

REFINITIV




DELTA REPORT

10-Q

DXLG - DESTINATION XL GROUP, INC

10-Q - MAY 04, 2024 COMPARED TO 10-Q - OCTOBER 28, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1057
 CHANGES	234
 DELETIONS	474
 ADDITIONS	349

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 28, May 4, 2023 2024**

OR

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

Commission File Number: 01-34219

DESTINATION XL GROUP, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

555 Turnpike Street

Canton, MA

(Address of principal executive offices)

04-2623104

(I.R.S. Employer
Identification No.)

02021

(Zip Code)

Registrant's telephone number, including area code: (781) 828-9300

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	DXLG	The Nasdaq Stock Market LLC

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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 a mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒
As of November 8, 2023 May 15, 2024, the registrant had 60,182,080 58,228,053 shares of common stock, \$0.01 par value per share, outstanding.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.

DESTINATION XL GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

	October 28, 2023 (Fiscal 2023)	January 28, 2023 (Fiscal 2022)	May 4, 2024 (Fiscal 2024)	February 3, 2024 (Fiscal 2023)
ASSETS				
Current assets:				
Cash and cash equivalents	10,7 \$ 23	52,0 \$ 74	16,328 \$	27,590 \$
Short-term investments	49,6 32	—	36,891	32,459

Accounts receivable	2,955	1,720	881	3,920
Inventories	99,858	93,004	91,238	80,968
Prepaid expenses and other current assets	7,332	7,214	9,557	8,308
Total current assets	170,500	154,012	154,895	153,245
<i>Non-current assets:</i>				
Property and equipment, net of accumulated depreciation and amortization	38,429	39,062	44,325	43,238
Operating lease right-of-use assets	139,907	124,356	155,591	138,118
Deferred income taxes, net of valuation allowance	22,223	31,455	20,181	21,533
Intangible assets	1,150	1,150	1,150	1,150
Other assets	0	0	485	457
Total assets	372,660	350,598	376,627	357,741
LIABILITIES AND STOCKHOLDERS' EQUITY				
<i>Current liabilities:</i>				
Accounts payable	28,256	27,548	28,483	17,353
Accrued expenses and other current liabilities	31,945	36,875	23,827	35,302
Operating leases, current	40,838	37,329	34,644	37,221
Total current liabilities	101,039	101,752	86,954	89,876
<i>Long-term liabilities:</i>				
Operating leases, non-current	119,502	106,912	134,583	117,316
Other long-term liabilities	1,352	4,706	1,540	1,596
Total long-term liabilities	120,854	111,618	136,123	118,912
Commitments and contingencies				

Stockholders' equity:

Preferred stock, \$0.01 par value, 1,000,000 shares authorized, none issued	—	—		
Common stock, \$0.01 par value, 125,000,000 shares authorized, 78,885,187 and 78,229,861 shares issued at October 28, 2023 and January 28, 2023, respectively	789	782		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, none issued			—	—
Common stock, \$0.01 par value, 125,000,000 shares authorized, 79,299,215 and 79,033,378 shares issued at May 4, 2024 and February 3, 2024, respectively			793	790
Additional paid-in capital	324,141	321,516	326,214	325,202
Treasury stock at cost, 18,712,467 shares at October 28, 2023 and 15,625,172 shares at January 28, 2023	(120,356)	(105,386)		
Treasury stock at cost, 21,094,463 shares at May 4, 2024 and 21,041,661 shares at February 3, 2024			(130,348)	(130,137)
Accumulated deficit	(52,136)	(74,756)	(43,109)	(46,902)
Accumulated other comprehensive loss	(1,671)	(4,928)		
Total stockholders' equity	150,767	137,228	153,550	148,953
Total liabilities and stockholders' equity	\$ 660	\$ 598	\$ 376,627	\$ 357,741

The accompanying notes are an integral part of the consolidated financial statements.

DESTINATION XL GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

For the Three Months Ended		For the Nine Months Ended		For the Three Months Ended	
October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	May 4, 2024	April 29, 2023
(Fiscal 2023)	(Fiscal 2022)	(Fiscal 2023)	(Fiscal 2022)	(Fiscal 2024)	(Fiscal 2023)

	119,	129,	384,	401,			
Sales	\$ 188	\$ 671	\$ 673	\$ 960	\$	115,489	\$ 125,442
Cost of goods sold including occupancy costs	62,577	64,856	196,767	197,960		59,807	64,526
Gross profit	56,611	64,815	187,906	204,000		55,682	60,916
Expenses:							
Selling, general and administrative	47,962	48,383	143,689	144,441		47,523	48,281
Impairment (gain) of assets	—	—	—	(398)			
Depreciation and amortization	3,393	3,769	10,338	11,748		3,278	3,477
Total expenses	51,355	52,152	154,027	155,791		50,801	51,758
Operating income	5,256	12,663	33,879	48,209		4,881	9,158
Loss on termination of retirement plans	(57)	—	(4,231)	—			
Interest income (expense), net	564	(107)	1,408	(350)			
Interest income, net						570	339
Income before provision (benefit) for income taxes	5,763	12,556	31,056	47,859			
Provision (benefit) for income taxes	1,743	2,083	8,436	(32,944)			
Income before provision for income taxes						5,451	9,497
Provision for income taxes						1,658	2,530
Net income	4,020	10,473	22,620	80,803	\$	3,793	\$ 6,967
Net income per share - basic	\$ 0.07	\$ 0.17	\$ 0.37	\$ 1.28	\$	0.07	\$ 0.11
Net income per share - diluted	\$ 0.06	\$ 0.16	\$ 0.35	\$ 1.20	\$	0.06	\$ 0.11

Weighted-average number of common shares outstanding:						
	60,1	62,0	61,6	62,9		
Basic	69	16	12	28	58,036	62,690
	63,4	66,2	64,9	67,1		
Diluted	64	29	95	06	60,963	66,316

The accompanying notes are an integral part of the consolidated financial statements.

DESTINATION XL GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended		For the Three Months Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	May 4, 2024	April 29, 2023
	(Fiscal 2023)	(Fiscal 2022)	(Fiscal 2023)	(Fiscal 2022)	(Fiscal 2024)	(Fiscal 2023)
Net income	\$ 4,020	\$ 3	\$ 0	\$ 3	\$ 3,793	\$ 6,967
Other comprehensive income before taxes:						
Foreign currency translation	—	(3)	—	(10)		
Retirement plans	66	68	197	203	—	66
Recognized loss on termination of retirement plans	31	—	4,205	—		
Other comprehensive income before taxes	97	65	4,402	193	—	66
Tax effect related to items of other comprehensive income	(17)	—	(1,145)	—	—	(17)
Other comprehensive income, net of tax	80	65	3,257	193	—	49

		10,53	25,87	80,99			
Comprehensive income	\$ 4,100	\$ 8	\$ 7	\$ 6	\$ 3,793	\$ 7,016	

The accompanying notes are an integral part of the consolidated financial statements.

DESTINATION XL GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock		Additional	Treasury Stock		Accumulated	Accumulated	
	Shares	Amounts	Paid-in	Shares	Amounts	Deficit	Other	Total
			Capital				Comprehensive	
							Loss	
				(15,62				
Balance at January 28, 2023	78,230	\$ 782	\$ 321,516	5)	\$ (105,386)	\$ (74,756)	\$ (4,928)	\$ 137,228
Board of directors' compensation	15	—	108	—	—	—	—	108
Stock compensation expense	—	—	404	—	—	—	—	404
Restricted stock units (RSUs) granted for achievement of performance-based compensation, reclassified from liability to equity	—	—	1,146	—	—	—	—	1,146
Issuance of common stock, upon RSUs release	251	3	(3)	—	—	—	—	—
Shares withheld for taxes related to net share settlement	(81)	(1)	(445)	—	—	—	—	(446)
Exercise of stock options	81	1	215	—	—	—	—	216
Other comprehensive income, net of taxes	—	—	—	—	—	—	49	49
Net income	—	—	—	—	—	6,967	—	6,967
				(15,62				
Balance at April 29, 2023	78,496	\$ 785	\$ 322,941	5)	\$ (105,386)	\$ (67,789)	\$ (4,879)	\$ 145,672
Board of directors' compensation	25	—	112	-	—	—	—	112
Stock compensation expense	—	—	411	-	—	—	—	411
Exercise of stock options	85	1	48	-	—	—	—	49

Repurchase of common stock, including excise tax	—	—	—	(2,249)	(10,905)	—	—	(10,905)
Other comprehensive income, net of taxes	—	—	—	—	—	—	3,128	3,128
Net income	—	—	—	—	—	11,633	—	11,633
				(17,87)				
Balance at July 29, 2023	78,606	\$ 786	\$ 323,512	4)	\$ (116,291)	\$ (56,156)	\$ (1,751)	\$ 150,100
Board of directors' compensation	22	—	112	—	—	—	—	112
Stock compensation expense	—	—	800	—	—	—	—	800
Exercise of stock options	44	1	31	—	—	—	—	32
Issuance of common stock, upon RSUs release	285	3	(3)	—	—	—	—	—
Shares withheld for taxes related to net share settlement	(72)	(1)	(311)	—	—	—	—	(312)
Repurchase of common stock, including excise tax	—	—	—	(838)	(4,065)	—	—	(4,065)
Other comprehensive income, net of taxes	—	—	—	—	—	—	80	80
Net income	—	—	—	—	—	4,020	—	4,020
				(18,71)				
Balance at October 28, 2023	78,885	\$ 789	\$ 324,141	2)	\$ (120,356)	\$ (52,136)	\$ (1,671)	\$ 150,767

	Additional						
	Common Stock		Paid-in Capital	Treasury Stock		Accumulated	
	Shares	Amounts		Shares	Amounts	Deficit	Total
Balance at February 3, 2024	79,033	\$ 790	\$ 325,202	(21,041)	\$ (130,137)	\$ (46,902)	\$ 148,953
Board of directors' compensation	18	1	111	—	—	—	112
Stock compensation expense	—	—	875	—	—	—	875
Issuance of common stock, upon RSUs release	129	1	(1)	—	—	—	—
Shares withheld for taxes related to net share settlement	(14)	—	(48)	—	—	—	(48)
Exercise of stock options	132	1	75	—	—	—	76
Repurchase of common stock	—	—	—	(53)	(211)	—	(211)
Net income	—	—	—	—	—	3,793	3,793
Balance at May 4, 2024	79,298	\$ 793	\$ 326,214	(21,094)	\$ (130,348)	\$ (43,109)	\$ 153,550

The accompanying notes are an integral part of the consolidated financial statements.

DESTINATION XL GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

									Accumulated							
									Additional				Other			
Shares		Amounts		Capital		Shares		Amounts		Deficit		Loss		Total		
Balance at January 29, 2022	Shares	Amounts	Capital	Shares	Amounts	Deficit	Loss	Total								
Balance at January 28, 2023									78,230	\$ 782	\$ 321,516	(15,625)	\$ (105,386)	\$ (74,756)	\$ (4,928)	\$ 137,228
Board of directors' compensation																
Stock compensation expense																

RSUs granted for achievement of performance-based compensation, reclassified from liability to equity	—	—	1,146	—	—	—	—	—	8	—	—	1,146	—	—	—	—	1,146
Restricted stock units (RSUs) granted for achievement of performance-based compensation, reclassified from liability to equity																	
Issuance of common stock, upon RSUs release	3	1	3	3	(3)	—	—	—	—	—	251	3	(3)	—	—	—	—
Shares withheld for taxes related to net share settlement	(8)	(1)	4	—	—	—	—	—	5)	(81)	(1)	(445)	—	—	—	—	(446)
Exercise of stock options	4	1	2	—	—	—	—	—	3	81	1	215	—	—	—	—	216
Repurchase of common stock	—	—	—	—	—	—	—	—	—								
Other comprehensive income	—	—	—	—	—	—	—	—	3								
Other comprehensive income, net of taxes																	

						1	1										
						3,	3,										
						3	3										
						8	8										
Net income	—	—	—	—	—	8	—	8	—	—	—	—	—	6,967	—	6,967	
			3	(1	(9	5	6										
	7	0,	3,	7,	0,	(5	8,										
	3	7	7	7	5	4	,4	0									
Balance at	2	7	4	0	0	9	6	6									
April 30, 2022	3	\$ 3	\$ 5	2)	\$ 5)	\$ 1)	\$ 2)	\$ 0									
Board of directors'			1					1									
compensation	2		2					2									
Stock compensation expense	5	1	5	—	—	—	—	6									
			3					3									
			8					8									
Issuance of common stock, upon RSUs release	—	—	6	—	—	—	—	6									
Shares withheld for taxes related to net share settlement	5	—	—	—	—	—	—	—									
Exercise of stock options	—	—	(6)	—	—	—	—	(6)									
	7	—	3	—	—	—	—	3									
			(1	(7				(7									
			,9	,8				,8									
Repurchase of common stock	—	—	2	8				8									
Other comprehensive income	—	—	3)	1)	—	—	1)	—									
								6									
	—	—	—	—	—	—	5	5									
						5		5									
						6,		6,									
						9		9									
						4		4									
Net income	—	—	—	—	—	2	—	2									

			3	(1		1	
	7		2	(1	0	(9	1
	7,		1,	5,	5,	3,	(5
	3	7	2	6	3	5	,3
Balance at July	6	7	5	2	8	4	9
30, 2022	0	\$ 4	\$ 3	5)	\$ 6)	\$ 9)	\$ 7)
Board of			1				1
directors'	3		2				2
compensation	1	—	4	—	—	—	—
Stock			3				3
compensation			0				0
expense	—	—	1	—	—	—	—
Issuance of							
common stock,	2						
upon RSUs	6						
release	6	3	(3)	—	—	—	—
	7		2				2
Exercise of	0		0				1
stock options	5	7	3	—	—	—	—
Shares							
withheld for			(1				(1
taxes related	(3		,4				,4
to net share	0		2				2
settlement	5)	(3)	1)	—	—	—	—
Other							
comprehensive							6
income	—	—	—	—	—	—	5
							1
							0,
							4
							7
Net income	—	—	—	—	—	3	—
			3	(1			1
	7		2	(1	0	(8	2
	8,		0,	5,	5,	3,	(5
Balance at	0	7	4	6	3	0	,3
October 29,	5	8	5	2	8	7	3
2022	7	\$ 1	\$ 7	5)	\$ 6)	\$ 6)	\$ 2)
Balance at							
April 29, 2023							

78,496 \$ 785 \$ 322,941 (15,625) \$ (105,386) \$ (67,789) \$ (4,879) \$ 145,672

The accompanying notes are an integral part of the consolidated financial statements.

DESTINATION XL GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Nine Months Ended			
	October 28, 2023 (Fiscal 2023)	October 29, 2022 (Fiscal 2022)	May 4, 2024 (Fiscal 2024)	April 29, 2023 (Fiscal 2023)
Cash flows from operating activities:				
Net income	\$ 22,620	\$ 80,803	\$ 3,793	\$ 6,967
Adjustments to reconcile net income to net cash provided by operating activities:				
Adjustments to reconcile net income to net cash used for operating activities:				
Amortization of deferred debt issuance costs	57	57	19	19
Impairment (gain) of assets	—	(398)		
Loss on retirement plan terminations	4,231	—		
Gain from the sale of equipment	(136)	—	(4)	(96)
Depreciation and amortization	10,338	11,748	3,278	3,477
Deferred taxes, net of valuation allowance	9,232	(33,480)	1,352	2,383
Stock compensation expense	1,615	1,053	875	404
Board of directors' stock compensation	332	375	112	108
Changes in operating assets and liabilities:				
Accounts receivable	(1,994)	1,094	2,702	534
Inventories	(6,854)	(25,052)	(10,270)	(7,254)
Prepaid expenses and other current assets	(118)	(1,892)	(1,249)	(495)
Other assets	55	(61)	(47)	(5)
Accounts payable	708	1,399	11,130	(1,669)
Operating leases, net	548	(5,590)	(2,783)	(1,950)
Accrued expenses and other liabilities	(7,533)	113	(10,033)	(6,657)
Net cash provided by operating activities	33,101	30,169		
Net cash used for operating activities			(1,125)	(4,234)
Cash flows from investing activities:				
Additions to property and equipment, net	(10,404)	(7,853)	(5,863)	(1,709)

Proceeds from sale of equipment	136	—	4	96
Purchase of short-term investments	(69,880)	—	(10,003)	(16,064)
Maturity of short-term investments	21,007	—	5,908	—
Net cash used for investing activities	(59,141)	(7,853)	(9,954)	(17,677)
Cash flows from financing activities:				
Repurchase of common stock	(14,850)	(12,728)	(211)	—
Tax withholdings paid related to net share settlements	(758)	(1,845)	(48)	(446)
Proceeds from the exercise of stock options	297	236	76	216
Net cash used for financing activities	(15,311)	(14,337)	(183)	(230)
Net increase (decrease) in cash and cash equivalents	(41,351)	7,979		
Net decrease in cash and cash equivalents			(11,262)	(22,141)
Cash and cash equivalents:				
Beginning of period	52,074	15,506	27,590	52,074
End of period	\$ 10,723	\$ 23,485	\$ 16,328	\$ 29,933
Supplemental Disclosures of Cash Flow Information:				
Cash paid during the period for income taxes			\$ 104	—
Cash paid during the period for interest			\$ 90	\$ 62
Non-cash activity during the period:				
Capital expenditures incurred but not yet paid			\$ 841	\$ 126

The accompanying notes are an integral part of the consolidated financial statements.

DESTINATION XL GROUP, INC.

Notes to Consolidated Financial Statements

(Unaudited)

1. Basis of Presentation

In the opinion of management of Destination XL Group, Inc., a Delaware corporation (collectively with its subsidiaries, referred to as the “Company”), the accompanying unaudited Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim financial statements. These financial statements do not include all disclosures associated with annual financial statements and, accordingly, should be read in conjunction with the notes to the Company’s audited Consolidated Financial Statements for the fiscal year ended **January 28,**

2023 February 3, 2024 included in the Company's Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on March 16, 2023 March 21, 2024.

The information set forth in these statements may be subject to normal year-end adjustments. The information reflects all adjustments that, in the opinion of management, are necessary to present fairly the Company's results of operations, financial position and cash flows for the periods indicated. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's business historically has been seasonal in nature, and the results of the interim periods presented are not necessarily indicative of the results to be expected for the full year.

The Company's fiscal year is a 52- or 53- week period ending on the Saturday closest to January 31. Fiscal 2024 is a 52-week period ending on February 1, 2025 and fiscal 2023 is was a 53-week period ending on February 3, 2024, and fiscal 2022 was a 52-week period which ended on January 28, 2023.

Segment Information

The Company has two principal operating segments: its stores and its direct business. The Company considers its stores and direct operating segments to be similar in terms of economic characteristics, production processes and operations, and has therefore aggregated them into one reportable segment, retail segment, consistent with its omni-channel business approach.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks and short-term investments, which have a maturity of ninety days or less when acquired. Included in cash equivalents are credit card and debit card receivables from banks, which generally settle within two to four business days.

Short-Term Investments

Short-term investments consist of those investments that have a maturity date, when acquired, that is greater than three months and twelve months or less. These investments are classified as held-to-maturity and are carried at amortized cost, which approximates fair value due to the short period between purchase and maturity.

Concentration of Credit Risk

Cash and cash equivalents include amounts due from third party financial institutions, which from time to time, may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Company is potentially exposed to a concentration of credit risk when cash and cash equivalent deposits in these financial institutions are in excess of FDIC limits. The Company considers the credit risk associated with these financial instruments to be minimal as cash and cash equivalents are held by financial institutions with high credit ratings and it has not historically sustained any credit losses associated with its cash and cash equivalents balances. In addition, the Company's cash and cash equivalents include money market accounts with Citizens Bank, N.A. and investments in U.S. government-backed securities held with Fidelity Investments.

Fair Value of Financial Instruments

ASC Topic 825, *Financial Instruments*, requires disclosure of the fair value of certain financial instruments. ASC Topic 820, "*Fair Value Measurements and Disclosures*," defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements.

The valuation techniques utilized are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect internal market assumptions. These two types of inputs create the following fair value hierarchy:

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

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

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

The Company utilizes observable market inputs (quoted market prices) when measuring fair value whenever possible.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. See Note 109 - Fair Value Measurement for information regarding the fair value of certain financial assets.

Accumulated Other Comprehensive Income (Loss) - ("AOCI")

Other comprehensive income (loss) includes amounts related to foreign currency and In the fourth quarter of fiscal 2023, the Company terminated its frozen retirement plans, and which was the only AOCI activity. As a result, there is reported inno remaining AOCI as of February 3, 2024.

For the Consolidated Statements first three months of Comprehensive Income (Loss). Other fiscal 2023, other comprehensive income (loss) and reclassifications from AOCI for the three and nine months ended October 28, 2023 and October 29, 2022 were was as follows:

	October 28, 2023			October 29, 2022		
For the three months ended:	(in thousands)					
	Retirement Plans	Foreign Currency	Total	Retirement Plans	Foreign Currency	Total
Balance at beginning of the quarter	\$ (1,751)	\$ —	\$ (1,751)	\$ (5,331)	\$ (66)	\$ (5,397)
Other comprehensive income (loss) before reclassifications, net of taxes	14	—	14	77	(3)	74
Recognition of loss on retirement plan termination, net of taxes ⁽¹⁾	31		31			
Amounts reclassified from accumulated other comprehensive income, net of taxes ⁽²⁾	35	—	35	(9)	—	(9)
Other comprehensive income (loss) for the period	80	—	80	68	(3)	65
Balance at end of quarter	\$ (1,671)	\$ —	\$ (1,671)	\$ (5,263)	\$ (69)	\$ (5,332)
	October 28, 2023			October 29, 2022		
For the nine months ended:	(in thousands)					
	Retirement Plans	Foreign Currency	Total	Retirement Plans	Foreign Currency	Total
Balance at beginning of fiscal year	\$ (4,928)	\$ —	\$ (4,928)	\$ (5,466)	\$ (59)	\$ (5,525)

Other comprehensive income (loss) before reclassifications, net of taxes	43	—	43	232	(10)	222
Recognition of loss on retirement plan termination, net of taxes ⁽¹⁾	3,111		3,111	—	—	—
Amounts reclassified from accumulated other comprehensive income, net of taxes ⁽²⁾	<u>103</u>	<u>—</u>	<u>103</u>	<u>(29)</u>	<u>—</u>	<u>(29)</u>
Other comprehensive income (loss) for the period	3,257	—	3,257	203	(10)	193
Balance at end of quarter	<u>\$ (1,671)</u>	<u>\$ —</u>	<u>\$ (1,671)</u>	<u>\$ (5,263)</u>	<u>\$ (69)</u>	<u>\$ (5,332)</u>
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	April 29, 2023
For the three months ended:	(in thousands)
	Retirement Plans
Balance at beginning of the quarter	\$ (4,928)
Other comprehensive income before reclassifications, net of taxes	6
Amounts reclassified from accumulated other comprehensive income, net of taxes ⁽¹⁾	<u>43</u>
Other comprehensive income for the period	49
Balance at end of quarter	<u>\$ (4,879)</u>

(1) In connection with the Company's decision to terminate its frozen retirement plans, the Company completed a termination of its Supplemental Executive Retirement Plan ("SERP") in the third quarter of fiscal 2023 and recognized the loss in AOCI of \$31,000, with no related tax effect. Results for the nine months ended October 28, 2023 also reflect the partial settlement of the Pension Plan which resulted in the recognition of \$4.2 million loss on termination, or \$3.1 million net of taxes.

(2) Includes the amortization of the unrecognized loss on retirement plans, which was charged to "Selling, General and Administrative" Expense on the Consolidated Statements of Operations for all periods presented. The Company recognized expense of \$47,000 58,000, or \$35,000 43,000 net of taxes, for the three months ended October 28, 2023 and expense of \$139,000, or \$103,000 net of taxes, for the nine months ended October 28, 2023. For the three and nine months ended October 29, 2022, the Company recognized income of \$9,000 and \$29,000, respectively, as a result of a change in amortization from average remaining future service to average remaining lifetime. There was no related tax effect for the three and nine months ended October 29, 2022 April 29, 2023.

Stock-based Compensation

All share-based payments, including grants of employee stock options and restricted stock, are recognized as an expense in the Consolidated Statements of Operations based on their fair values and vesting periods. The fair value of stock options is determined using the Black-Scholes valuation model and requires the input of subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them (the “expected term”), the estimated volatility of the Company’s common stock price over the expected term and the number of options that will ultimately not complete their vesting requirements (“forfeitures”). The Company reviews its valuation assumptions at each grant date and, as a result, is likely to change its valuation assumptions used to value employee stock-based awards granted in future periods. The values derived from using the Black-Scholes model are recognized as an expense over the vesting period, net of estimated forfeitures. The estimation of stock-based awards

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that will ultimately vest requires judgment. Actual results and future changes in estimates may differ from the Company’s current estimates.

The There were no grants of stock options in the first three months of fiscal 2024. For the first three months of fiscal 2023, the fair value of each stock option grant is was estimated on the date of grant using the Black-Scholes option-pricing model based on the assumptions in the table below as it relates to stock options granted during the first nine months of fiscal 2023 and fiscal 2022, granted.

	October 28, 2023	October 29, 2022	April 29, 2023
Expected volatility	86.3% - 92.1%	87.9% - 123.7%	86.3% - 92.1%
Risk-free interest rate	3.71%-4.42%	2.52% - 4.41%	3.71%-4.42%
Expected term	2.5 yrs.	2.0 - 3.5 yrs.	2.5 yrs.
Dividend rate	—	—	—
Weighted average fair value of options granted	\$ 3.24	\$ 3.46	\$ 3.24

During the third quarter of fiscal 2023, the Company granted performance stock units (PSUs) with a market condition. The respective grant-date fair value and derived service periods assigned to the PSUs were determined using a Monte Carlo model. The valuation included assumptions with respect to the volatility, risk-free rate and cost of equity are discussed in Note 6, “Stock-Based Compensation.”

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for events or changes in circumstances that might indicate the carrying amount of the assets may not be recoverable. The Company’s judgment regarding the identification of impairment indicators is based on operational performance at the store level. Factors considered by the Company that could result in an impairment triggering event include significant changes in the use of assets, a current period operating or cash flow loss, underperformance of a store relative to historical or expected operating results, and an accumulation of costs significantly in excess of the amount originally expected for the construction of the long-lived store assets. The Company assesses the recoverability of the assets by determining whether the carrying value of such assets over their respective remaining lives can be recovered through projected undiscounted future cash flows. The model for undiscounted future cash flows includes assumptions, at the individual store level, with respect to expectations for future sales and gross margin rates as well as an estimate for occupancy costs used to estimate the fair value of the respective store’s operating lease right-of-use asset. The amount of impairment, if any, is measured based on projected discounted future cash flows using a discount rate reflecting the Company’s average cost of funds.

There were no impairments or non-cash gains recognized in the first three months of fiscal 2024 and nine months ended October 28, 2023 or fiscal 2023.

Advertising Costs

The Company expenses in-store advertising costs as incurred. Creative production costs, if any, are expensed in the period in which the advertising is first aired, and media costs are expensed as incurred. Direct response advertising costs, if any, are expensed in the period in which the mailing occurs. Advertising expense, which is included in selling, general and administrative expenses, was \$7.3 million and \$7.0 million for the first three months ended October 29, 2022. For the nine months ended October 29, 2022, the Company recognized a non-cash gain of \$0.6 million. The non-cash gain related to the Company's decision to close certain retail stores, which resulted in a revaluation of the existing lease liabilities. The portion of the gain that related to previously recorded impairment charges against the operating lease right-of-use asset was included as an offset to previously recorded asset impairment charges. Accordingly, for the nine months ended October 29, 2022, \$0.4 million was included as an offset to asset impairment charges. The remaining gain for the nine months ended October 29, 2022 was included as a reduction of store occupancy costs, fiscal 2024 and fiscal 2023, respectively.

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Leases

The Company determines if an arrangement contains a lease at the inception of a contract. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use ("ROU") assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments, initial direct costs and any lease incentives are included in the value of those ROU assets. As the interest rate implicit in the Company's leases is not readily determinable, the Company utilizes its incremental borrowing rate, based on information available at the lease measurement date, to determine the present value of future payments. The Company elected the lessee non-lease component separation practical expedient, which permits the Company to not separate non-lease components from the lease components to which they relate. The Company also made an accounting policy election that the recognition requirement of ASC 842 will not be applied to certain, if any, non-store leases, with a term of 12 months or less, recognizing those lease payments on a straight-line basis over the lease term. At October 28, 2023 May 4, 2024, the Company had no short-term leases.

The Company's store leases typically contain options that permit renewals for additional periods of up to five years each. In general, for store leases with an initial term of 10 years or more, the options to extend are not considered reasonably certain at lease commencement. For store leases with an initial term of 5 years, the Company evaluates each lease independently and, when the Company considers it reasonably certain that it will exercise an option to extend, the associated payment of that option will be included in the measurement of the ROU asset and lease liability. Renewal options are not included in the lease term for automobile and equipment leases because they are not considered reasonably certain of being exercised at lease commencement. Renewal options were not considered for the Company's corporate headquarters and distribution center lease, which was entered into in 2006 and was for an initial 20-year term. At the end of the initial term, the Company will have the opportunity to extend this lease for six additional successive periods of five years.

For store leases, the Company accounts for lease components and non-lease components as a single lease component. Certain store leases may require additional payments based on sales volume, as well as reimbursement for real estate taxes, common area maintenance and insurance, and are expensed as incurred as variable lease costs. Other store leases contain one periodic fixed lease payment that

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includes real estate taxes, common area maintenance and insurance. These fixed payments are considered part of the lease payment and included in the ROU assets and lease liabilities. Tenant allowances are included as an offset to the right-of-use asset and amortized as reductions to rent expense over the associated lease term.

See Note 4, "Leases" for additional information.

Recently Issued Accounting Pronouncements - Not Yet Adopted

In September 2022, the FASB issued Accounting Standards Update ("ASU") 2022-04, *Liabilities – Supplier Finance Programs*, which is intended to enhance the transparency surrounding the use of supplier finance programs in connection with the purchase of goods and services. The guidance requires companies that use supplier finance programs to make annual disclosures about the program's key terms, the balance sheet presentation of related amounts, the confirmed amount outstanding at the end of the period and associated rollforward information. The new standard does not affect the recognition, measurement, or financial statement presentation of supplier finance program obligations. ASU 2022-04 was adopted in the first quarter of fiscal 2023, with the exception of the rollforward information, which is not effective until fiscal 2024. The adoption of ASU 2022-04 did not have a material effect on the Company's Consolidated Financial Statements as the Company does not participate in supplier finance programs.

Recently Issued Accounting Pronouncements - Not Yet Adopted

In July 2023, the FASB issued ASU 2023-03, *Presentation of Financial Statements (Topic 205), Income Statement - Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation - Stock Compensation (Topic 718): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 EITF Meeting, and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280 - General Revision of Regulation S-X: Income or Loss Applicable to Common Stock*, which amends or supersedes various SEC paragraphs within the Accounting Standards Codification to conform to past SEC announcements and guidance issued by the SEC. The ASU does not provide any new guidance, and as such, there is no transition effective date. ASU 2023-03 is not expected to have a material impact on the Company's Consolidated Financial Statements.

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements: Codification Amendment in Response to the SEC's Disclosure Update and Simplification Initiative*. ASU-2023-06 incorporates several disclosure and presentation requirements currently residing in the SEC Regulations S-X and S-K. The amendments will be applied prospectively and are effective when the SEC removes the related requirements from Regulations S-X or S-K. Any amendments the SEC does not remove by June 30, 2027 will not be effective. The ASU is not expected to have a material impact on our consolidated financial statements or related disclosures because the Company is currently subjected to the reporting requirements of Regulations S-X and S-K.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280)*, which requires all public entities to provide enhanced disclosures about significant segment expenses. The amendments in this ASU are to be applied retrospectively and are effective for our annual financial statements starting in fiscal 2024 and interim periods starting in fiscal 2025, with early adoption permitted. We are currently evaluating the impact of this accounting standard.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740)*, which enhances transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid and to improve the effectiveness of income tax disclosures. This ASU will be effective for fiscal year 2025, and allows for adoption on a prospective basis, with a retrospective option. Early adoption is permitted. We are currently evaluating the effect of adopting this new accounting standard.

In March 2024, the FASB issued ASU 2024-01 *Compensation – Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*, which clarified how an entity determines whether a profits interest or similar award is within the scope of Accounting Standards Codification ("ASC") 718, Compensation – Stock Compensation, by adding illustrative guidance. The guidance in ASU 2024-01 is effective for annual reporting periods beginning after December 15, 2024, and can be applied either retrospectively to all prior periods presented in the consolidated financial statements or prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. Early adoption is permitted. The adoption of ASU 2024-01 is not expected to have any impact on the Company's consolidated financial statements.

There were no other new accounting pronouncements, issued or effective during the first nine months of fiscal 2023, 2024, which had or are expected to have a significant impact on the Company's Consolidated Financial Statements.

2. Revenue Recognition

The Company operates as a retailer of big and tall men's clothing, which includes stores and direct. Revenue is recognized by the operating segment that initiates a customer's order. Store sales are defined as sales that originate and are fulfilled directly at the store level. Direct sales are

defined as sales that originate online, including those initiated online at the store level, on its website or on third-party marketplaces. Generally, all revenues are recognized when control of the promised goods is transferred to customers, in an amount that reflects the consideration in exchange for those goods. Sales tax collected from customers and remitted to taxing authorities is excluded from revenue and is included as part of accrued expenses on the Consolidated Balance Sheets.

Unredeemed Gift Cards, Gift Certificates, and Credit Vouchers. Upon issuance of a gift card, gift certificate, or credit voucher, a liability is established for its cash value. The liability is relieved and net sales are recorded upon redemption by the customer. Based on historical redemption patterns, the Company can reasonably estimate the amount of gift cards, gift certificates, and credit vouchers for which redemption is remote, which is referred to as “breakage.” Breakage is recognized over two years in proportion to historical redemption trends and is recorded as sales in the Consolidated Statements of Operations. The gift card liability, net of breakage, was \$2.02.4 million and \$3.43.2 million at October 28, 2023 May 4, 2024 and January 28, 2023 February 3, 2024, respectively.

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Unredeemed Loyalty Coupons. The Company offers a free loyalty program to its customers for which points accumulate based on the purchase of merchandise. Under ASC 606, *Revenue from Contracts with Customers*, these loyalty points provide the customer with a material right and a distinct performance obligation with revenue deferred and recognized when the points are expected to redeem or expire. The cycle of earning and redeeming loyalty points is generally under one year in duration. The loyalty accrual, net of breakage, was \$1.71.4 million and \$1.61.7 million at October 28, 2023 May 4, 2024 and January 28, 2023 February 3, 2024, respectively.

Shipping. Shipping and handling costs are accounted for as fulfillment costs and are included in cost of sales for all periods presented. Amounts related to shipping and handling that are billed to customers are recorded in sales, and the related costs are recorded in cost of goods sold, including occupancy costs, in the Consolidated Statements of Operations.

Disaggregation of Revenue

As noted above under *Segment Information* in Note 1, the Company's business consists of one reportable segment, its retail segment. Substantially all of the Company's revenue is generated from its stores and direct businesses. Results for the nine months ended October 29, 2022 included operating results from the wholesale segment, which was discontinued in the first quarter of fiscal 2022. Accordingly, the Company has determined that the following sales channels depict the nature, amount, timing, and uncertainty of how revenue and cash flows are affected by economic factors:

(in thousands)	For the Three Months Ended		For the Nine Months Ended		For the Three Months Ended	
	Oct	Oct	Oct	Oct		
	ober	ober	ober	ober		
	28,	29,	28,	29,		
sand	202	202	202	202		
	3	2	3	2	May 4, 2024	April 29, 2023

borrowing base) and (ii) \$7.5 million, then the Company is required to maintain a minimum consolidated fixed charge coverage ratio of 1.0:1.0 until such time as availability has exceeded the greater of (1) 10% of the Revolving Loan Cap and (2) \$7.5 million for 30 consecutive days.

At **October 28, 2023** **May 4, 2024**, the Company had no borrowings outstanding under the Credit Facility and unused availability was **\$87.6** **79.2** million. The Company had no borrowings during the first **nine months** **quarter** of fiscal **2023**, **2024**, resulting in an average unused excess availability of approximately **\$84.3** **71.8** million. Outstanding standby letters of credit were \$4.3 million and outstanding documentary letters were **\$0.4** **1.5** million at **October 28, 2023** **May 4, 2024**. At **October 28, 2023** **May 4, 2024**, the Company's prime-based interest rate was 8.75%.

4. Leases

The Company leases all of its store locations and its corporate headquarters, which also includes its distribution center, under operating leases. The store leases typically have initial terms of 5 years to 10 years, with options that usually permit renewal for additional five-year periods. The initial term of the lease for the corporate headquarters is for 20 years, with the opportunity to extend for six additional consecutive periods of five years, beginning in fiscal 2026. The Company also leases certain equipment and other assets under operating leases, typically with initial terms of 3 to 5 years. The Company is generally obligated for the cost of property taxes, insurance and common area maintenance fees relating to its leases, which are considered variable lease costs and are expensed as incurred.

ASC 842 requires the assessment of any lease modification to determine if the modification should be treated as a separate lease and if not, modification accounting would be applied. Lease modification accounting requires the recalculation of the ROU asset, lease

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liability and lease expense over the respective lease term. As of **October 28, 2023** **May 4, 2024**, the Company's operating leases liabilities represent the present value of the remaining future minimum lease payments updated based on concessions and lease modifications.

Lease costs related to store locations are included in cost of goods sold including occupancy costs on the Consolidated Statements of Operations, and expenses and lease costs related to the corporate headquarters and equipment leases are included in selling, general and administrative expenses on the Consolidated Statements of Operations.

The following table is a summary of the Company's components of net lease cost for the three **and nine** months ended **October 28, 2023** **May 4, 2024** and **October 29, 2022** **April 29, 2023**:

	For the three months ended		For the nine months ended		For the three months ended	
	<u>October</u>	<u>October</u>	<u>October</u>	<u>October</u>		
	<u>28,</u>	<u>29,</u>	<u>28,</u>	<u>29,</u>		
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>May 4, 2024</u>	<u>April 29, 2023</u>
(in thousands)						
Operating lease cost	\$ 11,420	\$ 11,365	\$ 33,461	\$ 33,123	\$ 11,477	\$ 10,666

Variable lease costs ⁽¹⁾	3,190	3,261	9,648	9,534	3,393	3,166
Total lease costs	14,61	14,62	43,10	42,65	14,870	13,832
	\$ 0	\$ 6	\$ 9	\$ 7	\$	\$

(1) Variable lease costs include the cost of property taxes, insurance and common area maintenance fees related to leases.

Supplemental cash flow and balance sheet information related to leases for the first **nine three** months ended **October 28, 2023** **May 4, 2024** and **October 29, 2022** **April 29, 2023** was as follows:

(dollars in thousands)	For the nine months ended		For the three months ended	
	<u>October 28, 2023</u>	<u>October 29, 2022</u>	<u>May 4, 2024</u>	<u>April 29, 2023</u>
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows for operating leases ⁽¹⁾	\$ 34,121	\$ 42,001	\$ 12,966	\$ 12,753
Non-cash operating activities:				
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 39,119	\$ 20,667	\$ 26,370	\$ 9,250
Weighted average remaining lease term	4.8 yrs.	4.3 yrs.	5.2 yrs.	4.3 yrs.
Weighted average discount rate	6.48%	6.45%	6.45%	6.39%

(1) The cash paid for the first **nine three** months of fiscal **2023 2024** and fiscal **2022 2023** included prepaid rent of **\$0.6 4.3** million and **\$4.1 4.2** million, respectively.

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The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the operating lease liabilities recorded on the Consolidated Balance Sheet as of **October 28, 2023** **May 4, 2024**:

(in thousands)		
2023 (remaining)	\$ 12,086	
2024	49,316	
2024 (remaining)		\$ 31,965
2025	41,254	47,074
2026	28,561	35,037
2027	21,131	28,001
2028		19,978
Thereafter	34,591	39,695
Total minimum lease payments	\$ 186,939	\$ 201,750
Less: amount of lease payments representing interest	26,599	32,523
Present value of future minimum lease payments	\$ 160,340	\$ 169,227
Less: current obligations under leases	40,838	34,644

Long-term lease obligations

\$	119,502	\$	134,583
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As of **October 28, 2023** **May 4, 2024**, the Company had entered into **a four** ten-year store **lease leases** that **has have** not yet commenced with aggregated estimated future lease payments of approximately **\$1.5 6.3** million, which are not included in the above table. The **lease is leases are** expected to commence **in during the first quarter second and third quarters** of fiscal 2024.

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5. Long-Term Incentive Plans

The following is a summary of the Company's Long-Term Incentive Plan ("LTIP"). All equity awards granted under long-term incentive plans are issued from the Company's stockholder-approved 2016 Incentive Compensation Plan. See Note 6, *Stock-Based Compensation*.

The LTIPs are granted annually and each LTIP covers a three-year performance period. Each participant in the LTIP participates based on that participant's "Target Cash Value" which is defined as the participant's annual base salary (on the participant's effective date) multiplied by his or her LTIP percentage. Under each LTIP, 50% of each participant's Target Cash Value is subject to time-based vesting and 50% is subject to performance-based vesting. Awards for any achievement of performance targets are not granted until the performance targets are achieved and then are subject to additional vesting through August 31 following the end of the applicable performance period.

2020-2022 2021-2023 LTIP

The performance targets for the Company's **2020-2022 2021-2023** LTIP were approved by the Compensation Committee of the Board of Directors (the "Compensation Committee") on **June 11, 2020 March 8, 2021**, and covered a three-year period performance period, which ended on **January 28, 2023 February 3, 2024**. The time-vested portion of the **2020-2022 2021-2023** LTIP vests in four annual installments, with the remaining installment vesting on **April 1, 2024 April 1, 2025**.

On **March 6, 2023 March 29, 2024**, the Compensation Committee approved a grant of awards, **effective April 1, 2024**, equal to **\$2.8 3.0** million for the achievement of the performance target for the **2020-2022 2021-2023** LTIP. **The In an effort to preserve share availability under the 2016 Plan, all awards, were granted on March 23, 2023, following completion of the audited financial statements, in a combination of 50% cash and 50% restricted stock units ("RSUs"). All awards were which are subject to further vesting through August 31, 2023. In connection with the grant of 267,219 RSUs, the Company reclassified \$1.1 million of its liability accrual from "Accrued expenses and other current liabilities" to "Additional paid-in capital". See the Consolidated Statement of Changes August 31, 2024, were granted in Stockholders' Equity. cash.**

Active LTIPs

At **October 28, 2023 May 4, 2024**, the Company had three active LTIPs: the **2021-2023 2022-2024** LTIP, the **2022-2024 2023-2025** LTIP and the **2023-2025 2024-2026** LTIP. The time-based awards under the **2021-2023 LTIP** were granted in a combination of 25% stock options and 75% cash, and the time-based awards under the **2022-2024 LTIP** and the **2023-2025** each LTIP were granted in a combination of 50% RSUs and 50% cash.

Performance targets for the **2021-2023 2022-2024** LTIP, **2022-2024 the 2023-2025** LTIP and the **2023-2025 2024-2026** LTIP were established and approved by the Compensation Committee on **March 8, 2021 April 9, 2022, April 9, 2022 May 1, 2023 and May 1, 2023 April 1, 2024**, respectively. The performance period for each LTIP is three years. Awards for any achievement of performance targets will not be granted until the performance targets are achieved and then will be subject to an additional service requirement through **August 31, 2024 August 31, 2025, August 31, 2025 August 31, 2026 and August 31, 2026 August 31, 2027**, respectively. The time-based awards under the **2021-2023 LTIP, 2022-2024 LTIP, the 2023-2025 LTIP, and 2023-2025 the 2024-2026** LTIP vest in four equal installments through **April 1, 2025 April 1, 2026, April 1, 2026 April 1, 2027 and April 1, 2027 April 1, 2028**, respectively. Assuming that the Company achieves the performance targets at target levels and all time-based awards vest, the compensation expense associated with the **2021-2023 LTIP, 2022-2024 LTIP, 2023-2025 LTIP and 2023-2025 2024-2026** LTIP is

estimated to be approximately \$4.1 4.8 million, \$4.7 5.1 million and \$4.9 5.3 million, respectively. Approximately half of the compensation expense for each LTIP relates to the time-based awards, which are being expensed straight-line over 49 months, 48 months, and 47 months respectively, and

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months, respectively.

At October 28, 2023 May 4, 2024, the Company had accrued \$2.3 million under the 2021-2023 LTIP and \$1.4 million under the 2022-2024 LTIP and \$0.1 million under the 2024-2026 LTIP for the performance awards. At October 28, 2023 May 4, 2024, the Company had no accrual for the performance-based awards under the 2023-2025 LTIP.

6. Stock-Based Compensation

The Company has one active stock-based compensation plan: the 2016 Incentive Compensation Plan (as amended, the “2016 Plan”). A grant of a stock option award or stock appreciation right will reduce the outstanding reserve on a one-for-one basis, meaning one share for every share granted. A grant of a full-value award, including, but not limited to, restricted stock, restricted stock units and deferred stock, will reduce the outstanding reserve by a fixed ratio of 1.9 shares for every share granted. At October 28, 2023 May 4, 2024, 15,120,538 shares were authorized under the 2016 Plan, of which 2,288,734 1,445,584 shares remained available for grant.

In accordance with the terms of the 2016 Plan, any shares outstanding under the previous 2006 Incentive Compensation Plan (the “2006 Plan”) at August 4, 2016 that subsequently terminate, expire or are cancelled for any reason without having been exercised or paid are added back and become available for issuance under the 2016 Plan, with stock options being added back on a one-for-one basis and full-value awards being added back on a 1 to 1.9 basis. At October 28, 2023 May 4, 2024, 90,487 59,254 stock options remained outstanding under the 2006 Plan.

The 2016 Plan is administered by the Compensation Committee. The Compensation Committee is authorized to make all determinations with respect to amounts and conditions covering awards. Options are not granted at a price less than fair value on the date of the grant. Except with respect to 5% of the shares available for awards under the 2016 Plan, no award will become exercisable unless such award has been outstanding for a minimum period of one year from its date of grant.

The following tables summarize the share activity and stock option activity for the first nine three months of fiscal 2023: 2024:

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	RSUs ⁽¹⁾	Deferred shares ⁽²⁾	Performance Share Units ⁽³⁾	Fully-Vested Shares ⁽⁴⁾	Total number of shares	Weighted- average grant-date fair value
Shares					1,195,57	
Outstanding non-vested shares at beginning of year	520,008	435,568	240,000	—	6	\$ 2.51
					1,140,06	
Shares granted	547,294	—	573,000	19,772	6	\$ 4.50
Shares vested and/or issued	(535,786)	—	—	(19,772)	(555,558)	\$ 4.07
Shares expired	—	—	(240,000)	—	(240,000)	\$ 1.07
Shares forfeited	(50,612)	—	—	—	(50,612)	\$ 7.35

Outstanding non-vested shares at end of quarter	480,904	435,568	573,000	—	1,489,472	\$	3.52
							Weighted-average grant-date fair value
	RSUs (1)	Deferred shares (2)	Performance Share Units (3)	Fully-Vested Shares (4)	Total number of shares		
Shares							
					1,544,85		
Outstanding non-vested shares at beginning of year	536,285	435,568	573,000	—	3	\$	3.53
Shares granted	376,416	8,713	—	9,734	394,863	\$	3.58
Shares vested and/or issued	(129,112)	—	—	(9,734)	(138,846)	\$	4.67
Shares expired	—	—	—	—	—	\$	—
Shares forfeited	—	—	—	—	—	\$	—
					1,800,87		
Outstanding non-vested shares at end of quarter	783,589	444,281	573,000	—	0	\$	3.46

- (1) During the first **nine** **three** months of fiscal **2023**, **2024**, the Company granted **RSUs** for the achievement of performance metrics under the **2020-2022 LTIP** that were subject to additional vesting through August 31, 2023 and time-based RSUs under its **LTIPs**, **2024-2026 LTIP**. See Note 5, *Long-Term Incentive Plans*. As a result of net share settlements, of the **535,786** **129,112** RSUs that vested, **only** **383,174** **115,292** shares of common stock were issued.
- (2) The **outstanding** **8,713** shares of deferred stock, with a fair value of \$36,246 represent director compensation in lieu of cash, in accordance with the director's irrevocable election. The shares of deferred stock will be issued upon the **director's** **director's** separation from service.
- (3) On August 11, 2023, the Company granted 573,000 performance share units ("PSUs") in connection with the extension of Mr. Kanter's employment agreement. The award consists of nine tranches, with the first tranche vesting if and when the 30-day volume-weighted closing price of the Company's common stock is equal to or greater than \$6.50 per share. Each subsequent tranche will vest upon achievement of the 30-day volume-weighted closing price of the Company's common stock in \$0.25 **installments** **increments** with the ninth tranche vesting when such price is equal to or greater than \$8.50 per share. The PSUs are subject to a one-year minimum vesting period, and any unvested PSUs will expire on August 11, 2026. The \$2.4 million fair value is being expensed over the respective derived service periods of each tranche which range from 12 to 13 months. The respective fair value and derived service periods assigned to the PSUs were determined using a Monte Carlo model based on: a weighted historical volatility of 57.8%, a term of 3 years, stock price on the date of grant of \$4.98 per share, a risk-free rate of 4.6% and a cost of equity of 11.0%.
- (4) Represented compensation, with a fair value of \$**101,242** **40,493**, to certain directors, who are required to receive shares, in lieu of cash, in order to satisfy their minimum equity ownership under the Non-Employee Director Compensation Plan. Voluntary shares received, in lieu of cash, are reported below under *Non-Employee Director Compensation Plan*.

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Weighted							
-							
average							
exercise							
remaining							
Aggregate							
Number							
price							
per							
option							
term							
value							
Number of							
shares							

Stock Options									
Outstanding options at beginning of year	3,556,434	\$ 0.83	7.4 years	\$ 665	23,238,318,739	\$ 0.75	—	\$ 10,962	
Options granted	1,317	\$ 5.91	—	—	—	—	—	—	
Options exercised	(210,225)	\$ 1.41		8	(132,397)	\$ 0.58	—	388	
Options expired	(18,115)	\$ 5.04		—	(16,233)	\$ 5.29	—	—	
Options forfeited	(12,892)	\$ 2.42	—	49,037	(1,715)	\$ 0.75	—	5	
Outstanding options at end of quarter	3,316,519	\$ 0.76	6.7 years	10,973,281	3,030,394	\$ 0.73	6.3 years	\$ 7,761	
Options exercisable at end of quarter	2,062,614	\$ 0.82	6.5 years	6,729,437	2,790,202	\$ 0.73	6.2 years	\$ 7,158	

For the first nine three months of fiscal 2024, the Company granted 376,416 restricted stock units, 8,713 shares of deferred stock and 9,734 fully-vested shares. For the first three months of fiscal 2023, the Company granted stock options to purchase an aggregate of 1,317 1,316 shares of common stock, 547,294 270,867 restricted stock units and 19,772 fully-vested shares. For the first nine months of fiscal 2022, the Company granted stock options to purchase an aggregate of 15,747 shares of common stock, 563,691 restricted stock units and 27,386 2,844 fully-vested shares.

Non-Employee Director Compensation Plan

The Company granted 42,156 8,412 shares of common stock, with a fair value of approximately \$230,601 34,994, to certain of its non-employee directors as compensation in lieu of cash in the first nine three months of fiscal 2023 2024. These shares are in addition to any shares that may be granted under the 2016 Plan related to the requirement to receive equity if a director has not yet satisfied his or her minimum equity ownership requirement under the Non-Employee Director Compensation Plan.

Stock Compensation Expense

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The Company recognized total stock-based compensation expense of \$1.6 0.9 million and \$1.1 0.4 million for the first nine three months of fiscal 2023 2024 and fiscal 2022 2023, respectively. The total compensation cost related to time-vested stock options, RSU awards, and PSU awards not yet recognized as of October 28, 2023 May 4, 2024 was approximately \$4.1 3.9 million, net of estimated forfeitures, which will be expensed over a weighted average remaining life of 22 30 months.

7. Equity and Earnings per Share

The following table provides a reconciliation of the number of shares outstanding for basic and diluted earnings per share:

For the three months ended	For the nine months ended	For the three months ended
----------------------------	---------------------------	----------------------------

	October r 28, 2023	October r 29, 2022	October r 28, 2023	October r 29, 2022	May 4, 2024	April 29, 2023
(in thousands)						
Common stock outstanding:						
Basic weighted average common shares outstanding	60,1 69	62,0 16	61,6 12	62,9 28	58,036	62,690
Common stock equivalents – stock options, restricted stock units and deferred stock	3,29 5	4,21 3	3,38 3	4,17 8	2,927	3,626
Diluted weighted average common shares outstanding	63,4 64	66,2 29	64,9 95	67,1 06	60,963	66,316

The following potential common stock equivalents were excluded from the computation of diluted earnings per share in each period, because the exercise price of such options was greater than the average market price per share of common stock for the respective periods or because the unearned compensation associated with stock options or restricted stock units had an anti-dilutive effect.

	For the three months ended		For the nine months ended		For the three months ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	May 4, 2024	April 29, 2023
(in thousands, except exercise prices)						
Stock options	104	31	99	256	73	17
Restricted stock units	41	55	17	65		
Restricted stock units and deferred stock					545	9
Range of exercise prices of such options	\$4.48-\$ 6.59	\$4.48 - \$6.59	\$4.48 - \$6.59	\$4.48 - \$6.59	\$4.48-\$6.59	\$4.48 - \$7.43

The above options, which were outstanding at **October 28, 2023** **May 4, 2024**, expire from **January 29, June 1, 2024** to March 20, 2033.

Excluded from the computation of basic and diluted earnings per share were 573,000 shares for the **third first** quarter **and first nine months** of fiscal **2023** and 240,000 shares for the third quarter and first nine months of fiscal 2022 of unvested performance stock units. **2024**. These performance-based awards **are will be** included in the computation of basic and diluted earnings per share if, and when, the respective performance targets are achieved. In addition, **444,281 shares** and 435,568 shares of deferred stock at **October 28, 2023** **May 4, 2024** and **at October 29, 2022** **April 29, 2023**, respectively, were

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excluded from the computation of basic earnings per share. Shares of deferred stock are not considered issued and outstanding until the vesting date of the deferral period.

8. Income Taxes

In the second quarter of fiscal 2022, the Company determined that it was more likely than not that it would be able to realize the benefits of substantially all of its deferred tax assets in the United States. Accordingly, in the second quarter of fiscal 2022, the Company released substantially

all of its deferred tax valuation allowance. As a result of the valuation allowance being released, the Company returned to a normal tax provision for fiscal 2023.

The Company's tax provision for income taxes for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items, if any. Each quarter, the Company updates its estimate of the annual effective tax rate and makes a year-to-date adjustment to the provision.

For the third first quarter and first nine months of fiscal 2024 and 2023, the Company's effective tax rate was 30.2 30.4% and 27.2 26.6%, respectively.

For the third quarter of fiscal 2022, The increase in the effective tax rate was 16.6% and primarily reflected due to permanent book to tax differences combined with a \$2.0 million discrete tax expense lower pretax income as compared to adjust the release of valuation allowance. For the first nine months quarter of fiscal 2022, the Company recognized an income tax benefit of \$32.9 million, which included a discrete tax benefit of \$33.5 million for the release of the valuation allowance discussed above.

The Company made tax payments of \$0.7 million and \$0.3 million for the first nine months of fiscal 2023 and fiscal 2022, respectively. 2023.

9. Termination of Retirement Plans

Noncontributory Pension Plan

In connection with the acquisition of Casual Male Corp. in May 2002, the Company assumed the assets and liabilities of the Casual Male Noncontributory Pension Plan "Casual Male Corp. Retirement Plan", which was previously known as the J. Baker, Inc. Qualified Plan (the "Pension Plan"). Casual Male Corp. froze all future benefits under this plan on May 1, 1997.

On May 3, 2023, the Audit Committee approved the termination of the Pension Plan, which was then approved and ratified by the Board of Directors on May 4, 2023 with a final termination approval on June 8, 2023. On July 1, 2023, the Company completed a partial settlement through the purchase of nonparticipating annuities. The Company made a cash contribution during the first nine months of fiscal 2023 of \$1.7 million. The remaining pension liability, net of plan assets, at October 28, 2023 was approximately \$0.1 million. The remaining plan assets are invested in short-term investments and cash equivalents.

Results for the nine months ended October 28, 2023, included a charge of \$4.2 million recorded in the second quarter, representing a pro-rata portion of the unrealized loss in "Accumulated Other Comprehensive Loss" on the Consolidated Balance Sheet. The Company expects to settle the remaining obligation under the Pension Plan by the end of fiscal 2023, at which time the Company will recognize the remaining unrealized loss, including any remaining tax effects, that is part of "Accumulated Other Comprehensive Loss."

Net periodic pension cost for the three and nine months ended October 28, 2023 and October 29, 2022 was as follows: 16

	For the three months ended		For the nine months ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
<u>Net periodic pension cost:</u>	<i>(in thousands)</i>			
Interest cost on projected benefit obligation	\$ 131	\$ 102	\$ 392	\$ 309
Expected return on plan assets	(150)	(179)	(450)	(541)
Amortization of unrecognized loss	66	68	197	203
Loss on pension plan termination		—	4,174	—
Net periodic pension cost (income)	<u>\$ 47</u>	<u>\$ (9)</u>	<u>\$ 4,313</u>	<u>\$ (29)</u>

Assumptions used were as follows:

	For the three and nine months ended	
	October 28, 2023	October 29, 2022
Discount rate	5.2%	3.0%
Expected return on plan assets	5.1%	6.5%

Supplemental Executive Retirement Plan ("SERP")

In connection with the acquisition of Casual Male Corp. in May 2002, the Company also assumed the liability of the Casual Male Supplemental Executive Retirement Plan.

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On May 3, 2023, the Audit Committee approved the termination of the SERP, which was then approved and ratified by the Board of Directors on May 4, 2023. During the third quarter of fiscal 2023, the Company completed the termination of the SERP through the purchase of a nonparticipating annuity. In connection with that termination, during the third quarter of fiscal 2023, the Company made a cash contribution of \$0.4 million and recognized a loss on the termination of the plan of \$57,000, which included the recognition of the unrealized loss of \$31,000 in Accumulated Other Comprehensive Loss.

10.9. Fair Value Measurement

At October 28, 2023, May 4, 2024 and January 28, 2023, February 3, 2024, the Company held U.S. treasury bills which were classified as held-to-maturity and carried at amortized cost.

		Fair Value		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(in thousands)	Carrying value			
At October 28, 2023:				
Short-term investments:				
U.S. Treasury Bills	49,632	49,652	—	—
At January 28, 2023				
Cash equivalents:				
U.S. Treasury Bills	29,076	29,071	—	—

		Fair Value		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(in thousands)	Carrying value			
At May 4, 2024:				
Short-term investments	36,891	36,869	—	—

At February 3, 2024:

Cash equivalents	6,047	6,052	—	—
Short-term investments	32,459	32,479	—	—

11.10. Stock Repurchase Program and Subsequent Event

On March 14, 2023, the Company's Board of Directors ("Board") approved a stock repurchase program, effective March 16, 2023, which was subsequently amended in November 2023. Under the amended program, the Company was initially authorized to repurchase up to \$15.0 25.0 million of its common stock, including excise tax, through open market and privately negotiated transactions. The Company completed the initial authorization during the third quarter of fiscal 2023.

Subsequent to the end of the third quarter, on November 15, 2023, the Board approved an amendment to the stock repurchase program to increase the amount authorized under the program from \$15.0 million to \$25.0 million, effective November 17, 2023. The timing and the amount of any repurchases of common stock will be determined based on the Company's evaluation of market conditions and other factors. The stock repurchase program will expire on March 16, 2024, but may be suspended, terminated or modified at any time for any reason. The Company expects to finance any repurchases from cash generated from operations.

During the first nine months quarter of fiscal 2023, 2024, the Company repurchased 3.1 52,802 million shares at an aggregate a total cost, including fees, of \$14.9 211,182 million, excluding excise taxes, completing its stock repurchase program.

The Inflation Reduction Act of 2022 imposed a nondeductible 1% excise tax on the net value of certain share repurchases made after December 31, 2022. Beginning in fiscal year 2023, the applicable excise tax is being charged to additional paid-in capital in the Company's Consolidated Balance Sheet as part of the cost basis of the shares repurchased, with the corresponding liability for the excise tax payable recorded in accrued expenses and other current liabilities. liabilities until paid. This liability is partially offset by a 1% credit permitted under the rules for the fair value of shares issued by the Company. For the nine months ended October 28, 2023 At May 4, 2024, the Company has had accrued \$0.1 0.2 million for the payment of excise taxes.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "may," "will," "estimate," "intend," "plan," "continue," "believe," "expect" or "anticipate" or the negatives thereof, variations thereon or similar terminology. The forward-looking statements contained in this Quarterly Report are generally located in the material set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations," but may be found in other locations as well, and include statements regarding our long-range strategic growth plan and our ability to achieve accelerated growth in the future; the expected impact of our strategic initiatives on future growth, including with respect to raising brand awareness, store development, website replatform and future alliances and collaborations; expected marketing costs, gross margin rates and expected capital expenditures in 2023; expected timing of stock repurchases under our board-approved stock repurchase program; 2024; and expected changes in our store portfolio and long-term plans for new or relocated stores. These forward-looking statements generally relate to plans and objectives for future operations and are

based upon management's reasonable estimates of future results or trends. The forward-looking statements in this Quarterly Report should not be regarded as a representation by us or any other person that our objectives or plans will be achieved. The following discussion of our financial condition and results of operations should be read in conjunction with the unaudited Consolidated Financial Statements and notes to those statements included elsewhere in this Quarterly Report and our audited Consolidated Financial Statements for the year ended **January 28, 2023** **February 3, 2024**, included in our Annual Report on Form 10-K for the year ended **January 28, 2023** **February 3, 2024**, as filed with the Securities and Exchange Commission on **March 16, 2023** **March 21, 2024** (our "Fiscal **2022** **2023** Annual Report").

Numerous factors could cause our actual results to differ materially from such forward-looking statements. This discussion sets forth certain risks and uncertainties that may have an impact on future results and direction of our Company, including, without limitation, risks related to **inflationary pressures**, changes in consumer spending in response to economic **factors**, **increased labor factors**; the impact of inflation with rising costs and **potential labor shortages**, **high interest rates**; the **continuing economic impact of Israel-Hamas conflict** and the **ongoing** Russian invasion of Ukraine **on the global economy**; **potential labor shortages**; and the **war in the Middle East**, **our Company's** ability to **manage appropriate inventory levels**, **our** execute on its marketing, digital, store and collaboration strategies, ability to **successfully execute on our strategic initiatives**, **our ability to grow** its market share, predict customer tastes and fashion trends, **our ability to grow market share**, **our ability to** forecast sales growth trends and compete **successfully** in the **United States men's big and tall apparel** market, and the other risks and uncertainties set forth in the "Risk Factors" section in Part I, Item 1A of our Fiscal **2022** **2023** Annual Report.

All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the foregoing. These forward-looking statements speak only as of the date of the document in which they are made. We disclaim any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances in which the forward-looking statement is based.

BUSINESS SUMMARY

Destination XL Group, Inc., together with our consolidated subsidiaries (the "Company"), is the largest specialty retailer of big and tall men's clothing with retail and direct operations in the United States. We operate under the trade names of Destination XL®, DXL®, DXL Outlets, Casual Male XL® and Casual Male XL Outlets. At **October 28, 2023** **May 4, 2024**, we operated **226** **233** Destination XL stores, **16** **15** DXL outlet stores, **21** **17** Casual Male XL retail stores, 19 Casual Male XL outlet stores and a digital business, including an e-commerce site at dxl.com and a mobile site, m.destinationXL.com, mobile app and third-party marketplaces.

Unless the context indicates otherwise, all references to "we," "our," "us" and "the Company" refer to Destination XL Group, Inc. and our consolidated subsidiaries. We refer to our fiscal years, which end on **February 3, 2024** **February 1, 2025**, **January 28, 2023** **February 3, 2024** and **January 29, 2022** **January 28, 2023** as "fiscal **2023**" **2024**", "fiscal **2022**, **2023**," and "fiscal **2021**" **2022**" respectively. Fiscal **2024** is a 52-week period, **fiscal 2023** **is was** a 53-week period and **fiscal 2022** **and fiscal 2021** **were a was** a 52-week **periods**. **period**.

SEGMENT REPORTING

We currently have two principal operating segments: our stores and direct business. We consider our stores and direct business segments to be similar in terms of economic characteristics, production processes and operations, and have therefore aggregated them into one reportable segment, retail segment, consistent with our omni-channel business approach.

COMPARABLE SALES

Our customer's shopping experience continues to evolve across multiple channels, and we are continually adapting to meet the guest's needs. The majority of our stores have the capability of fulfilling online orders if merchandise is not available in the warehouse. As a result, **we continue to see** **more certain** transactions that begin online but are ultimately completed at the store level. Similarly, if a customer

visits a store and the item is out of stock, the associate can order the item through our website. A customer also has the ability to order online and

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pick-up in a store and at curbside. We define store sales as sales that originate and are fulfilled directly at the store level. Digital commerce sales, which we also refer to as direct sales, are defined as sales that originate online, whether through our website, at the store level or through a third-party marketplace.

Stores that have been open for at least 13 months are included in comparable sales. Stores that have been remodeled or relocated during the period are also included in our determination of comparable stores sales. Stores that have been expanded by more than 25% are considered non-comparable for the first 13 months. If a store is temporarily closed for more than 7 days, it is removed from the calculation of comparable sales until it reopens and upon its anniversary is once again removed from the calculation until the reopen date. The method of calculating comparable sales varies across the retail industry and, as a result, our calculation of comparable sales is not necessarily comparable to similarly titled measures reported by other retailers.

EXECUTIVE SUMMARY

	For the three months ended		For the nine months ended		For the three months ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	May 4, 2024	April 29, 2023
<i>(in millions, except percentage of sales and per share data)</i>						
Sales	\$ 119.2	\$ 129.7	\$ 384.7	\$ 402.0	\$ 115.5	\$ 125.4
Net income	\$ 4.0	\$ 10.5	\$ 22.6	\$ 80.8	\$ 3.8	\$ 7.0
Adjusted net income (Non-GAAP basis)	\$ 4.2	\$ 9.2	\$ 25.8	\$ 34.6		
Adjusted EBITDA (Non-GAAP basis)	\$ 8.6	\$ 16.4	\$ 44.2	\$ 59.6	\$ 8.2	\$ 12.6
Gross margin, as a percentage of sales	47.5 %	50.0 %	48.8 %	50.8 %	48.2 %	48.6 %
SG&A expenses, as a percentage of sales	40.2 %	37.3 %	37.4 %	35.9 %	41.1 %	38.5 %
Adjusted EBITDA margin (Non-GAAP basis)					7.1 %	10.1 %
<i>Per diluted share:</i>						
Net income	\$ 0.06	\$ 0.16	\$ 0.35	\$ 1.20	\$ 0.06	\$ 0.11
Adjusted net income (Non-GAAP basis)	\$ 0.07	\$ 0.14	\$ 0.40	\$ 0.52		

Our comparable sales for the third first quarter decreased 6.7% with of fiscal 2024 were below our expectations. We believe that many of our customers are still feeling the economic impacts of high inflation and have chosen to moderate their discretionary spending on apparel. This behavior resulted in lower than expected traffic levels to our stores and lower conversion rates in our direct business, both of which were the primary contributors to our comparable sales from decrease of 11.3% in the first quarter. Comparable sales for our stores were down 8.1% 11.4% and our direct business was down 3.2% 11.0%. The decrease was primarily driven by a slowdown in traffic. Despite this pressure these economic impacts on our top line, results, we maintained are still maintaining our low promotional stance and proactively managing our inventory levels and receipts. This enabled us to end the quarter in a solid strong margin position, with our merchandise margin improvement nearly mitigating the deleveraging of occupancy costs. This gross margin managed performance, coupled with our operating lower SG&A expenses, and generated enabled us to end the first quarter of fiscal 2024 with net income of \$0.06 per diluted share and an adjusted EBITDA margin (a non-GAAP measure) of 7.3% 7.1%. Further, we

We continued to strengthen maintain our strong financial position, successfully managing our liquidity and our inventory levels, which are down 6.5% 9.0% to last year, year's first quarter. Our inventory turn has improved by almost 30% from fiscal 2019 and we generated \$22.7 million in free cash flow year to date.

Net income for the third quarter of fiscal 2023 was \$4.0 million, or \$0.06 per diluted share, as compared to net income of \$10.5 million, or \$0.16 per diluted share, for the third quarter of fiscal 2022.

For the first nine months of fiscal 2023, net income was \$22.6 million, or \$0.35 per diluted share, as compared to net income of \$80.8 million, or \$1.20 per diluted share, for the first nine months of fiscal 2022. Net income for the first nine months of fiscal 2022 included the release of substantially all of the valuation allowance against our deferred tax assets. Assuming a normalized tax rate and adjusting for the loss from retirement plan terminations and asset impairments (gains), if any, adjusted net income for the first nine months of fiscal 2023, was \$25.8 million, or \$0.40 per diluted share, as compared to net income of \$34.6 million, or \$0.52 per diluted share, for the first nine months of fiscal 2022. clearance inventory remains below our 10% benchmark.

As of October 28, 2023 May 4, 2024, we had cash and investments of \$60.4 million \$53.2 million as compared to \$23.5 million \$46.0 million at October 29, 2022. As of October 28, 2023, we had April 29, 2023 with no debt outstanding and unused excess availability of \$87.6 million, and no borrowings during the first nine months. \$79.2 million. With cash on hand, no outstanding debt and full availability under our credit facility, we are continuing to pursue our strategic initiatives this year to grow our business.

Through Progress on Our Long-Range Plan and Future Growth Strategy

We continue to make progress on our long-term strategic growth initiatives and believe that these initiatives will lead to greater brand awareness, enabling us to take a greater share of the nine months ended October 28, 2023, addressable market, and grow our top line:

Marketing & Brand Building: Working with our newly retained creative and media agencies, we repurchased 3.1 million shares at have developed a total cost, including fees, of \$14.9 million. campaign that we believe will drive an emotional connection to the DXL brand and drive brand awareness. Subsequent to the end of the third first quarter of fiscal 2023, effective November 17, 2023 the Board 2024, on May 13th, we launched our new multichannel marketing campaign in three test markets. This is our first advertising campaign since 2017. Media includes broadcast television, connected TV, streaming video, audio, paid digital channels, and out-of-home, as well as all-owned marketing. We are prepared to invest cautiously in this initiative, with total marketing costs increasing to approximately 7.0%-7.5% of Directors amended the stock repurchase program to increase the number of shares authorized to be repurchased from \$15.0 million to \$25.0 million.

In May 2023, sales in fiscal 2024. If we also made the decision to terminate our frozen, noncontributory pension plan and the frozen supplemental executive retirement plan ("SERP"). Given the current high interest rates, experience favorable results, we saw this as an opportunistic use of excess cash to eliminate these variable liabilities. In connection with that decision, during the second quarter, we completed a partial settlement of our pension obligations through the purchase of nonparticipating annuities. Our results for the nine months ended October 28, 2023 include a loss of \$4.2 million, representing a pro-rata portion of the unrealized loss in Accumulated Other Comprehensive Loss. We expect to complete the final settlement of the terminated pension plan by the end of fiscal 2023. In the third quarter, we completed the termination of the SERP plan, recognizing a loss for the three and nine months ended October 28, 2023 of \$0.1 million.

Our Future Growth Strategy

Last quarter, we shared our long-term strategic plan to meaningfully accelerate the growth trajectory of the Company. We are actively working on these initiatives fund our marketing and continue to believe there is a substantial opportunity to take a greater share of market and grow our top line. Despite this more challenging quarter, we remain relentlessly disciplined and committed to our strategy and initiatives.

Our Company is in a fundamentally different position today than it was pre-pandemic. We have achieved a heightened level of operational excellence, recapitalized our balance sheet to provide a greater level of financial flexibility, made investments in our technical capabilities, and upgraded our leadership team. Since we repositioned DXL in fiscal 2019, we have grown comparable sales by more than 25% and more than doubled our adjusted EBITDA margin rate. This trajectory supports our strong belief in the longer-term opportunity for DXL in the men's big & tall apparel category. As we look beyond fiscal 2023, we are excited about our long-term growth plan. Our goal is to accelerate the trajectory of the Company meaningfully over the next three to five years, by focusing on four specific growth initiatives: store development, website replatform, brand building and alliances/collaborations. initiative at greater levels over time.

Store Development: As we have stated before, we believe there are at least 50 net new store opportunities. New store development addresses another factor critical to our growth. While we have stores in every major metro metropolitan market across the United States, there are geographic voids in certain markets where big + tall consumers are not being serviced served by a DXL. In our most recent DXL store. Our consumer research across 2,500 has indicated that 44% of big + tall men both customers and non-customers, 49% self-reported that they do not shop with us because a store is not near them, while 37% 35% self-reported that they do not shop with us because a store location is not convenient. This During the first quarter of fiscal 2024, we opened our first new DXL store since 2018 in Queens, NY. We expect to open two more new of eight stores before year-end and that we plan to open another 10 new stores in fiscal 2024, and with 15 to 20 new stores per year planned in fiscal 2025. We have also converted seven Casual Male stores to DXL this year and expect to convert three more by the end of 2023. 2025 through 2027.

New Website Replatform Platform: We are upgrading transitioning our website from our legacy infrastructure to a new, modern commerce platform, with various features and functionality launching throughout in a phased approach with the first phase launching the last week of May 2024. A second phase is scheduled to launch in late summer with the final phase occurring after the holiday season. We believe this modernization upgrade will offer provide immediate performance improvements and customer experience benefits while positioning by eliminating friction points, optimizing search capability, and enhancing speed and response times. We expect this new platform, engineered by a leading eCommerce technology provider, will position us to deliver a greater pace of change respond faster and more effectively to make changes in the future.

Marketing and Brand-Building Alliances & Collaborations: We believe one Collaborating with other retailers allows us to overcome the challenge of our greatest opportunities is to address our overall brand awareness levels. Over the past few years, we have transformed our brand position and differentiated ourselves in terms of experience, fit, and assortment. However, many of our target reaching consumers simply do not know DXL. We now have the financial flexibility, informed consumer research, and the right messaging to invest in building our brand. For the past several years, our advertising-to-sales ratio has been between 5.0% to 6.0%. Our plan is to increase our advertising-to-sales ratio over the next few years. We expect to invest more in brand building and top-of-funnel marketing to grow our customer file. We have begun a search for a creative agency to develop, build and execute a campaign that will drive an emotional connection who may never be exposed to the DXL brand through our organic channels. On April 29th, we announced our latest collaboration with Nordstrom which will allow us to bring the DXL experience beyond our four walls and drive brand awareness directly to the Nordstrom customer. We are targeting a campaign launch very excited to be launching DXL on Nordstrom's digital marketplace platform. We are currently in discovery mode for late Spring 2024 collaborative offers with several other brands and

we are prepared optimistic that some of these brands could play a role in our assortment, similar to conservatively spend another 1.0% to 2.0% of sales to initially fund that initiative and, the collaboration with results, fund our marketing and brand building initiatives at greater levels over time.

Alliances/Collaborations: We strongly believe that our "fit authority" is one of our biggest assets and that we can develop successful collaborations with other brands, who are interested in finding a cost-effective way to expand their offering to include big + tall men's apparel. During the third quarter, we launched UNTUCKit, Fit by DXL in partnership with UNTUCKit which is being sold exclusively by DXL. In addition, we also added Hugo Boss and Faherty to our list of national brands this quarter, each with a level of merchandise exclusivity that cannot be found elsewhere. All three programs have exceeded our initial expectations and we will look for door expansions in all three for fiscal 2024. We believe these examples are only the beginning, and we are working in real-time on additional retail brand alliances. Lastly, we also launched our new fit technology and size mapping in twelve of our stores. UNTUCKIT.

RESULTS OF OPERATIONS

Sales

The following table presents sales by segment for the three and nine months ended October 28, 2023 May 4, 2024 and October 29, 2022 April 29, 2023:

	For the Three Months Ended				For the Nine Months Ended				For the Three Months Ended			
	Oct	Oct	Oct	Oct	Oct	Oct	Oct	Oct	May 4, 2024		April 29, 2023	
	ober	ober	ober	ober	ober	ober	ober	ober				
(in thousands)	28,202	29,202	28,202	29,202	28,202	29,202	28,202	29,202				
	3	2	3	2	3	2	3	2				
Store sales	69,829	70,916	67,738	68,970	66,909	67,000	64,970	65,000	\$ 80,848	70.0%	\$ 87,297	69.6%
Direct sales	30,361	37,924	31,932	32,588	31,406	32,000	29,588	29,000	34,641	30.0%	38,145	30.4%
Retail segment	11,918	12,906	12,404	12,567	11,384	11,000	10,567	10,000				
Net	\$ 8	\$ 1	\$ 3	\$ 1	\$ 3	\$ 1	\$ 3	\$ 1				

loyalty program. The 80-basis point increase in occupancy costs was due to a combination of the deleveraging of sales expense and increased rents as a result of lease extensions, marketplace commissions.

For fiscal 2023, 2024, we expect gross margin rates to be approximately 180-basis 30- to 50-basis points lower than fiscal 2022, of which approximately half of this decrease being attributable 2023 and reflect some occupancy deleveraging due to the expected deleveraging of occupancy costs on the lower sales base. expectations.

Selling, General and Administrative Expenses

As a percentage of sales, SG&A (selling, general and administrative) expenses for the third first quarter of fiscal 2023 2024 were 40.2% 41.1% as compared to 37.3% 38.5% for the third first quarter of fiscal 2022. For the first nine months of fiscal 2023, SG&A expenses, as a percentage of sales, were 37.4% as compared to 35.9% for the first nine months of fiscal 2022.

2023. On a dollar basis, SG&A expenses decreased by \$0.4 million and \$0.8 million for the third first quarter and first nine months of fiscal 2023, respectively 2024 as compared to the third first quarter and first nine months of fiscal 2022. 2023. The decreases were decrease was primarily due to a decrease in store payroll and performance-based incentive accruals, partially offset by an increase in payroll-related advertising costs from new positions added in the past year and operating costs to support our long-range growth initiatives.

Marketing costs were 6.3% of sales for the first quarter of fiscal 2024 as compared to 5.5% of sales for the first quarter of fiscal 2023. For fiscal 2024, marketing costs are expected to be approximately 7.0%-7.5% of sales.

Management views SG&A expenses through two primary cost centers: Customer Facing Costs and Corporate Support Costs. Customer Facing Costs, which include store payroll, marketing and other store and direct operating costs, represented 21.0% 23.0% of sales in the first nine months quarter of fiscal 2023 2024 as compared to 20.4% 21.1% of sales in the first nine months quarter of fiscal 2022. 2023. Corporate Support Costs,

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which include the distribution center and corporate overhead costs, represented 16.4% 18.1% of sales in the first nine months quarter of fiscal 2023 2024 as compared to 15.5% 17.4% of sales in the first nine months quarter of fiscal 2022. Marketing costs for the first nine months of fiscal 2023 were 5.6% of sales as compared to 5.5% of sales for the first nine months of fiscal 2022. For fiscal 2023, marketing costs are expected to be approximately 5.7% of sales.

Impairment (Gain) of Assets

There were no impairments or non-cash gains recognized in the first nine months of fiscal 2023. For the nine months ended October 29, 2022, we recognized a non-cash gain of \$0.6 million. The non-cash gain related to the decision to close certain retail stores, which resulted in a revaluation of the existing lease liabilities. The portion of the gain that related to previously recorded impairment charges against the operating lease right-of-use asset was included as an offset to previously recorded asset impairment charges. Accordingly, for the nine months ended October 29, 2022, \$0.4 million was included in the Impairment (Gain) of Assets line of the Consolidated Statement of Operations for the first nine months of fiscal 2022. The remaining gain was recorded as a reduction to occupancy costs.

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Depreciation and Amortization

Depreciation and amortization for the third first quarter of fiscal 2023 2024 decreased to \$3.4 million \$3.3 million as compared to \$3.8 million \$3.5 million for the third first quarter of fiscal 2022. For the first nine months of fiscal 2023, depreciation and amortization decreased to \$10.3 million as

compared to \$11.7 million for the first nine months of fiscal 2022. 2023. The decrease was due to a lower depreciable cost base, especially from our store assets, due to our limited capital spending since fiscal 2020.

Loss from Termination of Retirement Plans

During the second quarter of fiscal 2023, Our capital expenditures have increased as we identified an opportunity have started to eliminate a variable liability by taking advantage of the current high-interest rate environment open new store locations and terminating the frozen pension plan are investing in certain other infrastructure and SERP.

In the second quarter of fiscal 2023, we completed a partial settlement of the pension obligation through the purchase of nonparticipating annuities. We made a cash contribution to the plan during the first nine months of fiscal 2023 of \$1.7 million. The remaining pension liability as of October 28, 2023, was approximately \$0.1 million. For the nine months ended October 28, 2023, we recognized a charge of \$4.2 million, representing a pro-rata portion of the unrealized loss that is part of accumulated other comprehensive loss on the balance sheet. We expect to settle the remaining obligation and recognize the remaining unrealized loss from the terminated pension plan by the end of fiscal 2023.

In the third quarter of fiscal 2023, we completed the termination of the SERP through the purchase of a nonparticipating annuity. We made a cash contribution to the SERP during the first nine months of fiscal 2023 of \$0.4 million and recognized a loss on the termination of \$0.1 million, which is included in the Consolidated Statement of Operations for the three and nine months ended October 28, 2023. technology projects.

Interest Income/Expense, Income, Net

Net interest income for the third first quarter of fiscal 2023 2024 was \$0.6 million, as compared to net interest expense of \$0.1 million \$0.3 million for the third first quarter of fiscal 2022. For the first nine months of fiscal 2023, net interest income was \$1.4 million as compared to net interest expense of \$0.4 million for the first nine months of fiscal 2022. For the third quarter and first nine months of fiscal 2023, interest 2023. Interest income was earned from investments in U.S. government-backed investments and money market accounts. Interest costs for all both periods were immaterial because we had no outstanding debt and no borrowings under our credit facility during any either period.

Income Taxes

As a result of releasing substantially all of the valuation allowance against our deferred tax assets during fiscal 2022, we have returned to a normal tax provision for fiscal 2023. Our tax provision for income taxes for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any. Each quarter, we update our estimate of the annual effective tax rate and make a year-to-date adjustment to the provision.

Accordingly, for For the third first quarter and first nine months of fiscal 2024 and fiscal 2023, the Company's our effective tax rate was 30.2% 30.4% and 27.2% 26.6%, respectively.

For the third quarter of fiscal 2022, The increase in the effective tax rate was 16.6% and primarily reflected due to permanent book to tax differences combined with a \$2.0 million discrete tax expense lower pretax income as compared to adjust the release of valuation allowance. For the first nine months quarter of fiscal 2022, the Company recognized an income tax benefit of \$32.9 million, which included a discrete tax benefit of \$33.5 million for the release of the valuation allowance discussed above.

We are able to utilize our remaining NOL carryforwards to reduce our cash federal and state income taxes. We began the year with \$78.9 million in federal NOL carryforwards. 2023.

Net Income

For the third first quarter of fiscal 2023, 2024, we recorded net income of \$4.0 million \$3.8 million, or \$0.06 per diluted share, as compared to net income of \$10.5 million \$7.0 million, or \$0.16 per diluted share, for the third quarter of fiscal 2022. Net income for the first nine months of fiscal 2023 was \$22.6 million, or \$0.35 per diluted share, as compared to net income of \$80.8 million, or \$1.20 \$0.11 per diluted share, for the first nine months of fiscal 2022.

On a non-GAAP basis, assuming a normalized tax rate of 27% and adjusting for asset impairments (gains), if any, and for the loss on the termination of the retirement plans, adjusted net income for the third quarter of fiscal 2023 2023. The decrease in earnings was \$4.2 million, or

\$0.07 per diluted share, as compared to adjusted net income of \$9.2 million, or \$0.14 per diluted share for driven by the third quarter of fiscal 2022. For the first nine months of fiscal 2023, adjusted net income decrease in sales, which was \$25.8 million, or \$0.40 per diluted share, as compared to adjusted net income of \$34.6 million, or \$0.52 per diluted share for the first nine months of fiscal 2022. partially offset by improvement in merchandise margin and lower selling, general and administrative expenses.

Inventory

As of October 28, 2023 May 4, 2024, our inventory decreased by approximately \$7.0 million \$9.0 million to \$99.9 million \$91.2 million, as compared to \$106.8 million \$100.3 million at October 29, 2022 April 29, 2023. Managing our inventory remains a primary focus for us given the impact that inflation appears We continue to have had on

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consumer discretionary spending for clothing. Based on the sales trends we started to see in March 2023, we began taking take proactive measures to manage our inventory and adjust our receipt plan. plan given the ongoing macroeconomic factors affecting consumer spending. At October 28, 2023 May 4, 2024, our clearance inventory was 9.7% of our total inventory, as compared to 6.7% 7.8% at October 29, 2022 April 29, 2023 and still below our historical benchmark of approximately 10.0%. Our inventory turnover rate has improved by almost 30% from fiscal 2019.

SEASONALITY

Historically, and consistent with the retail industry, we have experienced seasonal fluctuations as it relates to our operating income, net income, and free cash flow. Traditionally, a significant portion of our operating income, net income, and free cash flow is generated in the second and fourth quarters. Our inventory is typically at peak levels by the end of the third quarter, which represents a significant use of cash, which is then relieved in the fourth quarter as we sell-down our inventory through the holiday shopping season.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are our cash and cash equivalents, short-term investments, cash generated from operations and availability under our credit facility, which is discussed below. At October 28, 2023 May 4, 2024, we had no outstanding debt, including no borrowings under our credit facility during the first nine three months of fiscal 2023, 2024. Cash that is in excess of our forecasted needs may be invested in money market accounts and U.S. government-backed securities.

We believe that our cash and cash equivalent balances, short-term investments, cash generated from operations, and borrowings available to us under our credit facility will be adequate to meet our liquidity needs and capital expenditure requirements for at least the next 12 months. However, we remain cautious regarding the effect that the current macroeconomic conditions including inflation and high interest costs, may have on consumer spending, as well as including inflation, high interest costs, and other geopolitical conflicts around the continuing geopolitical impact of Russia's invasion of Ukraine and the Israel-Hamas war on our business and the global economy, world. We also believe that cash flows from operating activities and cash on hand will be sufficient to satisfy our current capital requirements in requirements. In the longer-term, however, longer term, to the extent future capital requirements exceed cash on hand plus cash flows from operating activities, we anticipate that working capital will be financed by our credit facility, as discussed below, facility.

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For the first nine three months of fiscal 2023, 2024, cash flow from operations increased to \$33.1 million was \$(1.1) million as compared to \$30.2 million \$(4.2) million for the first nine three months of fiscal 2022, 2023. Free cash flow, a non-GAAP measure, increased to \$22.7 million was \$(7.0) million for the first nine three months of fiscal 2023 2024 as compared to \$22.3 million \$(5.9) million for the first nine three months of fiscal 2022, 2023. The increase decrease in free cash flow was primarily due to a decrease an increase in merchandise purchases capital expenditures

primarily related to the store openings as we continue well as due to drive more productive inventory utilization, partially offset by a decrease in operating income.

Cash flow used for investing activities increased/decreased by \$51.3 million/\$7.7 million for the first nine/three months of fiscal 2023/2024 as compared to the first nine/three months of fiscal 2022/2023, primarily due to the purchase of a net decrease in short-term investments, net of maturities, of \$48.9 million and investment activity, partially offset by an increase in capital expenditures of \$2.4 million.

Cash flow used for financing activities for the first nine months of fiscal 2023 increased by \$1.0 million as compared to the first nine months of fiscal 2022, primarily due to an increase in shares repurchased, expenditures.

Stock Repurchase Program

In March 2023, the Company's Board of Directors approved a stock repurchase program, which was subsequently amended in November 2023. Under the stock repurchase program, as amended, the Company was initially authorized to repurchase up to \$15.0 million/\$25.0 million of its common stock through open market and privately negotiated transactions. Subsequent to the end of the third quarter, the Board of Directors approved an amendment to the stock repurchase program to increase the amount authorized for repurchase from \$15.0 million to \$25.0 million, effective November 17, 2023. The timing and the amount of any repurchases of common stock will be determined based on the Company's evaluation of market conditions and other factors. The stock repurchase program will expire on March 16, 2024, but may be suspended, terminated or modified at any time for any reason. The Company expects to finance any repurchases from cash generated from operations.

During the first nine months/quarter of fiscal 2023/2024, we repurchased 3.1 million/52,802 shares at a total cost, including fees, of \$14.9 million. Shares of repurchased common \$211,182, completing the stock are held as treasury stock.

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repurchase program.

Credit Facility

On October 28, 2021, we entered into The Company has a \$125.0 million revolving credit agreement with Citizens Bank, N.A., with a maturity date of October 28, 2026. On April 20, 2023, the Company entered into the First Amendment to Credit Agreement which provided for the replacement of the London Interbank Offering Rate ("LIBOR") interest rate options with the secured overnight financing rate ("SOFR") based options (as amended, the (the "Credit Facility"). The Credit Facility includes a sublimit of \$20.0 million for commercial and standby letters of credit and a sublimit of up to \$15.0 million for swingline loans. Effective April 20, 2023, borrowings/Borrowings under the Credit Facility bear interest at either a Base Rate loan or Daily Simple SOFR rate, at the Company's option. Base Rate loans will bear interest at a rate equal to (i) the greater of: (a) the Prime Rate, (b) the Federal Funds effective rate plus 0.50% per annum and (c) the Daily Simple SOFR rate plus 1.00% per annum (provided the Base Rate shall never be less than the Floor (as defined in the Credit Facility)), plus (ii) a varying percentage, based on the Company's average excess availability, of either 0.25% or 0.50% (the "Applicable Margin"). Daily Simple SOFR loans will bear interest at a rate equal to (i) the Daily Simple SOFR rate plus an adjustment of 0.10% (provided the Daily Simple SOFR rate shall never be less than the Floor), plus (ii) the Applicable Margin. Any swingline loan will continue to bear interest at a rate equal to the Base Rate plus the Applicable Margin. We are subject to an unused line fee of 0.25%.

We had no outstanding borrowings under the Credit Facility at October 28, 2023/May 4, 2024 and no borrowings during the first nine/three months of fiscal 2023/2024. At October 28, 2023/May 4, 2024, outstanding standby letters of credit were \$4.3 million and outstanding documentary letters of credit were \$0.4 million/\$1.5 million. The average unused excess availability during the first nine/three months of fiscal 2023/2024 was approximately \$84.3 million/\$71.8 million and the unused excess availability at October 28, 2023/May 4, 2024 was \$87.6 million/\$79.2 million.

Capital Expenditures

For fiscal 2023, we expect our capital expenditures to range from \$15.5 million to \$17.5 million, of which approximately \$7.8 million is discretionary spending for new or improved stores with the remaining for non-discretionary, infrastructure improvements.

The following table sets forth the open stores and related square footage at **October 28, 2023**, **May 4, 2024** and **October 29, 2022**, **April 29, 2023**, respectively:

Store Concept	October 28, 2023		October 29, 2022		May 4, 2024		April 29, 2023	
	Number of Stores	Square Footage	Number of Stores	Square Footage	Number of Stores	Square Footage	Number of Stores	Square Footage
<i>(square footage in thousands)</i>								
DXL Retail	226	1,694	218	1,664	233	1,732	218	1,663
DXL Outlets	16	80	16	80	15	76	16	80
Casual Male XL Retail	21	68	30	100	17	55	28	92
Casual Male Outlets	19	57	19	57	19	57	19	57
Total Stores	282	1,899	283	1,901	284	1,920	281	1,892

During the **third first** quarter of fiscal **2023, 2024**, we opened a new DXL store in **Queens, New York** **Coon Rapids, Minnesota**. Subsequent to the end of the first quarter, we opened our second store in **Thousand Oaks, California** and expect to open **two six** additional **new DXL** stores **with one in the Cincinnati market and one in the Los Angeles market** by the end of fiscal **2023, 2024**. During the first nine months, **fiscal 2024**, we completed the conversion of seven **also plan to convert five** Casual Male stores to the DXL store format and **completed the remodel five of one our** existing DXL store. By the end of stores. We expect our capital expenditures to range from \$22.0 million to \$25.0 million in fiscal **2023**, we expect to have opened a total of 3 new DXL stores and 10 Casual Male-to-DXL conversion stores and to have begun construction on at least 5 DXL remodels, **2024**. Over the next three to five years, we believe we could potentially open **approximately** 50 net new DXL stores across the country, which could average 6,000 square feet or 300,000 sq. ft. in total, a 15% increase over our current square footage.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no material changes to the critical accounting policies and estimates disclosed in our Fiscal **2022 2023** Annual Report. See Note 1 to the Consolidated Financial Statements included in this report for information on recent accounting pronouncements and changes in accounting principles.

Non-GAAP Financial Measures

Free cash flow, **adjusted net income, adjusted net income per diluted share**, adjusted EBITDA and adjusted EBITDA margin are non-GAAP measures. These non-GAAP measures are not presented in accordance with GAAP and should not be considered superior to or as a substitute for net income or cash flows from operating activities or any other measure of performance derived in accordance with GAAP. In addition, all companies do not calculate non-GAAP financial measures in the same manner and, accordingly, the non-GAAP measures presented in this Quarterly Report may not be comparable to similar measures used by other companies. We believe that inclusion of these non-GAAP measures helps investors gain a better understanding of our performance, especially when

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comparing such results to previous periods and that they are useful as an additional means for investors to evaluate our operating results, when reviewed in conjunction with our GAAP financial statements.

Reconciliations of these non-GAAP measures are presented in the following tables (*certain columns may not foot due to rounding*):

Free Cash Flow. We define free cash flow as cash flow from operating activities less capital expenditures. Free cash flow excludes the mandatory and discretionary repayment of debt. Free cash flow is a metric that management uses to monitor liquidity. Management believes this metric is important to investors because it demonstrates the Company's ability to strengthen liquidity while supporting its capital projects and new store growth. We expect to fund our ongoing capital expenditures with cash flow from operations.

The following table reconciles free cash flow:

(in millions)	For the nine months ended	
	October 28, 2023	October 29, 2022
Cash flow from operating activities (GAAP basis)	\$ 33.1	\$ 30.2
Capital expenditures	(10.4)	(7.9)
Free Cash Flow (non-GAAP basis)	\$ 22.7	\$ 22.3

Adjusted Net Income and Adjusted Net Income Per Diluted Share: Adjusted net income and adjusted net income per diluted share is calculated by excluding any asset impairment charge (gain) and the loss from the termination of retirement plans, subtracting the actual income tax provision (benefit) and applying an effective tax rate of 27%. The Company believes that this comparability is useful in comparing the actual results period to period. Adjusted net income per diluted share is then calculated by dividing the adjusted net income by the weighted average shares outstanding for the respective period, on a diluted basis.

	For the three months ended				For the nine months ended			
	October 28, 2023		October 29, 2022		October 28, 2023		October 29, 2022	
	Per		Per		Per		Per	
	\$	diluted share	\$	diluted share	\$	diluted share	\$	diluted share
(in millions, except per share data)								
Net income (GAAP basis)	\$ 4.0	\$ 0.06	\$ 10.5	\$ 0.16	\$ 22.6	\$ 0.35	\$ 80.8	\$ 1.20
Adjust for impairment (gain) of assets	—		—		—		(0.4)	
Add back loss on termination of retirement plans	0.1		—		4.2		—	
Add back actual income tax provision (benefit)	1.7		2.1		8.4		(32.9)	
Add income tax provision, assuming a normal tax rate of 27%	(1.6)		(3.4)		(9.5)		(12.8)	
Adjusted net income (non-GAAP basis)	\$ 4.2	\$ 0.07	\$ 9.2	\$ 0.14	\$ 25.8	\$ 0.40	\$ 34.6	\$ 0.52
Weighted average number of common shares outstanding on a diluted basis		63.5		66.2		65.0		67.1

(in millions)	For the three months ended	
	May 4, 2024	April 29, 2023
Cash flow from operating activities (GAAP basis)	\$ (1.1)	\$ (4.2)
Capital expenditures	(5.9)	(1.7)
Free Cash Flow (non-GAAP basis)	\$ (7.0)	\$ (5.9)

Adjusted EBITDA and Adjusted EBITDA Margin. Adjusted EBITDA is calculated as earnings before interest, taxes, depreciation and amortization and is before any loss from the termination impairment (gain) of retirement plans or impairment of assets, assets, if any. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Sales. We believe that providing adjusted EBITDA and adjusted EBITDA margin is useful to investors in evaluating our performance and are key metrics to measure profitability and economic productivity. The following table reconciles adjusted EBITDA from net income and calculates adjusted EBITDA margin:

	For the three months ended		For the nine months ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
<i>(in millions)</i>				
Net income (GAAP basis)	\$ 4.0	\$ 10.5	\$ 22.6	\$ 80.8
Add back:				
Impairment (gain) of assets	—	—	—	(0.4)
Loss on termination of retirement plans	0.1	—	4.2	—
Provision (benefit) for income taxes	1.7	2.1	8.4	(32.9)
Interest (income) expense	(0.6)	0.1	(1.4)	0.4
Depreciation and amortization	3.4	3.8	10.3	11.7
Adjusted EBITDA (non-GAAP basis)	<u>\$ 8.6</u>	<u>\$ 16.4</u>	<u>\$ 44.2</u>	<u>\$ 59.6</u>
Sales	\$ 119.2	\$ 129.7	\$ 384.7	\$ 402.0
Adjusted EBITDA margin (non-GAAP), as a percentage of sales	7.3 %	12.7 %	11.5 %	14.8 %

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	For the three months ended	
	May 4, 2024	April 29, 2023
<i>(in millions)</i>		
Net income (GAAP basis)	\$ 3.8	\$ 7.0
Add back:		
Provision for income taxes	1.7	2.5
Interest income, net	(0.6)	(0.3)
Depreciation and amortization	3.3	3.5
Adjusted EBITDA (non-GAAP basis)	<u>\$ 8.2</u>	<u>\$ 12.6</u>
Sales	\$ 115.5	\$ 125.4
Adjusted EBITDA margin (non-GAAP), as a percentage of sales	7.1 %	10.1 %

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

In the normal course of business, our financial position and results of operations are routinely subject to a variety of risks, including market risk associated with interest rate movements on borrowings. We regularly assess these risks and have established policies and business practices to protect against the adverse effects of these and other potential exposures.

There have not been any material changes to our interest rate previously disclosed in Part II, Item 7A of our Fiscal 2022 2023 Annual Report.

Item 4. Controls and Procedures.

As required by Rule 13a-15 under the Exchange Act, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of **October 28, 2023** **May 4, 2024**. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of **October 28, 2023** **May 4, 2024**, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

We have not experienced any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended **October 28, 2023** **May 4, 2024** that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are subject to various legal proceedings and claims that arise in the ordinary course of business. Management currently believes that the resolution of these matters will not have a material adverse impact on our future results of operations or financial position.

Item 1A. Risk Factors.

There have been no material changes to the risk factors as previously disclosed in Part I, Item 1A of our Fiscal **2022** **2023** Annual Report.

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

On March 14, 2023, the Company's Board of Directors approved a stock repurchase program pursuant to which the Company was initially authorized to repurchase up to \$15.0 million of its common stock through open market and privately negotiated transactions. The **initial authorization was completed during the third quarter of fiscal 2023. Subsequent to the end of the third quarter, on November 15, 2023, the Board of Directors approved an amendment to the stock repurchase program was amended on November 15, 2023 to increase the amount authorized under the program from \$15.0 million to \$25.0 million, effective November 17, 2023. The timing and Company completed the amount of any repurchases**

of common stock will be determined based on the Company's evaluation of market conditions and other factors. The stock repurchase program will expire on March 16, 2024, but may be suspended, terminated or modified at any time for any reason. in the first quarter of fiscal 2024.

Stock repurchase activity during the three months ended October 28, 2023 May 4, 2024 was as follows:

Period	(a) Total number of shares purchased	(b) Average price paid per share ⁽¹⁾	(c) Total number of shares purchased as part of publicly announced plan	(d) Approximate dollar value of shares that may yet be purchased under the plan ⁽¹⁾⁽²⁾
July 30, 2023 to August 26, 2023	838,145	\$ 4.82	838,145	\$ 10,150,003
August 27, 2023 to September 30, 2023	—	\$ —	—	\$ 10,150,003
October 1, 2023 to October 28, 2023	—	\$ —	—	\$ 10,150,003
Total	838,145	\$ 4.82	838,145	\$ 10,150,003

Period	(a) Total number of shares purchased	(b) Average price paid per share ⁽¹⁾	(c) Total number of shares purchased as part of publicly announced plan	(d) Approximate dollar value of shares that may yet be purchased under the plan ⁽¹⁾
February 4, 2024 to March 2, 2024	52,802	\$ 3.97	52,802	\$ 250,006
March 3, 2024 to April 6, 2024	—	\$ —	—	\$ 250,006
April 7, 2024 to May 4, 2024	—	\$ —	—	\$ 250,006
Total	52,802	\$ 3.97	52,802	\$ 250,006

(1) Average price paid per share and the approximate dollar value of shares that may yet be purchased under the plan excludes the accrual of excise tax of \$0.1 million as of October 28, 2023. tax.

(2) Reflects the additional \$10.0 million authorized in November 2023, subsequent to the end of the third quarter of fiscal 2023.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On August 29, 2023, Jack Boyle, a director of the Company, terminated a previously adopted Rule 10b5-1 trading arrangement with respect to the sale of the Company's common stock (the "Trading Plan"). Mr. Boyle's Trading Plan was adopted on April 13, 2023, become effective on July 13, 2023 and was to terminate on the earlier of March 15, 2024 or the sale of all shares subject to the Trading Plan (unless earlier terminated according

to the terms of the Trading Plan). As of the date of termination of the Trading Plan, no shares of common stock had been sold pursuant to the Trading Plan.

Other than as noted above, during **During** the three months ended **October 28, 2023** **May 4, 2024**, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

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Item 6. Exhibits.

- 10.1** [First Amendment to the Amended and Restated Employment Agreement between the Company and Harvey S. Kanter, dated August 11, 2023, which includes the Form of Performance Share Award Agreement \(included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 15, 2023, and incorporated herein by reference\).](#)
- 31.1** [Certification of the Chief Executive Officer of the Company pursuant to Rule 13a-14\(a\) under the Securities Exchange Act of 1934*.](#)
- 31.2** [Certification of the Chief Financial Officer of the Company pursuant to Rule 13a-14\(a\) under the Securities Exchange Act of 1934*.](#)
- 32.1** [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*](#)
- 32.2** [Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*](#)
- 101.INS** [Inline XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.](#)
- 101.SCH** [Inline XBRL Taxonomy Extension Schema Document.](#)
- 101.CAL** [Inline XBRL Taxonomy Extension Calculation Linkbase Document.](#)
- 101.DEF** [Inline XBRL Taxonomy Extension Definition Linkbase Document.](#)
- 101.LAB** [Inline XBRL Taxonomy Extension Label Linkbase Document.](#)
- 101.PRE** [Inline XBRL Taxonomy Extension Presentation With Embedded Linkbase Document.](#)
- 104** [Cover Page Interactive Data File – The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.](#)

* Filed herewith.

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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.

DESTINATION XL GROUP, INC.

Date: November 17, 2023 May 30, 2024

By: /s/ John F. Cooney
John F. Cooney
Senior Vice President, Chief Accounting Officer and
Corporate Controller (Duly Authorized Officer and Chief
Accounting Officer)

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Exhibit 31.1

CERTIFICATION

I, Harvey S. Kanter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Destination XL Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the

- effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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: **November 17, 2023** May 30, 2024

By: /s/ Harvey S. Kanter

Harvey S. Kanter
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Peter H. Stratton, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Destination XL Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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: **November 17, 2023** May 30, 2024

By: /s/ Peter H. Stratton, Jr.

Peter H. Stratton, Jr.

Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Destination XL Group, Inc. (the "Company") for the period ended **October 28, 2023** May 4, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harvey S. Kanter, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification is being furnished as an exhibit to the Report pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, except to the extent that the Company specifically incorporates this certification by reference.

Date: **November 17, 2023** May 30, 2024

By: /s/ Harvey S. Kanter

Harvey S. Kanter

Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.

**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 on Form 10-Q of Destination XL Group, Inc. (the "Company") for the period ended **October 28, 2023** **May 4, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter H. Stratton, Jr., Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification is being furnished as an exhibit to the Report pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, except to the extent that the Company specifically incorporates this certification by reference.

Date: **November 17, 2023** **May 30, 2024**

By: /s/ Peter H. Stratton, Jr.
Peter H. Stratton, Jr.
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.

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