agreement. The Second ABL Credit Agreement also includes amounts available for letters of credit. As of October 31, 2023 April 30, 2024, there were outstanding trade and standby letters of credit amounting to $2.0 million $4.8 million and $2.9 million, respectively.

At the date of the refinancing of the Prior Credit Agreement, we had $3.3 million of unamortized debt issuance costs remaining from the Prior Credit Agreement. We extinguished and charged to interest expense $0.4 million of the prior debt issuance costs and incurred new debt issuance costs totaling $5.1 million related to the ABL Credit Agreement. We have recorded incurred a total of $8.0 million of debt issuance costs related to our Second ABL Credit Agreement. As permitted under ASC 835, the debt issuance costs have been deferred and are presented as an asset which is amortized ratably over the term of the Second ABL Credit Agreement.

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Table In June 2024, we entered into the third amended and restated credit agreement that provides for borrowings in the aggregate principal amount of Contents up to $700 million and extends the maturity date to June 2029, subject to certain conditions. See "Recent Developments – Third Amended and Restated Credit Agreement" for more information.

*LVMH Note*

We issued to LVMH, as a portion of the consideration for the acquisition of DKI, a junior lien secured promissory note in favor of LVMH in the principal amount of $125 million (the "LVMH Note") that bears bore interest at the rate of 2% per year. $75 million of the principal amount of the LVMH Note was repaid paid on June 1, 2023 and the remaining $50 million of such principal amount was paid on December 1, 2023. The LVMH Note is classified in current portion of notes payable in our Company's condensed consolidated balance sheet as of October 31, 2023 and January 31, 2023. $75.0 million of the LVMH Note is classified in current portion of notes payable in our condensed consolidated balance sheet as of October 31, 2022.

Based on an independent valuation, it was determined that the LVMH Note should be treated as having been issued at a discount of $40 million in accordance with ASC 820 — *Fair Value Measurements*. This discount is being was amortized as interest expense using the effective interest method over the term of the LVMH Note.

In connection with the issuance of the LVMH Note, LVMH entered into (i) a subordination agreement providing that our obligations under the LVMH Note are subordinate and junior to our obligations under the revolving credit facility and Term Loan and (ii) a pledge and security agreement with us and our subsidiary, G-III Leather, pursuant to which we and G-III Leather granted to LVMH a security interest in specified collateral to secure our payment and performance of our obligations under the LVMH Note that is subordinate and junior to the security interest granted by us with respect to our obligations under the revolving credit facility and Term Loan.

*Unsecured Loans*

Several of our foreign entities borrow funds under various unsecured loans of which a portion is to provide funding for operations in the normal course of business while other loans are European state backed loans as that were part of COVID-19 relief programs. In the aggregate, we are currently required to make quarterly installment payments of principal in the amount of €0.6 million under these unsecured loans.. Interest on the outstanding principal amount of the unsecured loans accrues at a fixed rate equal to 0% to 5.0% per annum, payable on either a quarterly or monthly basis. As of October 31, 2023 April 30, 2024, the Company had an aggregate outstanding balance of €8.6 million €7.9 million ($9.1 8.5 million) under these various unsecured loans.



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*Overdraft Facilities*

During fiscal 2021 TRB and 2025, certain of the Company's foreign entities entered into several overdraft facilities that allow for applicable bank accounts to be in a negative position up to a certain maximum overdraft. TRB entered into an These uncommitted overdraft facility facilities with HSBC Bank allowing allow for a an aggregate maximum overdraft of €5 million €10 million. Interest on drawn balances accrues at a fixed rate equal to the Euro Interbank Offered Rate ("EURIBOR") plus a margin of 1.75% per annum, payable quarterly. The facility may be cancelled at any time by TRB the Company or HSBC Bank. As part of a COVID-19 relief program, TRB and its subsidiaries certain of the Company's foreign entities have also entered into several state backed overdraft facilities with UBS Bank in Switzerland for an aggregate of CHF 4.7 million at varying interest rates of 0% to 0.5%. As of October 31, 2023 April 30, 2024, TRB the Company had an aggregate of €1.8 million €6.4 million ($1.9 6.9 million) drawn under these various facilities.

*Foreign Credit Facility*

KLH has a credit agreement with ABN AMRO Bank N.V. with a credit limit of €15.0 million which is secured by specified assets of KLH. Borrowings bear interest at the EURIBOR Euro Interbank Offered Rate plus a margin of 1.7%. As of October 31, 2023 April 30, 2024, KLH had €3.9 million €12.1 million ($4.2 13.0 million) of borrowings outstanding under this credit facility.

*Outstanding Borrowings*

Our primary operating cash requirements are to fund our seasonal buildup in inventories and accounts receivable, primarily during the second and third fiscal quarters each year. Due to the seasonality of our business, we generally reach our peak borrowings under our asset-based credit facility during our third fiscal quarter. The primary sources to meet our operating cash requirements have been borrowings under this credit facility and cash generated from operations.





We had no borrowings outstanding under our revolving credit facility Second ABL Credit Agreement at October 31, 2023 April 30, 2024 and $340.2 million outstanding at October 31, 2022, 2023, respectively. We had $400 million in borrowings outstanding under the Notes at October 31, 2023 April 30, 2024 and October 31, 2022, 2023, respectively. Our contingent liability under open letters of credit was approximately $4.9 million $7.6 million and $9.9 million $10.7 million at October 31, 2023 April 30, 2024 and 2022, 2023, respectively. In addition to the amounts outstanding under these two loan agreements, at October 31, 2023 and 2022, At April 30, 2023, we had $50 million and $125 million $125.0 million of face value principal amount outstanding under the LVMH Note. The amount outstanding under the LVMH Note respectively. As of October 31, 2023 and 2022, we was repaid during fiscal 2024. We had an aggregate of €8.6 million €7.9 million ($9.1 8.5 million) and €10.7 million €10.3 million ($10.4 11.2 million) outstanding under the Company's various unsecured loans. As loans as of October 31, 2023 April 30, 2024 and 2022, we 2023, respectively. We had €1.8 million €6.4 million ($1.9 6.9 million) and €3.7 million €3.8 million ($3.7 4.1 million) outstanding under our various overdraft facilities. As facilities as of October 31, 2023 April 30, 2024 and 2022, we 2023, respectively. We had €3.9 million €12.1 million ($4.2 13.0 million) and €10.6 million €7.8 million ($10.4 8.5 million) outstanding under KLH's foreign credit facility. facility as of April 30, 2024 and 2023, respectively.

*Share Repurchase Program*

In August 2023, our Board of Directors authorized an increase in the number of shares covered by our share repurchase program to an aggregate amount of 10,000,000 shares. Prior to this increase, we had 6,813,851 authorized shares under this program. Pursuant to this program, during the nine three months ended October 31, 2023 April 30, 2024, we acquired 1,598,568 1,029,504 of our shares of common stock for an aggregate purchase price of $26.1 million $28.4 million. The timing and actual number of shares repurchased, if any, will depend on a number of factors, including market conditions and prevailing stock prices, and are subject to compliance with certain covenants contained in our loan agreement. Share repurchases may take place on the open market, in privately negotiated transactions or by other means, and would be made in accordance with applicable securities laws. As of October 31, 2023 April 30, 2024, we had remaining 10,000,000 8,970,496 shares that are authorized for purchase under this program. As of December 4, 2023 June 3, 2024, we had 45,727,662 44,987,939 shares of common stock outstanding.

*Cash from Operating Activities*

We generated $226.3 million $45.5 million in cash from operating activities during the nine three months ended October 31, 2023 April 30, 2024, primarily as a result of our net income of $147.3 million, a decrease $5.8 million and decreases of $117.8 million in inventories and increases of $47.1 million $89.2 million in accounts payable receivable and accrued expenses and $18.2 million $40.8 million in customer refund liabilities. inventories. We also generated cash from operating activities as a result of non-cash charges relating primarily to depreciation and amortization of $19.1 million $8.8 million and share-based compensation of $11.7 million $6.6 million. These items were offset, in part, by an increase decreases of $188.3 million $54.2 million in accounts receivable. payable and accrued expenses and $24.2 million in customer refund liabilities.



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The changes in operating cash flow items are consistent with our seasonal pattern with the exception of the decrease in inventory which resulted from our inventory returning to a more normalized level after experiencing a period of elevated inventory levels in fiscal 2023 due to supply chain disruptions. pattern. Our accounts receivable, inventory and customer refund liabilities increased decreased because we experience higher lower sales levels in our first and second quarters than in our third and fourth quarters. The decrease in accounts payable and accrued expenses is primarily attributable to vendor payments related to inventory purchases and the payment of year-end bonuses in our first fiscal quarter.

*Cash from Investing Activities*

We used $19.3 million $14.8 million of cash in investing activities during the nine three months ended October 31, 2023 April 30, 2024. We had $15.7 million $12.7 million in capital expenditures primarily related to infrastructure and information technology expenditures and additional fixturing costs at department stores. In addition, we used $3.6 million for an investment in the equity of a private company.

*Cash from Financing Activities*

Net cash used by financing activities was $199.1 million $27.3 million during nine three months ended October 31, 2023 April 30, 2024 primarily as a result of repayments of borrowings of $112.8 million under our ABL Credit Agreement, partially offset by borrowings of $32.7 million under that Agreement, as well as the $75.0 million principal repayment of the LVMH Note. In addition, we used $26.1 million $28.4 million of cash used to repurchase 1,598,568 1,029,504 shares of our common stock under our share repurchase program and $10.8 $7.5 million for taxes paid in connection with net share settlements of stock grants that vested. These items were offset, in part, by net borrowings of $8.6 million under our various foreign facilities.

**Critical Accounting Policies**

Our discussion of results of operations and financial condition relies on our consolidated financial statements that are prepared based on certain critical accounting policies that require management to make judgments and estimates that are subject to varying degrees of uncertainty. We believe that investors need to be aware of these policies and how they impact our financial statements as a whole, as well as our related discussion and analysis presented herein. While we believe that these accounting policies are based on sound measurement criteria, actual future events can, and often do, result in outcomes that can be materially different from these estimates or forecasts.

The accounting policies and related estimates described in our Annual Report on Form 10-K for the year ended January 31, 2023 January 31, 2024 are those that depend most heavily on these judgments and estimates. As of October 31, 2023 April 30, 2024, there have been no material changes to our critical accounting policies.

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

There are no material changes to the disclosure made with respect to these matters in our Annual Report on Form 10-K for the year ended January 31, 2023 January 31, 2024.

**Item 4. Controls and Procedures.**

As of the end of the period covered by this report, our management, including our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure, and thus, are effective in making known to them material information relating to G-III required to be included in this report.

**Changes in Internal Control over Financial Reporting**

There were no changes in our internal controls over financial reporting during the period covered by the Quarterly Report that have materially affected, or are reasonably likely to materially affect, these internal controls.

On May 31, 2022, we acquired KLH. See Note 6 – Karl Lagerfeld Acquisition in the accompanying Notes to our Condensed Consolidated Financial Statements in this Quarterly Report and Note 15 – Karl Lagerfeld Acquisition in the accompanying Notes to our Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended January 31, 2023 for further information on our acquisition 29

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Table of KLH. The KLH acquisition represents a change in our internal control over financial reporting. We have substantially completed the design of the internal controls environment for KLH and are in the process of completing our effectiveness testing. We will include the internal controls and procedures of KLH in our annual assessment of the effectiveness of our internal control over financial reporting for our 2024 fiscal year. Contents

**PART II – OTHER INFORMATION**

**Item 1A. Risk Factors.**

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors contained in “Item 1A.-Risk Factors” in our Annual Report on Form 10-K for the year ended January 31, 2023 January 31, 2024 (the “Annual Report”), which could materially affect our business, financial condition and/or future results. As of October 31, 2023 April 30, 2024, there have been no material changes in our risk factors from those set forth in the Annual Report. The risks described in the Annual Report are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or future results.



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**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

The following table provides information with respect to the Company's common stock that the Company repurchased during the three months ended October 31, 2023 April 30, 2024. Included in this table are shares withheld during September 2023 April 2024 to satisfy tax withholding requirements in connection with stock awards.

| Date Purchased | Total Number of Shares Purchased (1) | Average Price Paid Per Share (1) | Total Number of Share Purchased as Part of Publicly Announced Program (2) | Maximum Number of Shares that may yet be Purchased Under the Program (2) | Total Number of Shares Purchased (1) | Average Price Paid Per Share (1) | Total Number of Share Purchased as Part of Publicly Announced Program (2) | Maximum Number of Shares that may yet be Purchased Under the Program (2) |
|---|---|---|---|---|---|---|---|---|
| August 1 - August 31, 2023 | — | $ — | — | 10,000,000 | | | | |
| September 1 - September 30, 2023 | 1,344 | 24.42 | — | 10,000,000 | | | | |
| October 1 - October 31, 2023 | — | — | — | 10,000,000 | | | | |
| February 1 - February 29, 2024 | | | | | — | $ — | — | 10,000,000 |
| March 1 - March 31, 2024 | | | | | 310,341 | 26.88 | 310,341 | 9,689,659 |
| April 1 - April 30, 2024 | | | | | 983,250 | 28.01 | 719,163 | 8,970,496 |
| | 1,344 | $ 12.21 | — | 10,000,000 | 1,293,591 | $27.74 | 1,029,504 | 8,970,496 |

(1) Included in this table are 1,344 264,087 shares withheld during the three-month period ended October 2023 April 2024 in connection with the settlement of vested restricted stock units to satisfy tax withholding requirements. Our 2015 Long-Term Incentive Plan provides that shares withheld are valued at the closing price per share on the date withheld.

(2) In August 2023, our Board of Directors reapproved our previously authorized share repurchase program and increased the number of shares remaining under that program from 6,813,851 to 10,000,000 shares. This program has no expiration date. Repurchases under the program may be made from time to time through open market purchases, accelerated share repurchase programs, privately negotiated transactions or other methods, as we deem appropriate.

**Item 5. Other Information**

During the three months ended October 31, 2023 April 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.



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**Item 6. Exhibits.**

| | |
|---|---|
| 3.1 | Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, dated July 2, 2008). |
| 3.1(a) | Certificate of Amendment of Certificate of Incorporation, dated June 8, 2006 (incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q, dated September 13, 2006). |
| 3.1(b) | Certificate of Amendment of Certificate of Incorporation, dated June 7, 2011 (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, dated June 9, 2011). |
| 3.1(c) | Certificate of Amendment of Certificate of Incorporation, dated June 30, 2015 (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, dated July 1, 2015). |
| 3.2 | By-Laws, as amended, of G-III (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, dated March 15, 2013). |
| 10.1 10.1+ | Form of Performance Share Unit Agreement dated August 9, 2023 (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, dated August 10, 2023). |
| 10.2 | Employment Agreement, dated August 9, 2023, between G-III Apparel Group, Ltd. and Morris Goldfarb for March 28, 2024 PSU awards (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, dated August 10, 2023 April 3, 2024). |
| 10.3 10.2 | G-III Apparel Group, Ltd. 2015 Long-Term Incentive Plan, as amended (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K, dated August 10, 2023). |
| 10.4 | Employment Third Amended and Restated ABL Credit Agreement, dated August 29, 2023 as of June 4, 2024, between among G-III Apparel Leather Fashions, Inc., Riviera Sun, Inc., AM Retail Group, Ltd. Inc. and Sammy Aaron The Donna Karan Company Store LLC, as Borrowers, the Loan Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, dated August 30, 2023 June 6, 2024). |
| 10.5 | G-III Apparel Group, Ltd. 2023 Long-Term Incentive Plan (incorporated by reference to Appendix A of the Company's Schedule 14A, filed on September 11, 2023). |
| 10.6 | Performance Share Unit Agreement, dated October 17, 2023 (filed herewith). |
| 31.1 31.1* | Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to Rule 13a - 14(a) or Rule 15d - 14(a) of the Securities Exchange Act of 1934, as amended, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2023 April 30, 2024. |
| 31.2 31.2* | Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to Rule 13a - 14(a) or Rule 15d - 14(a) of the Securities Exchange Act of 1934, as amended, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2023 April 30, 2024. |
| 32.1** | Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2023 April 30, 2024. |
| 32.2** | Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2023 April 30, 2024. |
| 101.INS 101.INS* | iXBRL Instance Document. |
| 101.SCH 101.SCH* | iXBRL Schema Document. |
| 101.CAL 101.CAL* | iXBRL Calculation Linkbase Document. |
| 101.DEF 101.DEF* | iXBRL Extension Definition. |
| 101.LAB 101.LAB* | iXBRL Label Linkbase Document. |
| 101.PRE 101.PRE* | iXBRL Presentation Linkbase Document. |
| 104 104* | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

* Filed herewith.

** This certification is deemed furnished, and not filed, for purposes of section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

+ Indicates a management contract.

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**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.

G-III APPAREL GROUP, LTD.
(Registrant)

| | |
|---|---|
| Date: December 6, 2023 June 6, 2024 | By: /s/ Morris Goldfarb<br>Morris Goldfarb<br>Chief Executive Officer |
| Date: December 6, 2023 June 6, 2024 | By: /s/ Neal S. Nackman<br>Neal S. Nackman<br>Chief Financial Officer |



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**Exhibit 10.6**

**G-III APPAREL GROUP, LTD.**
**2023 LONG-TERM INCENTIVE PLAN**
**PERFORMANCE SHARE UNIT AGREEMENT**

AGREEMENT, made as of the 17th day of October, 2023 (the "Effective Date"), between G-III APPAREL GROUP, LTD. (the "Company") and Morris Goldfarb (the "Participant"), pursuant to the G-III Apparel Group, Ltd. 2023 Long-Term Incentive Plan, as amended (the "Plan"). Capitalized terms that are used but not defined in this Agreement shall have the meanings given to them by the Plan. "Initial Grant Effective Date" means August 9, 2023.

1. Performance Share Unit Award. In accordance with the Plan, the Company hereby grants to the Participant 320,000 performance share units ("PSUs"). Each PSU represents the right to receive one share of the Company's common stock (a "Share"), subject to the terms and conditions of this Agreement and the Plan including, without limitation, the potential 20% upward or downward adjustment in the number of Shares based on the Company's Total Shareholder Return (TSR) relative to the TSR of the component companies of the S&P 1500 Apparel, Accessories and Luxury Good Index issued to the Participant pursuant to this Agreement.

2. Vesting Conditions. The performance condition ("Minimum Share Price Condition") is satisfied as follows:

(a) as to all PSUs, if at any time, or from time to time, beginning on the Initial Grant Effective Date and ending on or before the fifth anniversary of the Initial Grant Effective Date ("Fifth Anniversary Date"), the average closing price per share of the Company's common stock on the Nasdaq Global Select Market during any period of fifteen (15) consecutive trading days (the "Average Closing Price") is at least $30.00; or

(b) as to the number of PSUs set forth on Exhibit A hereto, if at any time, or from time to time, beginning on the Initial Grant Effective Date and ending on or before the Fifth Anniversary Date the Average Closing Price is at least $25.00.

The Participant's right to receive Shares covered by this Agreement shall become vested on the date the Compensation Committee (the "Committee") of the Board of Directors of the Company has confirmed the satisfaction of the Minimum Share Price Condition, subject to the condition (the "Service Condition") that Participant is continuously employed with or providing other service to the Company through the third anniversary of the Initial Grant Effective Date (the "Third Anniversary Date"). Subject to paragraph 5 below, if the Minimum Share Price Condition is not satisfied by the Fifth Anniversary Date, the award will be forfeited. The number of PSUs that vest in accordance with this paragraph 2 may be increased or decreased by up to 20% in accordance with Exhibit B, and the timing of settlement of such vested PSUs shall be in accordance with paragraph 3 and Exhibit B. All determinations with respect to the satisfaction of the performance and service conditions shall be made by the Committee.

3. Settlement of PSUs. If and when PSUs become vested, the Participant will have the right to receive a corresponding number of whole Shares from the Company in full settlement of such vested PSUs, unless the Committee shall decide to settle such award in cash, or a combination of Shares and cash, with any cash paid in lieu of Shares based on the Fair Market Value of such Shares on the vesting date. Such Shares will be issued and delivered in certificated or electronic form, or if applicable such cash paid, and, subject to Exhibit B, as soon as practicable after the lapse of the applicable substantial risks of forfeiture (as determined in accordance with Section 409A of the Code for purposes of the short-term deferral exemption thereunder) (but not more than 75 days after such date and in no event later than the 15th day of the third month of the Company's tax year following the tax year in which such risk of forfeiture lapses), subject to any applicable tax withholding and other conditions set forth in the Plan, this Agreement and/or applicable law. The applicable substantial risks of forfeiture are, at any given time between the Initial Grant Effective Date and the Fifth Anniversary Date, the Minimum Share Price Condition and the Service Condition. Once the Service Condition has been satisfied or deemed satisfied, or the Minimum Share Price Condition has been satisfied, the other condition must still be satisfied (or deemed satisfied), in whole or in part, in accordance with the terms of this Agreement before the Participant becomes entitled to receive settlement of any part of the PSUs.

4. Termination of Employment or Service; Acceleration of Vesting. (a) Upon the termination of the Participant's employment or other service with the Company by the Company for cause (as defined in Section 6(a) of the Employment Agreement) or by the Participant (x) without cause (as defined in Section 6(b) of the Employment Agreement) or (y) without Good Reason (as defined in the Plan), any unvested PSUs then covered by this Agreement shall be canceled and the Participant shall have no further rights with respect thereto.



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(b) In the event that the Company terminates the Participant's employment or service without cause (as defined in Section 6(a) of the Employment Agreement) or the Participant terminates his employment or service (x) for cause (as defined in Section 6(b) of the Employment Agreement) or (y) for Good Reason (as defined in the Plan), the Service Condition will be deemed to be satisfied and the Compensation Committee (or board of directors of the Company) shall determine in good faith whether the Minimum Share Price Condition has been satisfied as of the date of such termination of employment or service and the remaining award will continue to be subject to the vesting conditions in paragraph 2 above through the Fifth Anniversary Date and be settled in accordance with paragraph 3 and Exhibit B.

(c) In the event the Participant's employment or service terminates by reason of his death or disability, then the Service Condition will be deemed to be satisfied and the Compensation Committee (or the board of directors of the Company) shall determine in good faith whether the Minimum Share Price Condition has been satisfied as of the date of such termination of employment or service.

5. Change in Control. (a) As of the closing date of a Change in Control transaction (the "Closing Date"), the Compensation Committee (or the board of directors of the Company) shall determine in good faith whether the Minimum Share Price Condition has been satisfied (together with the corresponding number of vested PSUs, such number of vested PSUs referred to as the "CIC Date Vested PSUs") based on an "Average Closing Price" equal to the greater of (x) the highest average closing price per share of the Company's common stock on the Nasdaq Global Select Market during any period of fifteen (15) consecutive trading days (calculated through the Closing Date) and (y) the per share price paid to the Company's stockholders at the closing of such Change in Control transaction (the "Change in Control Price"). If the number of CIC Date Vested PSUs is zero, then the Award will be forfeited.

(b) If the number of CIC Date Vested PSUs is greater than zero, and in connection with a Qualifying Transaction (defined below) the Award represented by this Agreement is assumed by the issuer of the Qualifying Shares (defined below) under Section 9.1 of the Plan, then this Agreement shall continue in full force and effect, with the Minimum Share Price Condition satisfied as to the number of CIC Date Vested PSUs, and then the Award will be settled in accordance with paragraph 3 and Exhibit B on the first to occur of (i) the Service Condition having been satisfied or (ii) the Company terminates the

Participant's employment or service without cause (as defined in Section 6(a) of the Employment Agreement) or the Participant terminates his employment or service for cause (as defined in Section 6(b) of the Employment Agreement).

(c) If the Company consummates a Change in Control transaction that is not a Qualifying Transaction, or the Award represented by this Agreement is not assumed under Section 9.1 of the Plan in connection with the closing of such Change in Control transaction, and the number of CIC Date Vested PSUs is greater than zero, the Service Condition shall be deemed satisfied, and the award will be settled in accordance with paragraph 3 and Exhibit B.

(d) "Qualifying Shares" means shares of common stock of a company (other than the Company) listed for trading on the NYSE or Nasdaq Stock Market. "Qualifying Transaction" means a Change in Control transaction pursuant to which the Company's stockholders receive Qualifying Shares (defined below) in exchange for their shares of the Company's common stock.

6. No Rights as a Shareholder. The Participant shall have no ownership or other rights of a stockholder with respect to Shares underlying the PSUs (including any right to receive dividends or to vote such Shares) unless and until such Shares are issued to the Participant in settlement of vested PSUs.

7. Tax Withholding. Prior to any settlement of vested PSUs, the Participant shall be required to pay or make adequate arrangements satisfactory to the Company for the payment of all applicable tax withholding obligations. The Participant hereby authorizes the Company to satisfy all or part of the amount of such tax withholding obligations by deducting such amount from cash compensation or other payments that would otherwise be owed to the Participant. The Committee, acting in its sole discretion and pursuant to applicable law, may permit the Participant to satisfy any such tax withholding obligations with Shares that would otherwise be issued to the Participant in settlement of vested PSUs, and/or with previously owned shares of the Company's common stock held by the Participant. The amount of the Participant's tax withholding obligation that is satisfied in shares of the Company's common stock, if any, shall be based upon the Fair Market Value of such shares on the date such shares are delivered or withheld.

8. Restrictions on Transfer. Except as otherwise permitted by the Committee acting in its discretion under the Plan, the PSUs and the Participant's right to receive Shares in settlement of vested PSUs may not be sold, assigned, transferred, pledged or otherwise alienated or disposed of (except by will or the laws of descent and distribution), and may not become subject to attachment, garnishment, execution or other legal or equitable process, and any attempt to do so shall be null and void.



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9. No Other Rights Conferred. Nothing contained herein shall be deemed to give the Participant a right to be retained in the employ or other service of the Company or any affiliate or affect the right of the Company and its affiliates to terminate or amend the terms and conditions of the Participant's employment or other service.

10. Provisions of the Plan Control; Spin-Offs. The provisions of the Plan, the terms of which are incorporated in this Agreement, shall govern if and to the extent that there are inconsistencies between those provisions and the provisions hereof. In connection with a 'spin off' transaction (or other similar capital change) covered by Section 4.2 of the Plan, and the Committee or the Board is exercising its discretion under that Section to make equitable adjustments to the Award, the Participant shall have the right to direct the Committee to adjust the Award under one of the methods listed on Exhibit C hereto, provided that the Participant will not have that right if the exercise of that right would result in adverse tax consequences to the Company under Section 409A.

11. Successors. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and may not be modified except by written instrument executed by the parties.

13. Governing Law. This Agreement shall be governed by the laws of the State of Delaware, without regard to its principles of conflict of laws.

14. Counterparts. This Agreement may be executed in separate counterparts, each of which will be an original and all of which taken together shall constitute one and the same agreement.

G-III APPAREL GROUP, LTD.

By: /s/ Neal Nackman
Neal Nackman

/s/ Morris Goldfarb
Morris Goldfarb



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Exhibit A

Vesting of PSUs

| Average Stock Price* | % of Shares Vested | # of Shares Vested+ |
| --- | --- | --- |
| $30.00 | 100% | 320,000 |
| $29.00 | 90% | 288,000 |
| $28.00 | 80% | 256,000 |
| $27.00 | 70% | 224,000 |
| $26.00 | 60% | 192,000 |
| $25.00 | 50% | 160,000 |
| Less than $25.00 | 0% | 0 |

*If (i) the average closing price per share of the Company's common stock on the Nasdaq Global Select Market for any period of fifteen (15) consecutive trading days ending on the fifth anniversary of the Initial Grant Effective Date is at least equal to the amount listed in the column "Average Stock Price" or (ii) in the event of a Change in Control that is not a Qualifying Transaction, the Change in Control Price is at least equal to the amount listed in the Column Average Stock Price (as adjusted as provided in the Agreement), then in each case the percentage and number of vested PSUs is as set forth opposite such average stock price.

+Will also apply in the event of a Change in Control Transaction that is a Qualifying Transaction, and amounts listed under "Average Stock Price" and "# of Shares Vested" would be modified as provided in the Agreement.



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Exhibit B

Total Shareholder Return ("TSR") Modifier. The total number of PSUs that vest, if any, based on Section 2 of this Agreement shall then be subject to adjustment, determined by multiplying (i) such total number of vested PSUs as determined in accordance with Exhibit A by (ii) the Relative TSR Multiplier Percentage which is determined based on the Company's TSR relative to the Comparator Companies (defined below) in the S&P 1500 Apparel, Accessories and Luxury Good Index (the "Comparator Group") over the Comparison Period (defined below), as set forth in the following chart:

| Performance Level | Relative TSR Percentile Achieved | Relative TSR Multiplier Percentage |
|---|---|---|
| Threshold | At or less than 25th | 80% |
| Target | At the 50th | No modifier |
| Ceiling | At or above 75th | 120% |

If the Relative TSR Percentile Achieved falls in between the Performance Levels specified above, linear interpolation will be used to calculate the Relative TSR Multiplier Percentage, For the avoidance of doubt, in no event may the Relative TSR Multiplier Percentage be less than 80% or greater than 120%.

TSR modifier will be applied as follows to allow for an adjustment of up to +/-20% for shares that vest during each year. The periods on which TSR is measured ("Comparison Period") and settled is as detailed below:

For shares that vest on the 3rd anniversary of the grant date of the initial installment (i.e., in August 2026), TSR modifier will be applied as of the 3rd anniversary date and shares will be settled as soon as practical after the 3rd anniversary, subject to paragraph 3 of the PSU Agreement to which this Exhibit is attached.

For shares that vest after the 3rd anniversary of the grant date of the initial installment and on or before 1/31/2027, the TSR modifier will be applied as of 1/31/2027 and shares will be settled prior to 75 days following 1/31/2027

For shares that vest between 2/1/2027 and on or before 1/31/2028, the TSR modifier will be applied as of 1/31/2028 and shares will be settled prior to 75 days following 1/31/2028

For shares that vest between 2/1/2028 and the 5th anniversary of the grant date of the initial installment, the TSR modifier will be applied as of the 5th anniversary and shares will be settled as soon as practical after the 5th anniversary, but no later than as provided in paragraph 3 of the PSU Agreement to which this Exhibit is attached.

In the event the Company's absolute TSR for the Comparison Period is less than zero, no positive adjustment shall be made.

The final number of PSUs to vest based on this calculation shall be rounded to the nearest whole share, with no payment for any fractional shares made.

(A) Formula for Calculating TSR and Determining Percentile Rank

TSR for the Company shall be expressed as a percentage and calculated according to the following formula:

*TSR = (End Average Share Value / Begin Average Share Value) -1*
Where:

*End Average Share Value* means the average Share Value over the trading days in the End Average Period.

*End Average Period* means the fifteen (15) trading days at the end of the Comparison Period.

*Begin Average Share Value* means the average Share Value over the trading days in Begin Average Period.

*Begin Average Period* means the first fifteen (15) trading days during the first month of the Comparison Period.

*Share Value* means, for a given trading day, the Closing Price of a share of Common Stock multiplied by the Accumulated Shares for such trading day.

*Accumulated Shares* means, for a given trading day, the sum of (i) one (1) share plus (ii) the cumulative number of shares of Common Stock purchasable with dividends declared on the Common Stock to that point during the period since the first day of the Begin Average Period, assuming same day reinvestment of such dividends at the Closing Price on the ex-dividend date.

*Closing Price* means, for a given trading day, the closing price of a share of the Company's common stock on the NASDAQ National Market.

*Comparator Companies* has the meaning ascribed to such term on Schedule I hereto.

(B) Percentile rank for the Company shall be expressed as a percentage and calculated as follows:

FIRST: For the Company and for each other company in the Comparator Group, determine the TSR for the Comparison Period.

SECOND: Rank the TSR values determined in the first step for the Comparator Companies from high to low and determine the Company's percentile rank by applying the percentile rank function available in Microsoft Excel or any comparable spreadsheet application.

THIRD: Plot the percentile rank for the Company determined in the second step against the Relative TSR Percentile table above and determine the resulting Relative TSR Multiplier Percentage corresponding to that percentile rank.

The Comparator Group is determined as of the first day of the Begin Average Period. Any new company entrants into the Comparator Group after that date are to be excluded from the Comparator Group.

A company that (i) files for bankruptcy, reorganization, or liquidation under any chapter of the U.S. Bankruptcy Code, (ii) is the subject of an involuntary bankruptcy proceeding that is not dismissed within 30 days, (iii) is the subject of a stockholder approved plan of liquidation or dissolution, or (iv) ceases to conduct substantial business operations during the Comparison Period shall be assigned a TSR of negative one hundred percent (-100%). A company shall be removed from the Comparator Group if they undergo a Specified Corporate Change. A company that is removed from the Comparator Group before the measurement date will not be included at all in the computation of the Relative TSR Multiplier Percentage. A company in the Comparator Group will be deemed to have undergone a "Specified Corporate Change" if it:

- Ceases to be a domestically domiciled publicly traded company on a national stock exchange or market system, unless such cessation of such listing is due to a low stock price or low trading volume; or
- Has gone private; or
- Has reincorporated in a foreign (e.g., non-U.S.) jurisdiction, regardless of whether it is a reporting company in that or another jurisdiction; or
- Has been acquired by another company (whether by a Comparator Group company or otherwise, but not including internal reorganizations), or has sold all or substantially all of its assets.

TSR calculations shall also be adjusted as deemed appropriate by the Compensation Committee to reflect any stock split, reverse stock split or other similar corporate transaction.

The Company shall rely on press releases, public filings, website postings, and other reasonably reliable information available regarding a company in the Comparator Group in making a determination that a Specified Corporate Change has occurred.

(C) Compensation Committee Certification

Notwithstanding anything to the contrary herein, the initial performance measurement described in the Agreement and the adjustment described in this Exhibit B shall each be subject to certification by the Compensation Committee.

Schedule I

**COMPARATOR GROUP**

**S&P 1500 Textiles, Apparel & Luxury Goods**

Crocs, Inc.
Deckers Outdoor Corporation
Capri Holdings Limited
Movado Group, Inc.
Tapestry, Inc.
Oxford Industries, Inc.
Kontoor Brands, Inc.
NIKE, Inc.
Skechers USA, Inc.
Ralph Lauren Corporation
Columbia Sportswear Company
PVH Corp.
Steve Madden, Ltd.
Carter’s, Inc.
Hanes Brands, Inc.
Under Armour, Inc.
Wolverine World Wide, Inc.
V.F. Corporation



Exhibit C

Methods

- *Concentration Method*. The Company awards held by specified employees (typically, employees who will be primarily dedicated to the spin-off company) are converted into awards of the spin-off company, while the parent awards held by all other employees continue to be based on parent equity and are adjusted to reflect the decrease in value of parent equity upon the spin-off.

- *Basket Method*. All Company awards (regardless of employee) are converted into (1) an adjusted parent award and (2) a spin-off company award. This method is sometimes referred to as the “shareholder method,” because the treatment closely mirrors the treatment of shares generally, or as the “bifurcated method.”

- *Plan*. As otherwise provided under Section 4.2 of the Plan.

**Exhibit 31.1**

CERTIFICATION PURSUANT TO

RULE 13a - 14(a) OR RULE 15d - 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Morris Goldfarb, certify that:

1. I have reviewed this quarterly report on Form 10-Q of G-III Apparel Group, Ltd.
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.
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: December 6, 2023 June 6, 2024

/s/ Morris Goldfarb
Morris Goldfarb
Chief Executive Officer

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**Exhibit 31.2**

CERTIFICATION PURSUANT TO

RULE 13a - 14(a) OR RULE 15d - 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Neal S. Nackman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of G-III Apparel Group, Ltd.
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.

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: December 6, 2023 June 6, 2024

/s/ Neal S. Nackman

Neal S. Nackman

Chief Financial Officer

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**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

In connection with the Quarterly Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-Q for the quarterly period ended October 31, 2023 April 30, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, Morris Goldfarb, Chief Executive Officer of the Company, hereby certify that, to my knowledge, (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Morris Goldfarb

Morris Goldfarb

Chief Executive Officer

Date: December 6, 2023 June 6, 2024

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**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

In connection with the Quarterly Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-Q for the quarterly period ended October 31, 2023 April 30, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, Neal S. Nackman, Chief Financial Officer of the Company, hereby certify that, to my knowledge, (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Neal S. Nackman
Neal S. Nackman
Chief Financial Officer

Date: December 6, 2023 June 6, 2024

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**DISCLAIMER**