

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

FORM 10-K

(Mark One)

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

☒

For the fiscal year ended **February 3 , 2024 (Fiscal 2023)**
OR

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

☐

Commission File Number **01-34219**

DESTINATION XL GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

04-2623104

(IRS Employer Identification No.)

555 Turnpike Street

,

Canton

,

MA

(Address of principal executive offices)

02021

(Zip Code)

(781) 828-9300

(Registrant's telephone number, including area code)

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

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

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

None.

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

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

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

Indicate by check mark whether the registrant has submitted electronically 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 emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☐

☐

Emerging growth company

☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of July 28, 2023, the aggregate market value of the Common Stock held by non-affiliates of the registrant was approximately \$

268.3

million, based on the last reported sale price on that date. Shares of Common Stock held by each executive officer and director and by certain persons who own 10% or more of the outstanding Common Stock have been excluded on the basis that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily determinative for other purposes.

The registrant had

57,989,062

shares of Common Stock, \$0.01 par value, outstanding as of March 15, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2024 Annual Meeting of Stockholders are incorporated by reference into Part III.

DESTINATION XL GROUP, INC.

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Year Ended February 3, 2024

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PART I.

Certain statements contained in this Annual Report on Form 10-K (this "Annual Report") constitute "forward-looking statements," including forward-looking statements within the meaning of the 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 Annual Report are generally located under the headings "Business" and "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 ability to grow market share, the size of the addressable big + tall market, the impact of our strategic growth initiatives, including our ability to build brand awareness, develop new stores and create and expand alliances and collaborations, our ability to grow our top line and maintain profitability, the expected change in gross margin rate in 2024, our expected capital expenditures in 2024, our expected marketing spend in 2024, expected store openings in 2024 and beyond, and our ability to meet our liquidity needs. 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 Annual Report should not be regarded as a representation by us or any other person that the objectives or plans of the Company will be achieved. Numerous factors could cause our actual results to differ materially from such forward-looking statements, including, without limitation, risks relating to: our ability to successfully implement our business strategy and grow our market share, including through improving brand awareness, increasing our digital presence and expanding existing and entering into new alliances and collaborations, and manage our store portfolio; loss or disruption in our operations and supply chain, including due to the ongoing conflict in the Middle East; labor costs and shortages; increases in certain raw material costs and freight costs; the impact of macroeconomic factors, such as inflation, the ongoing conflict in Ukraine, consumer confidence and high interest rates; as well as those risks and uncertainties set forth below under Item 1A, *Risk Factors*. Readers are encouraged to review these risks and uncertainties carefully.

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 its expectations or any change in events, conditions, or circumstances in which the forward-looking statement is based.

Item 1. Business

Destination XL Group, Inc., together with its subsidiaries (the "Company"), is the leading specialty retailer of big & tall men's apparel with retail locations throughout the United States. We operate under the trade names of Destination XL®, DXL®, DXL Men's Apparel, DXL outlets, Casual Male XL® and Casual Male XL outlets. At February 3, 2024, we operated 232 DXL retail stores, 15 DXL outlet stores, 17 Casual Male XL retail stores, 19 Casual Male XL outlet stores, and a digital business, including an e-commerce site at www.dxl.com, a mobile site m.destinationXL.com and mobile app. Unless the context indicates otherwise, all references to "we," "our," "ours," "us" and "the Company" refer to Destination XL Group, Inc. and our consolidated subsidiaries. We refer to our fiscal years ended February 3, 2024, January 28, 2023 and January 29, 2022 as "fiscal 2023," "fiscal 2022" and "fiscal 2021," respectively.

OUR INDUSTRY

We define the big & tall men's clothing market as starting at a waist size of 38" and greater, as well as tops sized 1XL and greater. With the assistance of Coresight Research, we believe that the U.S. big & tall men's clothing market is approximately \$23 billion and is highly fragmented. Big + Tall is all we do. With our proprietary fit and extensive selection of exclusive brands, we believe that we can grow market share as an integrated commerce retailer able to target a broad market, attracting customers from various income, age and lifestyle segments, offering the underserved consumer the widest selection of sizes and styles.

HISTORY

Our Company was incorporated in the State of Delaware in 1976 under the name "Kara Enterprises, Inc." and subsequently operated under the name "Designs, Inc." Until fiscal 1995, we operated exclusively in Levi Strauss & Co. branded apparel mall and outlet stores. In May 2002, we acquired the Casual Male business from Casual Male Corp. at a bankruptcy court-ordered auction. At the time of the acquisition, Casual Male was the largest specialty retailer of men's clothing in the big & tall market in the United States. As a result of the acquisition, on August 8, 2002, we changed our name to "Casual Male Retail Group, Inc."

In fiscal 2010, we launched a new store concept, Destination XL ("DXL"). The DXL store concept offers our customers an extensive assortment of products, ranging from value-oriented to luxury-oriented with an increased presence of name brands, without having to shop multiple stores. In addition to offering our customers a wide assortment, we also wanted to provide them with a unique shopping experience. We are focused on providing outstanding customer service through our DXL stores, with larger fitting rooms and professional, trained associates providing personal attention. With the initial success of this store format, we made a similar change to our e-commerce business in fiscal 2011 when we launched our DestinationXL.com website (now dxl.com).

OUR BUSINESS

We operate as an integrated commerce retailer of big & tall men's clothing and shoes. Through our multiple brands, which include both national brands and our own brands, we provide a premium, personalized shopping experience, whether in-store or digitally, with a broad range of merchandise at varying price points, catering from the value-oriented customer to the luxury customer. Our objective is to appeal to all of our customers by providing a good, better, best array of product assortments in all primary lifestyles with multiple and convenient ways to shop.

What is unique about our business is our proprietary fit, our ability to manage an array of sizes and optimize our in-stock position throughout each season. Our best-selling pant has 58 size combinations and a unique specification as compared to an average retailer who may only have 15 different size combinations. We maintain a consolidated inventory across all channels that enables us to manage our in-stock position of all sizes effectively, ultimately improving customer service. Moreover, our planning and allocation methodologies, with respect to store assortment planning, help to optimize each location's market potential without excessive inventory levels.

Our DXL retail stores, e-commerce site, dxl.com, and mobile app cater to all income demographics and offer our customers merchandise to fit a variety of lifestyles from casual to business, young to mature, in all price ranges and in all large sizes from XL and up. In addition, we also offer a selection of shoes in sizes 10W to 18W on our website at dxl.com. Our Casual Male XL retail stores primarily carry moderate-priced national brands and our own brands of casual sportswear and dresswear. We also operate Casual Male XL outlets and DXL outlets for our value-oriented customers. Through digital marketplaces, we are able to extend our reach, by providing a select offering of our merchandise to new customers who may not be current DXL customers.

BUSINESS STRATEGY

Over the past five years, we have transformed our business, investing in our customer relationship capabilities, our data infrastructure and our data analytics capabilities. 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 fiscal 2019, we have grown net sales by 10% and more than doubled our adjusted EBITDA margin rate. In addition, we believe strongly that there is a great opportunity for us to grow our market share. We believe that our addressable market is approximately \$23 billion, yet based on our research our unaided brand awareness is 9% and our aided brand awareness is 28%. If we are to grow our revenue base and market share, our addressable market needs to know who we are, what we offer, how we are different from our competition and why they should shop with us.

We believe that we can change the growth trajectory of the Company through investments in brand marketing, new store development, a new and efficient eCommerce platform, and alliances/collaborations with other brands. We have spent the past year developing a deeper understanding of the big + tall consumer and we are now ready to execute on our long-range plan. We expect to fund these strategic initiatives with cash on hand. Accordingly, in fiscal 2024, our primary focus will be on the following four initiatives:

- **Marketing and Brand-Building:** We believe one 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 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, with an advertising-to-sales ratio for fiscal 2024 of approximately 7.0% to 7.5%. We have selected new creative and media agencies to develop, build, and execute a campaign that will create an emotional connection to the brand and drive brand awareness. We are planning a multi-channel campaign targeting an early summer 2024 multi-market test-launch. With favorable results, we plan to fund our marketing and brand building initiatives at greater levels over time.
- **Store Development:** As we have stated before, we believe there are approximately 50 net new store opportunities. New store development addresses another factor critical to our growth. While we have stores in every major metro market across the United States, there are voids in certain markets where big + tall consumers are not being served by a DXL. In our most recent research across 2,500 big + tall men, 44% self-reported that they do not shop with us because a store is not near them, and 35% self-reported that they do not shop with us because a store location is not convenient. This year we opened three DXL stores, our first store openings since 2019. We currently have plans to open an additional eight stores in fiscal 2024, with 15 new stores per year in fiscal 2025 through 2027. We also converted 11 Casual Male stores to DXL this year and expect to convert another five by the end of 2024. All new store and conversion investments are subject to rigorous ROIC hurdles that are informed by our prior experience.

- **New Website:** We are upgrading our website from our legacy infrastructure to a new, modern commerce platform, with various features and functionality launching in the second half of fiscal 2024. We believe this upgrade will provide immediate performance improvements and customer experience benefits by eliminating friction points, optimizing search capability, and enhancing speed and response times. The new platform is engineered by a leading eCommerce technology provider and will position us to respond faster and more effectively to make changes in the future.
- **Alliances/Collaborations:** We strongly believe that our “fit authority” is one of our greatest 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. In 2023, we launched UNTUCKit, Fit by DXL in an alliance with UNTUCKit, which is sold exclusively by DXL. In addition, we also added Hugo Boss and Faherty to our list of national brands, each with a level of merchandise exclusivity that cannot be found elsewhere. All three programs exceeded our initial expectations, with door expansion planned for all three in fiscal 2024. We believe our heritage of providing a world-class consumer shopping experience makes DXL an ideal partner for collaborations and alliances. We are in the final stages of an agreement with another retailer that will allow us to sell our product through a new retail distribution channel that is aligned with DXL's leading retail consumer experience.

As a result of these investments in marketing, stores, and other growth initiatives in fiscal 2024, we believe we can grow our top line and invest greater resources while maintaining a minimum acceptable level of profitability and free cash flow.

MERCHANDISE

We offer our customers an extensive assortment of apparel consisting of both our own brands and over 100 well-known national brands, within our “good,” “better” and “best” price points. Regardless of our customers' age, socioeconomic status, or lifestyle preference, we are able to assemble a wardrobe to fit their apparel needs. With over 5,000 styles available, we carry an extensive selection of tops in sizes up to 7XL and 7XLT with additional assortments up to 8XL, bottoms with waist sizes 38” to 70”, and shoes in sizes 10W to 18W.

What sets us apart from our competitors is our proprietary fit. We are different because our fit is different. Our merchandise is not just an extension of regular sizes. The fit is built from unique specifications for every size and style, with specific design features for the big and tall customer.

Our stores are merchandised to showcase entire outfits by lifestyle, including traditional, active, modern, tailored and denim. This format allows us to merchandise key items and seasonal goods in prominent displays and makes coordinating outfits easier for the customer while encouraging multi-item purchases. This lifestyle layout also allows us to manage store space and product assortment effectively in each market to target local demographics. The key item strategy is also fully integrated by lifestyle, allowing us to focus on merchandise presentation and offer our customers a compelling value proposition.

Merchandise assortments in our DXL stores are organized not only by lifestyle but, within each lifestyle, the assortments are shown in a “good,” “better” and “best” visual presentation. With the “best” merchandise assortments featured most prominently in the DXL store, our customers can visualize current fashion trends and select their wardrobes within their desired price points in a convenient manner.

Big and tall is all we do and through our own brands and exclusivity with national brands, we estimate that more than 80% of our inventory assortment, in units, is not available elsewhere. Several of the national brands that we carry, in sizes 2XL and above, are sold exclusively by us in our stores and on our website and may otherwise only be available on the brand's website, if at all. In addition to our exclusive brands, we also work with several other national brands to offer a unique, curated merchandise assortment, in sizes 2XL and above, that are exclusively sold in our stores and on our website and are not available from the brand's own website. These offerings are a subset of the larger merchandise offering that we carry for these respective brands. The penetration of national brands in a specific DXL store can range from 39% to 80%, depending on several factors, but on average, approximately half of the assortment is branded apparel.

In October 2023, we launched UNTUCKit, Fit by DXL in collaboration with UNTUCKit, sold exclusively by DXL. The launch was supported by a comprehensive marketing campaign on both DXL and UNTUCKit channels. The shirts are sold exclusively online with 'try-on' capsules in select physical stores. Based on the performance, we are expanding this program in fiscal 2024. We will continue to explore other strategic collaborations with other brands that are widely recognized and that could complement our curated assortment.

Value-Priced Apparel -“Good” Merchandise

For our value-oriented customers, we carry Champion, Lee, Wrangler and Reebok. In addition, we carry several value-priced private label lines:

Harbor Bay® was our first proprietary brand and it is a traditional line that continues to represent a significant portion of our business, specifically in terms of our core basic merchandise.

Oak Hill® is a premium line catering to those customers looking for slightly more style and quality than our *Harbor Bay* line but still in a traditional lifestyle.

Synrgy™ targets the customer looking for a contemporary/modern look.

True Nation® is a denim-inspired line consisting of vintage-screen t-shirts and wovens and is geared towards our younger customers.

Society of One® is an activewear brand that offers versatile styling options and is grounded by performance technology.

Moderate-Priced Apparel -“Better” Merchandise

We offer our customers an extensive selection of quality sportswear and dress clothing at moderate prices carrying well-known brands such as: Levi's®, Columbia, Carhartt®, and Jockey®. Our exclusive brands in this price range include O'Neill® and Nautica®, Adidas Golf® and vineyard vines®. Within our product assortment for Callaway®, Majestic and Tommy Bahama® we also offer exclusive styles specially curated for our customers.

Higher-End Fashion Apparel -“Best” Merchandise

Within this higher-end price range, we carry a broad selection of quality apparel from well-known branded manufacturers, such as The North Face®, Polo Ralph Lauren®, Jack Victor®, Boss®, Faherty®, Original Penguin Golf®, Michael Kors®, and Tallia®. Our exclusive brands in this price range include Brooks Brothers®, JOE'S® Jeans, 7 for all Mankind®, Boss®, Faherty®, Original Penguin Golf® and Robert Barakett®. Within our product assortment for Psycho Bunny®, Lucky and Robert Graham® we also offer exclusive styles specially curated for our customers. Polo Ralph Lauren builds one collection a quarter for our customers that is exclusive to DXL.

Shoes

Our DXL website offers an assortment of footwear, with a broad selection from casual to formal, in varying price points. We currently have a selection of more than 200 styles of shoes, ranging in sizes from 10W to 18W, including designer brands such as Cole Haan®, Timberland®, Sketchers®, New Balance®, Reebok® and Deerstags.

STORE CHANNEL

DXL Men's Apparel Stores

As of February 3, 2024, we operated 232 DXL retail stores. Our DXL store concept brings all of our brands together in one format. Within this format, we cater to our diverse customer base, with merchandise representing all price points, from our higher-end brands to value-oriented brands, and all lifestyles, from business to denim. The size of our DXL stores averages 7,400 square feet. Depending on the customers in each respective market, we can adjust the appropriate mix of merchandise, with varying selections from each of our price points, to cater to each demographic market. Our DXL stores are located on real estate that is highly visible, often adjacent to high-performing regional malls or other high-traffic shopping areas.

In many markets, rebranding a Casual Male XL store to a DXL store provides a viable alternative to the more costly endeavor of relocating a Casual Male XL store to new DXL real estate. In addition, the converted stores benefit from DXL advertising. We are actively reviewing opportunities to relocate or convert Casual Male XL stores to DXL stores.

During fiscal 2023, we opened three new DXL stores, with plans to open eight new stores in fiscal 2024. These new DXL stores offer an updated look and feel both inside and outside, with the store layout focusing on improving our customer engagement and their overall shopping experience.

We believe that our store portfolio is a vital asset to our business strategy and we are investing in stores over the next several years. 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.

Casual Male XL Retail Stores

As of February 3, 2024, we operated 17 Casual Male XL full-price retail stores, located primarily in strip centers or stand-alone locations. The majority of the merchandise carried in our Casual Male XL stores is moderate-priced basic or fashion-neutral items, such as jeans, casual pants, t-shirts, polo shirts, dress shirts and suit separates. These stores also carry a full complement of our own brand collections. The average Casual Male XL retail store is approximately 3,200 square feet.

DXL Outlet /Casual Male XL Outlet Stores

As of February 3, 2024, we operated 15 DXL outlet stores and 19 Casual Male XL outlet stores designed to offer a wide range of casual clothing for the big & tall customer at prices that are generally 20-25% lower than our moderate-priced merchandise. Much of the merchandise in our outlet stores is offered at discounted prices to cater to the value-oriented customer. In addition to own brands and national brands at our "good" price tier, our outlets also carry clearance product obtained from DXL and Casual Male XL stores, offering the outlet customer the ability to purchase brand and fashion product for a reduced price.

The average DXL outlet is approximately 5,100 square feet and the average Casual Male XL outlet store is approximately 3,000 square feet.

DIRECT CHANNEL

Our direct business is a critical channel for growing sales and market share through new customer acquisition and digital engagement of the active file. Since fiscal 2019, comparable sales from our direct business in fiscal 2023 have grown 50.9%, with our total direct business representing 31.3% of our total retail sales in fiscal 2023, as compared to 23.1% of our retail sales in fiscal 2019.

We define our direct business as sales that originate online, whether through our website, our app, those initiated online at the store level, our Guest Engagement Center, or through a third-party marketplace. We want to serve our customers wherever and how they want to shop, whether in-person at a store, over the telephone, or online via a computer, smartphone or tablet.

A key to being a successful integrated commerce retailer is having the ability to showcase all of our store inventories online, resulting in additional transactions that are initiated online, but are ultimately completed in store. In addition, our stores are able to fulfill an order for an item that is out-of-stock in our warehouse. This capability has not only resulted in incremental sales, but it has also helped us reduce clearance merchandise at the store level and manage margins.

DXL Website and App

Our DXL website and app have been instrumental in our growth over the past three years, with sales from our website and app together increasing 47.4% from fiscal 2019. We continue to see our consumers shift to online shopping helping to drive higher new customer acquisition for the website business.

As mentioned above, we expect to launch an updated website in the second half of fiscal 2024 that we believe will offer a superior user experience to our customers, with modernized design aesthetics and improved performance, while also providing us the tools to improve our agility and efficiency.

Digital Sales at Store Level

In support of our integrated commerce approach, our store associates use our website to help fulfill our in-store customers' clothing needs. If a wider selection of a lifestyle, color or size of an item is not available in our store, then our store associates can order the item for our customer online through our direct channel and have it shipped to the store or directly to the customer. Our customers also have the ability to shop-by-store and pick-up in store on the same day.

Digital Marketplaces

We continue to broaden our reach through digital, third-party marketplaces. A large portion of our assortment is available on Amazon.com and Walmart.com. Digital marketplaces provide us an opportunity to drive awareness, grow our customer base and introduce new customers to our brand.

MERCHANDISE PLANNING AND ALLOCATION

Our merchandise planning and allocation function is critical to the effective management of our inventory, store assortments, product sizes and overall gross margin profitability. The merchandise planning and allocation team has an array of planning and replenishment tools available to assist in maintaining an appropriate level of inventory, in-stock positions at the stores and for the direct channel, and pre-season planning for product assortments for each store and the direct channel. Additionally, in-season reporting identifies opportunities and challenges in inventory performance. Over the past several years, we have made, and we will continue to make, investments in implementing best practice tools and processes for our merchandise planning and allocation.

Our evergreen merchandise made up approximately 42% of our merchandise assortment in fiscal 2023. Our planning and allocation team estimates quantity and demand several months in advance to optimize gross margin and minimize end-of-season merchandise for all seasonal merchandise. We develop customized assortment strategies by store that accentuate lifestyle preferences for each particular store.

Our merchandising data warehouse provides the merchandising team with standardized reporting for monitoring assortment performance by product category and by store, identifying in-stock positions by size and generally monitoring overall inventory levels relative to selling. At season end, we analyze the overall performance of product categories, overall assortments and specific styles by store to focus on the opportunities and challenges for the next season's planning cycle.

The merchandise planning and allocation team utilizes a set of specific universal reporting tools in fulfilling their daily, weekly and monthly roles and responsibilities. These reporting tools provide focused and actionable views of the business to optimize the overall assortment by category and by store. We are confident that our inventory performance is optimized by having all members of the merchandise planning and allocation team follow a standardized set of processes with the use of standardized reporting tools.

STORE OPERATIONS

We believe that our store associates are critical to creating the highest quality experience for our guests. The culture in our stores is to be guest-centric - to engage and build a relationship with each of our customers. Our overall goal is to accomplish three key initiatives in our stores. The first is that we strive to build relationships with all of our guests. The second is that we believe our stores need to be clean, neat and organized in an effort to allow the "just-looking" customer to find what he needs with ease. The last component is our stores serving as mini-distribution centers. The majority of our stores are able to fulfill customer orders that were placed online in one of our digital channels. Our associates are well versed in not only the product selection carried in their specific store, but also the product selection carried online. With a point-of-sale system that can access items online for the guest who is physically in the store, our associates are able to fulfill all of their customers' needs.

Our multi-unit, field management team receives extensive training on recruiting associates who are the correct fit for our stores. All store associates participate in our DXL FIT Expert Training and Certification program as part of our commitment to deliver a great guest experience. All new DXL store management team hires are trained extensively through senior peer trainers throughout the country. We believe having a mix of internal promotions (store manager to Regional Sales Manager) as well as external hires with extensive multi-unit background gives us an inclusive and diverse Regional Sales management team. Regional Vice Presidents give us touchpoints in the field in addition to our Regional Sales Managers and store management team to ensure consistency in executing our standards and all programs and processes we deem important to our success.

Each new member of the store management team goes through extensive training with their Regional Sales Manager and a peer Store Manager. We believe our training system, together with monitoring sales metrics to help identify opportunities for further training, will improve sales productivity and strengthen our customers' brand loyalty.

Our field organization is overseen by our Chief Stores and Real Estate Officer, VP Store Operations, Regional Vice Presidents, Regional Sales Managers, and a Store Operations Team, who provide management development and guidance to individual store managers. Each Regional Sales Manager is responsible for hiring and developing store managers at the stores assigned to that Regional Sales Manager's market, and for the overall operations and profitability of those stores. Each store is staffed with a store manager, assistant manager and key holders. The store manager is responsible for achieving certain sales and operational targets. Our stores have an incentive-based commission plan for managers and selling staff to encourage associates to focus on our customer's wardrobing needs and sales productivity.

MARKETING AND ADVERTISING

We believe that our marketing initiatives are critical to driving our sales growth by increasing traffic to our stores, website and app. Last year, we launched our brand initiative "*Wear What You Want*" SM inviting our customer to not only experience the depth of our assortment but also the breadth of exclusivity across our brands, offering brands and styles not available elsewhere. We are providing him with the freedom to choose his own style and wear what he wants. Big + Tall is all we do, and we trade on the belief that we offer superior fit, assortment, and experience to him and through this initiative we are eager to develop relationships with our customers that are built on respect, trust, and belonging.

Over the past few years, our marketing strategy has been a more targeted, personalized, data-driven model, enabling us to engage differently with each of our customers based on their shopping behaviors across all our buying channels. We adopted a stringent, analytical perspective to our marketing program, focusing on understanding incremental outcomes in addition to the "return on ad spend" throughout all our programs. This data-driven philosophy extends across all our marketing initiatives as we look at new ways to engage our customers. Our on-going work on enhancing our customer segmentation will ultimately drive our long-term marketing strategy, enabling us to create targeted and personalized content and messaging to our various customer segments. Our marketing programs have included email, direct mail, our loyalty program, direct marketing, digital marketing, social media, and streaming media, among others. Because we are not highly promotional, our loyalty program, The DXL Rewards Club, provides a strong value to our customers and we are planning on making further enhancements to the program during fiscal 2024.

While we will continue to invest in these targeted marketing initiatives, we also plan to increase our marketing spend in fiscal 2024 to include broad-based advertising, focusing specifically at building brand awareness. We have been working to transform our brand

positioning by focusing on key customer insights and leveraging our distinct advantages of superior fit, depth of assortment, great styles and largely exclusive brands and an experience like no other. Our focus is to acquire new customers and achieve a greater lifetime value across our entire customer file. Working with our new creative and media agencies, we are planning a multi-channel campaign, targeting an early summer 2024 multi-market test-launch.

We expect our marketing costs in fiscal 2024 to be approximately 7.0%-7.5% of sales as compared to 5.9% of sales in fiscal 2023.

GLOBAL SOURCING

Our global sourcing strategy is a balanced approach, which considers quality, cost and lead-time, depending on the requirements of the program. We believe our current sourcing structure meets our operating requirements and provides capacity for growth. The growth and effectiveness of our global direct sourcing program is a key component to the strength of merchandise margins.

We have built a strong internal team with extensive experience that is responsible for managing an international network of vendors and suppliers across the globe. We have established strong relationships with many of the leading factories and mills across the globe. Our sourcing network consists of over 30 factories in eight countries which are experts in big & tall sizing and production. In fiscal 2023, approximately 52% of all our product needs were sourced directly. We manufacture a significant percentage of our own brand merchandise in Southeast Asian countries including Vietnam, Bangladesh, Cambodia and India. We continue to reduce dependency on China, with less than 10% of our own brands sourced from China, inclusive of our raw materials and trims, and have moved certain programs into the Western Hemisphere with duty-free opportunities such as Nicaragua and Mexico.

In an effort to minimize foreign currency risk, all payments to our direct sourced vendors are made in U.S. dollars with payment on account.

See "Sustainability" below for a discussion of our environmental, ethical and social audits.

DISTRIBUTION

All of our retail distribution operations are centralized at our headquarters located in Canton, Massachusetts. We believe that having a centralized distribution facility maximizes the selling space and in-stock position of our stores and reduces the necessary levels of back-room stock. In addition, the distribution center provides order fulfillment services for our e-commerce business. In-bound calls for our e-commerce business are primarily fulfilled by our distribution center and if an order cannot be fulfilled by our distribution center, the order is completed at the store level.

Our supply chain technology provides visibility for imports and domestic deliveries giving our buyers accurate shipping information and allowing the distribution center to plan staffing for arriving freight, resulting in reduced costs and improved receipt efficiency.

Our warehousing application and labor management system enable us to streamline our distribution processes, enhance our in-transit times, and reduce our distribution costs. We will continually work to make improvements and upgrades to our software.

For store shipments and domestic customer deliveries, we use large national carriers. We are able to track all deliveries from the warehouse to our individual stores, including the status of in-transit shipments. In addition, we are able to provide our direct customers with Authorized Return Service and Web labels, making returns more convenient for them.

In order to service our International customers, we have contracted with a global e-commerce company for payment and shipment services. Through this service, international customers view and pay for products in their local currency. Our vendor then ships directly to our customer, which we believe helps avoid potential fraud and currency exchange rate risks.

MANAGEMENT INFORMATION SYSTEMS

The infrastructure of our management information systems is a priority to us. We believe that the investments we have made in this regard have improved our overall efficiency and improved our access to information enabling timely, data-driven decisions.

Our management information systems consist of a full range of retail merchandising and financial systems, which include merchandise planning and reporting, distribution center processing, inventory allocation, sales reporting, and financial processing and reporting. We believe that our current infrastructure provides us the ability and capacity to process transactions more efficiently and provides our management team with comprehensive tools with which to manage our business. Our direct and retail channels maintain a shared inventory system and we operate a single-system platform for our DXL and Casual Male XL stores to deliver improved efficiencies.

In an effort to improve our inventory management, we have created a standardized set of "best practices" for both our merchandise planning and allocation groups. Using a retail business intelligence solution, we are able to integrate data from several sources and

provide enterprise-wide analytics reporting. Over the past few years, we have continued to develop a custom Assortment Suite application to leverage business intelligence and predictive analytics to provide high-impact insights into core merchandising tasks.

COMPETITION

Our business faces competition from a variety of sources, including department stores, mass merchandisers, other specialty stores and discount and off-price retailers that sell big & tall men's clothing. While we have successfully competed on the basis of merchandise assortment, comfort and fit, customer service and desirable store locations, there can be no assurances that other retailers, including e-commerce retailers, will not adopt purchasing and marketing concepts similar to ours. Discount retailers with significant buying power, such as Walmart, Kohl's and J.C. Penney, represent a source of competition for us. The direct business has many competitors, including the King Size catalog and website as well as online marketplaces, such as Amazon.

The United States big & tall men's clothing market is highly competitive with many national and regional department stores, specialty apparel retailers, single market operators and discount stores offering a broad range of apparel products intended for big and tall men. Besides retail competitors, we consider any casual apparel manufacturer operating in outlet malls throughout the United States to be a competitor in the casual apparel market. We believe that we are the only national operator of men's apparel stores focused exclusively on the men's big & tall market.

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.

TRADEMARKS/TRADEMARK LICENSE AGREEMENTS

We own several service marks and trademarks relating to our businesses, including, among others, "Destination XL[®]", "DXL[®]", "DXL Mens Apparel[®]", "Big on Being Better[®]", "Casual Male[®]", "Casual Male XL[®]", "Harbor Bay[®]", "Oak Hill[®]", "Continuous Comfort[®]", "Synrgy[™]", "Society of One[®]", "True Nation[®]" and "Wear What You WantSM". We also hold a U.S. patent for an extendable collar system, which is marketed as "Neck-Relaxer[®]" and a U.S. copyright for a no-iron hang tag.

SUSTAINABILITY

At DXL, we recognize the importance of addressing and prioritizing environmental, social and governance ("ESG") issues throughout our business, including recognizing and addressing specific climate-related risks. During fiscal 2021, we formed the Sustainability Committee, consisting of a cross-disciplinary team from corporate management that engaged with a third-party firm to assist us in the development of the Company's initial ESG strategy and initiatives. The committee reports to the senior management team of the Company and to the Nominating and Corporate Governance Committee of our Board of Directors, which is responsible for the oversight of our initiatives. We are working to develop short- and long-term ESG goals, as well as an action plan.

Since 2019, we have been a member of a leading ethical trade service provider to increase our social, environmental and ethical sustainability, and we participate in their Ethical Trade Audit platform. Since fiscal 2020, we have retained LRQA, formerly Elevate, a global leader in supply chain assessment, and instituted 4-Pillar audits of our supply chain factories. Our intent is to increase our social, environmental and ethical sustainability by utilizing LRQA's audit tool, "ERSA", which stands for ELEVATE Responsible Sourcing Assessment. ERSA 3.0 covers social compliance, human rights, environmental business ethics, and worker's sentiment surveys. All audits can be found on their EIQ tool which is a web-based analytical system on which we participate in their Ethical Trade Audit platform. In fiscal 2023, we retained LRQA to also perform environment assessment audits. Through collaboration with LRQA and Bureau Veritas, we are pursuing what we call a "5-Pillar Audit", which includes traceability of both raw materials and the equipment used to produce finished goods.

HUMAN CAPITAL MANAGEMENT

As of February 3, 2024, we had 1,439 employees. We hire additional temporary employees during the peak holiday season. None of our employees is represented by any collective bargaining agreement. Our associates are our greatest asset and we are committed to providing them with a safe and healthy work environment. Each associate is required to sign a set of policies that include, among other policies, the code of ethics, anti-harassment and procedures for raising a complaint. Our policies also contain protection of human rights and prohibit, among other things, the use of child labor or forced, bonded or indentured labor.

Inclusion and Diversity

We are committed to inclusivity, acceptance, and equality. Since 2017, we have had a diversity and inclusion initiative called "Normalizing the Brand." The program brings awareness to unconscious bias and focuses on ensuring that the composition of our organization looks and feels like the communities where we live and serve. We have policies and training in place with respect to anti-discrimination and anti-harassment, among others, and provide our associates with access to an anonymous hot-line for reporting any concerns. Throughout the year, we require our associates to participate in educational videos. In 2021, we joined with CEO Action for Diversity & Inclusion, a coalition of over 2,000 CEOs, pledging to advance diversity and inclusion in the workplace. By signing on to this commitment, we have pledged to take action to cultivate a workplace where diverse perspectives and experiences are welcomed and respected, and where employees feel encouraged to discuss diversity and inclusion without retribution.

Workplace, Culture and Career Development

We are committed to providing our associates an environment where they have an opportunity to provide input on issues affecting the Company's workforce and the employer-associate relationship. Periodically through the year, we encourage feedback and ideas from our associates through our annual engagement surveys and periodic pulse surveys. Perhaps most importantly, we promote professional and career development and mentorship programs. Since 2014, we have offered our associates the opportunity to participate in our DXLG Mentor Program, which pairs up to 20 mentees with mentors for one-year periods. The DXL Women's Leadership Group was formed in fiscal 2016 with a mission of "Women supporting, educating and empowering each other @ DXLG". It started as a pilot program and quickly expanded to now include over 40 female leaders, both people and process managers, in the corporate office and field. In addition, for the past five years, we have presented Leadercast, a platform for leadership development content available online.

Our Associate Engagement & Development Committee organizes "Lunch, Learn, Lead" and "Coffee Talk" sessions throughout the year to provide our associates an opportunity to gain insight on a variety of topics, such as, DXL's social responsibility initiatives, TED talks, Global Sourcing, Normalizing the Brand and Technology. We also joined with Marist College to provide our DXL associates and their immediate adult family members with a 25% discount toward on-line tuition costs.

Compensation and Benefits

Our compensation programs are designed to pay our associates competitively in the market, based on their skills, qualifications, role, and abilities. Our benefits are designed to help employees and their families stay healthy and help them balance their work and personal lives. These benefits include health and wellness, paid time off, employee assistance, competitive pay, career growth opportunities, paid volunteer time, product discounts, and a culture of recognition. The challenges created by the global pandemic brought mental health awareness to the forefront. We are continually looking for programs and opportunities to offer our associates to ensure physical and mental wellness. We also highlight mental health awareness as part of our "Lunch, Learn, Lead" series and provide other relevant content within our learning management system. We also provide an Employee Assistance Program (EAP) which provides 24/7 assistance to associates and their family members for a variety of issues such as stress, family, parenting, and finances.

In October 2022, we added a new voluntary benefit, DailyPay, which allows our associates to access their money as they earn it, instead of having to wait until their payday to access their funds.

For more information regarding human capital, our programs, our health and safety as well as diversity information regarding our board, senior management and associates, such information can be found on our corporate website at <https://investor.dxl.com>. The information included in, referenced to, or otherwise accessible through, our website is not incorporated by reference in, or considered to be part of, this document or any document unless expressly incorporated by reference therein.

AVAILABLE INFORMATION

Our corporate website is www.dxl.com. Our investor relations site is <http://investor.dxl.com>. We make available through our website, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to such reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we have electronically filed such material with, or furnished such materials to, the Securities and Exchange Commission. The SEC maintains an internet site that contains reports, proxy and information statements, and other information for issuers that file electronically with the SEC at <http://www.sec.gov>.

Item 1A. Risk Factors

The following risk factors are the important factors of which we are aware that could cause actual results, performance or achievements to differ materially from those expressed in any of our forward-looking statements. We operate in a continually changing business environment and new risk factors emerge from time-to-time. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. We cannot assure you that our projected results or events will be achieved or will occur.

Strategic Risks That May Affect Our Business

We may not be successful in executing our long-term strategy and growing our market share.

For us to be successful in the future and maintain growth, we must be able to continue increasing our share of the big & tall men's apparel market. Our growth is dependent on our ability to continue to build upon our DXL brand, maintain our existing customers and attract new customers. We have developed and are implementing long-term strategic initiatives to grow our business. Our failure to execute our strategy successfully could prevent us from growing our market share, which could have a material adverse effect on our results of operations, cash flows and financial position, including if we were unable to:

- grow our store portfolio;
- develop an effective modern marketing program to build brand awareness as well as increase store and online traffic, attract customers across all channels, and grow sales;
- build successful collaborations and alliances, similar to our alliance with UNTUCKit;
- grow our DXL digital business;
- launch an upgraded, state-of-the-art website;
- predict and respond to fashion trends, while offering our customers a broad selection of merchandise in an extended selection of sizes;
- grow our existing customer base;
- hire qualified store management and store associates;
- grow and then sustain the number of transactions, units-per-transaction and share of wallet; and
- operate at appropriate operating margins.

Our marketing programs and efforts to drive traffic and convert that traffic into an increased loyal customer base are critical to achieving market share growth within the big & tall men's apparel market and may not be successful.

Our ability to increase our share of the big & tall men's apparel market is largely dependent on effectively marketing our brand and merchandise to all of our target customers in several diverse market segments so that they will become loyal shoppers who spend a greater portion of their wallets on our product offerings. In order to grow our market share, we depend on the success of our marketing and advertising in a variety of ways, including streaming media advertising, advertising events, our loyalty program, direct mail, and digital marketing, including social media and customer prospecting. Our business is directly impacted by the success of these efforts and those of our vendors. Future marketing efforts by us, our vendors or our other licensors, may be more costly than prior years and, if not successful, may negatively affect our ability to meet our sales goals and gain market share.

As part of our long-term strategy, we are planning to increase the amount that we expect to spend annually on our marketing efforts over the next few fiscal years, with marketing costs for fiscal 2024 expected to increase to 7.0%-7.5% of sales. There can be no assurance that our long-term strategy and the increased investment in marketing will grow our business or build brand awareness. If our marketing campaigns are unable to drive traffic to our stores and website, the marketing costs incurred will have a negative impact on the Company's profitability.

Our direct business is a significant component of our growth strategy, and the failure to develop our digital infrastructure could disrupt our business and negatively impact our sales.

We have made significant investments in capital spending and labor to develop our direct channels and increased investments in digital marketing to attract new customers. The growth of our overall sales is dependent on customers' continuing to expand their

online purchases in addition to in-store purchases. While it is our objective to continue to grow this business, there can be no assurance that this growth will continue or be sustainable.

Our success in growing our direct business will depend in part upon our development of an increasingly sophisticated e-commerce experience and infrastructure. Increasing sophistication requires that we provide additional website features, functionality and messaging in order to be competitive in the marketplace and maintain market share. We continually update our website features, but we cannot predict future trends and required functionality or our adoption rate for customer preferences. In addition, we are vulnerable to additional risks and uncertainties associated with e-commerce sales, including security breaches, cyber-attacks, consumer privacy concerns, changes in state tax regimes and government regulation of internet activities. Our failure to respond to these risks and uncertainties appropriately could reduce our direct sales, increase our costs and diminish our growth prospects, which could negatively affect our operating results.

If we are unable to develop and implement our integrated commerce initiatives successfully, our market share and financial results could be adversely affected.

Our customer's shopping behavior continues to evolve across multiple channels and we are working to meet his needs, with real time store inventory visibility, our mobile app, and BOPIS (buy online pick-up in stores). We consider ourselves a customer-centric integrated commerce retailer, and we continue to make ongoing investments in our information technology systems to support these evolving capabilities.

Integrated commerce is rapidly evolving and our success depends on our ability to anticipate and implement innovations in sales and marketing technology and logistics in order to appeal to existing and potential customers who increasingly rely on multiple channels to meet their shopping needs. In addition, our competitors are also investing in these initiatives, some of which may be more successful than our initiatives.

If the investment in our integrated commerce initiatives is not successful, our systems are unable to support such initiatives, or if our competitors are more successful, our financial results and our market penetration may be adversely affected.

Our business may be adversely affected if we are unable to manage and grow our store portfolio successfully.

We lease all of our store locations. Renewing and renegotiating these leases at acceptable lease terms is critical to the profitability of our stores. While we worked closely with our landlords to renegotiate and restructure a majority of our lease portfolio from the onset of the pandemic, there still may be certain stores that may not be profitable and we may not be able to renew existing agreements. We will continue to evaluate our store portfolio to optimize store profitability. As part of that evaluation, we may choose not to renew certain lease locations.

One of our long-term strategic initiatives is to grow our store portfolio over the next several years and we have identified multiple white space opportunities in new or underpenetrated markets. We are also actively reviewing opportunities to relocate or convert the majority of our remaining Casual Male XL stores to DXL. If we are unable to find locations or obtain favorable lease terms, we may not be able to grow or maintain our current store base and the lack of store growth could negatively affect our ability to grow revenue and market share.

Operational Risks That May Affect Our Business

The loss of, or disruption in, our centralized distribution center could negatively impact our business and operations.

The majority of our merchandise for our stores and e-commerce operations is received into our centralized distribution center in Canton, Massachusetts, where it is then processed, sorted and shipped to our stores or directly to our customers. We depend in large part on the orderly operation of this receiving and distribution process, which depends, in turn, on adherence to shipping schedules and effective management of the distribution center. Although we believe that our receiving and distribution process is efficient and well-positioned to support our strategic plans, events beyond our control, such as disruptions in operations due to fire or other catastrophic events, employee matters or shipping problems, labor shortages, severe weather, the impact of climate change or disruptions in our distribution center, could result in delays in the delivery of merchandise to our stores or directly to our customers.

With all of our management information systems centralized in our corporate headquarters, any disruption or destruction of our system infrastructure could materially affect our business. This type of disaster would be mitigated by our offsite storage and disaster recovery plans, but we would still incur business interruption that may impact our business for a significant period of time.

Although we maintain business interruption and property insurance, we cannot be sure that our insurance will be sufficient, or that insurance proceeds will be timely paid to us, in the event our distribution center is shut down for any reason or if we incur higher costs and longer lead times in connection with a disruption relating to our distribution center.

Our business may be adversely affected due to disruptions in the global supply chain.

Disruptions in the global supply chain in foreign ports, the impact of climate change and shortages of vessels and shipping containers may impact our ability to import inventory in a timely manner. Recent events in the Middle East have made accessing the Suez Canal a risk, thereby prompting vessels to avoid this route, which adds time and cost. Drought has left water levels lower than ever forcing Panama to reduce the volume of ships passing through the Panama Canal, leading to delays and increased shipping costs. In addition, the ongoing war in Ukraine may cause additional tariffs, sanctions, import/export restrictions and future actions that may have a negative impact on the supply chain and may limit the availability of certain raw materials and result in an increase of associated cost. Furthermore, in the event that commercial transportation is curtailed or substantially delayed, we may not be able to maintain adequate inventory levels of important merchandise on a consistent basis, which would negatively impact our sales and potentially erode the confidence of our customer base, leading to loss of sales and an adverse impact on our results of operations. Furthermore, we may continue to incur incremental freight costs which could negatively harm our gross margin rates.

We are dependent on third parties for the manufacture of the merchandise we sell.

We do not own or operate any manufacturing facilities and are therefore entirely dependent on third parties to manufacture the merchandise we sell. Without adequate supplies of merchandise to sell to our customers in the merchandise styles and fashions demanded by our particular customer base, sales would decrease materially and our business would suffer. We are dependent on these third parties' ability to fulfill our merchandise orders and meet our delivery terms. In the event that manufacturers are unable or unwilling to ship products to us in a timely manner or continue to manufacture products for us, we would have to rely on other current manufacturing sources or identify and qualify new manufacturers. We might not be able to identify or qualify such manufacturers for existing or new products in a timely manner and such manufacturers might not allocate sufficient capacity to us in order to meet our requirements. Our inability to secure adequate and timely supplies of private-label merchandise would negatively impact proper inventory levels, sales and gross margin rates, and ultimately our results of operations.

In addition, even if our current manufacturers continue to manufacture our products, they may not maintain adequate controls with respect to product specifications and quality and may not continue to produce products that are consistent with our standards. If we were forced to rely on manufacturers who produce products of inferior quality, then our brand and customer satisfaction would likely suffer which would negatively impact our business. These manufacturers may also increase the cost to us of the products we purchase from them.

The United States Treasury Department has placed sanctions on China's Xinjiang Production and Construction Corporation ("XPCC") for serious human rights abuses against ethnic minorities in China's Xinjiang Uyghur Autonomous Region ("XUAR"). In addition, in January 2021, the US Customs Border Protection ("CBP") issued a Withhold Release Order on Products Made in Xinjiang region of China. In response to the problems in Xinjiang, we developed a Compliance Certificate of Traceability for our cotton vendors. Although we prohibit our vendors from doing business with XPCC, we could be subject to penalties, fines or sanctions and our brand could be harmed if any of the vendors from which we purchase product is found to have done business, directly or indirectly, with XPCC.

We work with a third-party audit vendor to ensure a responsible and ethical supply chain. We are and will continue to pursue our corporate responsibilities and create a positive effect on human rights as well as the environment. The Company publishes a Vendor Code of Conduct, which is a part of every agreement requiring compliance by the manufacturing facilities. If, despite third-party audits, the manufacturing facilities engage in workplace or human rights violations and we are unable to identify or correct it, it may negatively affect our business and harm our brand.

Our business is highly competitive, and competitive factors may reduce our revenues and profit margins.

The United States big & tall men's apparel market is highly competitive with many national and regional department stores, mass merchandisers, specialty apparel retailers, discount stores and online retailers offering a broad range of apparel products similar to the products that we sell. Besides retail competitors, we consider any manufacturer of big & tall men's merchandise operating in outlet malls throughout the United States to be a competitor. It is also possible that another competitor, either a mass merchant or a men's specialty store or specialty apparel catalog, could gain market share in big & tall men's apparel due to more favorable pricing, locations, brand and fashion assortment and size availability. Many of our competitors and potential competitors may have substantially greater financial, manufacturing and marketing resources than we do.

The presence in the marketplace of various fashion trends and the limited availability of shelf space also can affect competition. We may not be able to compete successfully with our competitors in the future and could lose market share. A significant loss of market share would adversely affect our revenues and results of operations.

In addition, we maintain exclusivity arrangements with several of the brands that we carry. If we were to lose any of these exclusivity arrangements or brands altogether, our revenues may be adversely affected.

Our business may be negatively impacted and we may be liable if third parties misappropriate proprietary information of our customers and breach our security systems.

We may be harmed by security risks we face in connection with our electronic processing and transmission of confidential customer information. The majority of our retail sales are settled through credit and debit card transactions. While our Board of Directors has a Cybersecurity and Data Privacy Committee to oversee the monitoring and management of cyber risk and data privacy for our Company, and we have not had any security breaches to date, any breach could expose us to risks of loss, litigation, and liability and could adversely affect our operations as well as cause our shoppers to stop shopping with us as a result of their lack of confidence in the security of their personally identifiable information, which could have a negative impact on our sales and profitability. We attempt to limit exposures to security breaches and sensitive customer data through the use of "tokenization" in connection with both in-store and online credit card transactions, which eliminates the storage of credit card numbers. Like many retailers, we have seen an increase in cyberattack attempts, predominantly through phishing and social engineering scams, and in particular, ransomware. While none of these attempts has been successful, there can be no assurance that our continued security measures will be effective or sufficient in the future. If third parties are able to penetrate our network security or otherwise misappropriate the personal information or credit card information of our customers or if third parties gain unauthorized and improper access to such information, we could be subject to liability. These liabilities could include claims for unauthorized purchases with credit card information, impersonation or other similar fraud claims, or claims for other misuses of personal information, including unauthorized marketing purposes, and could ultimately result in litigation. Liability for misappropriation of this information could be significant.

Further, if a third party were to use this proprietary customer information in order to compete with us, it could have a material adverse impact on our business and could result in litigation.

Our ability to operate and expand our business and to respond to changing business and economic conditions will depend on the availability of adequate capital.

The operation of our business, the rate of our expansion and our ability to respond to changing business and economic conditions, all depend on the availability of adequate capital, which in turn depends on cash flow generated by our business and, if necessary, the availability of equity or debt capital.

The amount that we are able to borrow and have outstanding under our credit facility at any given time is determined using an availability formula based on eligible assets. As a result, our ability to borrow is subject to certain risks and uncertainties, such as advance rates and the amount and quality of inventory, which could reduce the funds available to us under our credit facility. In addition, because of the disruptions in the supply chain, inventory levels may be lower than expected. This directly impacts our borrowing base and there can be no assurance that we can effectively manage the balance of maintaining inventory and sufficient availability, especially during peak selling periods.

We cannot make assurances that our cash flow from operations or cash available under our credit facility will be sufficient to meet our needs. If we are unable to generate sufficient cash flows from operations in the future, we may have to obtain additional financing. If we incur additional indebtedness, that indebtedness may contain significant financial and other covenants that may significantly restrict our operations and we cannot ensure we would be able to obtain refinancing or that such additional financing would be on favorable terms.

We may be unable to predict fashion trends and customer preferences successfully.

Customer tastes and fashion trends are volatile and tend to change rapidly. Our success depends in large part upon our ability to predict effectively and respond to changing fashion tastes and consumer demands and to translate market trends to appropriate saleable product offerings. If we are unable to predict or respond to changing styles or trends successfully and misjudge the market for products or any new product lines, our sales will be impacted and we may be faced with a substantial amount of unsold inventory or missed opportunities. In response, we may be forced to rely on additional markdowns or promotional sales to dispose of excess, slow-moving inventory, which would decrease our revenues and margins. In addition, the failure to satisfy consumer demand, specifically in our DXL stores and from our website, could have serious longer-term consequences, such as an adverse impact on our brand value and the loss of market share to our competitors.

The loss of any of our key trademarks or licenses could adversely affect demand for our products.

We own and use a number of trademarks and operate under several trademark license agreements. We believe that certain of these trademarks have significant value and are instrumental in our ability to create and sustain demand for and to market our products. We cannot be certain that these trademarks and licensing agreements will remain in effect and enforceable or that any license agreements, upon expiration, can be renewed on acceptable terms or at all. In addition, any future disputes concerning these trademarks and licenses may cause us to incur significant litigation costs or force us to suspend use of the disputed trademarks.

Fluctuations in the price, availability and quality of raw materials and finished goods could increase costs.

Due to the aftermath of the COVID-19 pandemic, as well as the ban of Xinjiang cotton, we are seeing cost increases in labor and across raw materials. We have secured raw materials in key item programs to reduce the impact on our gross margin. Fluctuations in the price, availability and quality of fabrics or other raw materials used in the manufacturing of our merchandise could have a material adverse effect on our gross margin or on our ability to meet our customers' demands. Several factors may affect our costs for raw materials including, among other things, demand, currency fluctuations, political instability, inflationary pressures, fuel prices and weather, including the impact of global climate change. To the extent that we cannot offset these cost increases with other cost reductions or efficiencies, such higher costs will need to be passed on to our customers. Such increased costs could lead to reduced customer demand, which could have a material adverse effect on our results of operations and cash flow.

If our long-lived assets become impaired, we may need to record significant non-cash impairment charges.

Periodically, we review our long-lived assets for impairment whenever economic events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Specifically, if an individual store location is unable to generate sufficient future cash flows, we may be required to record a partial or full impairment of that store's right-of-use assets and its property and equipment. In addition, significant negative industry or general economic trends, disruptions to our business and unexpected significant changes or planned changes in our use of the assets (such as store relocations or closures) may also result in impairment charges. Due to the uncertainty that remains regarding the duration of the pandemic and its impact on our store locations, we may need to take additional impairment charges. Any such impairment charges, if significant, could adversely affect our financial position and results of operations.

Risks Related To Environmental, Social And Governance Issues

The effects of climate change may adversely impact our business.

There is increasing concern that a gradual rise in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases ("GHG") in the atmosphere will cause significant changes in weather patterns. This could result in an increase in the frequency, severity, and duration of extreme weather conditions and natural disasters, as well as water scarcity and poor water quality. These events could adversely impact the availability and price of cotton and other raw materials, disrupt the supply chain and our ability to secure merchandise. Further, extreme weather conditions caused by climate change could negatively impact our financial results if our retail locations are unable to open, customers are unable to travel or our distribution center is unable to fulfill orders or delivery inventory. These events could also create adverse economic conditions and impact consumer confidence and discretionary spending. As a result, the effects of climate change could have a long-term adverse impact on our business and results of operations. We are working to develop policies, standards and goals to help mitigate these risks, including working closely with our vendors and business partners to help identify such risks, develop standards and improve processes.

We may be unable to achieve our environmental, social and governance goals.

We are committed to corporate social responsibility and sustainability and we recognize the importance of environmental, social and governance ("ESG") issues. Our Sustainability Committee, comprising a cross-discipline of corporate management, has engaged with a third-party firm to assist us in the development of the Company's ESG policies and initiatives. Achievement of our initiatives is subject to risks and uncertainties and we may fail to achieve our objectives. We may also incur additional costs and require additional resources to implement such policies and initiatives.

Our business is subject to evolving regulations and expectations with respect to ESG matters that may expose us to increased risks.

An increased focus by local, state, regional, national, and international regulatory bodies on GHG emissions and climate change issues increases the risk to our business if we are unable to comply with the multiple and evolving policy changes. For example, in March 2024, the SEC adopted rules to enhance and standardize climate-related disclosures by public companies so that there is more consistent, comparable, and reliable information about the financial effects of climate-related risks on a public company's operations

and how it manages those risks. In addition, in October 2023, California enacted the Climate Corporate Data Accountability Act and the Climate Related Financial Risk Act that will require large public and private companies that do business within the state to disclose their Scopes 1, 2, and 3 GHG emissions, with third-party assurance of GHG emissions information for certain entities, and issue public reports on their climate-related financial risk and related mitigation measures.

Investor advocacy groups, certain institutional investors, investment funds, other market participants, stockholders, and customers have focused increasingly on the ESG or sustainability practices of companies, including those associated with climate change. If our ESG practices do not meet investor or other industry stakeholder expectations and standards, which continue to evolve, our brand, reputation and employee retention may be negatively impacted based on an assessment of our ESG practices. Any disclosures we make may include our policies and practices on a variety of social and ethical matters, including corporate governance, environmental compliance, employee health and safety practices, human capital management, product quality, supply chain management, and workforce inclusion and diversity. It is possible that stakeholders may not be satisfied with our ESG practices or the speed of their adoption. We could also incur additional costs and require additional resources to monitor,

General Risks That May Affect Our Business

Our business is seasonal and is affected by general political and economic conditions.

Our business is seasonal. Historically, a significant portion of our operating income has been generated during our second and fourth quarters. If, for any reason, we miscalculate the demand for our products during these quarters, our sales in that quarter could decline, resulting in higher labor costs as a percentage of sales, lower margins and excess inventory, which could cause our annual operating results to suffer. Due to our seasonality, the possible adverse impact from such risks is potentially greater if any such risks occur during our second and fourth quarters.

In addition, our operations may be negatively affected by local, regional or national political and economic conditions, such as levels of disposable consumer income, inflation, consumer debt, interest rates, consumer confidence and other macro issues. The volatile political environment, including the upcoming U.S. presidential and congressional election in November 2024, increases the chance of other legislative and regulatory changes at both the federal and state level that could affect us in ways we cannot predict. In addition, about 46% of the world's population will be holding elections in 2024, the outcome of those elections may have long-term implications on global economies, conflicts, trade negotiations and policies that may directly or indirectly affect our business.

The global impact of the COVID-19 pandemic and its variants have had, and other global health pandemics may have, an adverse effect on our business, financial results, liquidity, supply chain and workforce.

The COVID-19 pandemic and its variants caused global uncertainty and disruption and had a material impact on our business, predominately in fiscal 2020 and early 2021. Through fiscal 2023, the pandemic continued to have a lingering negative effect on the global economy that directly impacted our business, specifically as it related to the economy, rising interest rates, labor shortages, increased material costs, global supply chain issues, inflationary pressures, and changes in consumer spending behaviors. Our business may be negatively impacted as it relates to the risk and uncertainty of a potential COVID-19 resurgence, new variants or a new global health pandemic which could materially affect our financial results, access to sources of liquidity and inventory.

Our success depends significantly on our key personnel and our ability to attract and retain additional personnel.

Our future success is dependent on the personal efforts, performance and abilities of our key management, which includes our executive officers as well as members of our senior management. The loss of any of our senior management may result in a loss of organizational focus, poor operating execution, an inability to identify and execute strategic initiatives, an impairment in our ability to identify new store locations, and an inability to consummate possible acquisitions. The competition is intense for the type of highly skilled individuals with relevant industry experience that we require and we may not be able to continue to attract and retain new employees of the caliber needed to achieve our objectives.

Labor shortages or increases in labor costs due to new regulations could harm our business.

Since the end of the pandemic, we have continued to experience labor shortages primarily in our distribution facility and in our stores. If such labor shortages continue, especially during peak-selling periods, it may negatively impact our ability to process inventory in a timely manner and effectively staff our stores. Because of the tight labor market our hourly rates have increased to attract candidates. If we are unable to pass on these higher costs through price increases or reduced workforce hours, our margins and profitability may be adversely impacted which could have a material adverse effect on our business, results of operations or financial condition.

Failure to comply with laws, rules and regulations could negatively affect our business operations and financial performance.

Our business is subject to federal, state, and increasing local rules and regulations, such as state and local wage and hour laws, the U.S. Foreign Corrupt Practices Act, the Employee Retirement Income Security Act ("ERISA"), securities laws, import and export laws (including customs regulations), privacy and information security regulations, unclaimed property laws, and many others. The effect of some of these laws and regulations may be to increase the cost of doing business and may have a material impact on our earnings. In addition, the complexity of the regulatory environment in which we operate and the related cost of compliance are both increasing due to legal and regulatory requirements and increased enforcement. We may also be subject to investigations or audits by governmental authorities and regulatory agencies, which can occur in the ordinary course of business or which can result from increased scrutiny from a particular agency towards an industry, country or practice. If we fail to comply with laws, rules and regulations or the manner in which they are interpreted or applied, we may be subject to government enforcement action, class action litigation or other litigation, damage to our reputation, civil and criminal liability, damages, fines and penalties, and increased cost of regulatory compliance, any of which could adversely affect our results of operations and financial performance.

Risks Related to Our Corporate Structure and Stock

Our stock price has been and will likely continue to be volatile and fluctuate substantially.

The market price of our common stock has been and will likely continue to fluctuate substantially as a result of many factors, some of which are beyond our control. For example, from September 8, 2021, when we relisted on the Nasdaq Global market, through February 2, 2024, the reported price of our common stock has ranged from a low of \$3.27 on July 1, 2022, to a high of \$8.99 on November 17, 2021. Factors that could cause fluctuations in the market price of our common stock include the following:

- overall changes in the economy and general market volatility, including the effects of inflation and/or recession;
- news announcements regarding our quarterly or annual results of operations;
- quarterly comparable sales;
- acquisitions;
- competitive developments;
- governmental regulation (such as increased wage and paid benefits laws);
- litigation affecting us; or
- market views as to the prospects of the Company or retail clothing industry generally.

Our certificate of incorporation, as amended, limits transfers of our common stock and may, along with state law, inhibit potential acquisition bids that could be beneficial to our stockholders.

Our certificate of incorporation, as amended, contains provisions that restrict any person or entity from attempting to purchase our stock, without prior permission from the Board of Directors, to the extent that such transfer would (i) create or result in an individual or entity becoming a five-percent stockholder of our stock, or (ii) increase the stock ownership percentage of any existing five-percent stockholder. These provisions provide that any transfer that violates such provisions shall be null and void and would require the purported transferee, upon demand by us, to transfer the shares that exceed the five percent limit to an agent designated by us for the purpose of conducting a sale of such excess shares. These provisions would make the acquisition of our Company more expensive to the acquirer and could significantly delay, discourage, or prevent third parties from acquiring our Company without the approval of our Board of Directors.

In addition, we are subject to certain provisions of Delaware law, which could also delay or make more difficult a merger, tender offer or proxy contest involving us. In particular, Section 203 of the Delaware General Corporation Law prohibits a Delaware corporation from engaging in certain business combinations with any interested stockholder for a period of three years unless specific conditions are met. In addition, certain provisions of Delaware law could have the effect of delaying, deferring or preventing a change in control of us, including, without limitation, discouraging a proxy contest or making more difficult the acquisition of a substantial block of our common stock. The provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

We recognize the critical importance of maintaining the trust and confidence of our customers and employees. Consequently, we maintain a comprehensive security incident response plan ("SIRP") and we assess, identify, and manage material risks associated with cybersecurity threats. Our SIRP includes immediate actions to mitigate the impact and long-term strategies for remediation and prevention of future incidents.

We have integrated cybersecurity risk management into our broader risk management framework through various mechanisms, including (i) our updates to the Cybersecurity and Data Privacy Committee (the "Cyber Committee", created by our Board of Directors (the "Board") in 2016), which meets at least quarterly; (ii) our annual enterprise risk management update to the Board, and (iii) our information technology and security related internal controls, including vulnerability management programs.

The Company trains employees to understand their role in attempting to protect the Company from cybersecurity attacks. Our information security training program for employees includes acknowledgement of our information security policies, regular internal communications, and testing to measure the effectiveness of our information security program. For example, we conduct regular phishing awareness campaigns designed to emulate current threats and provide immediate feedback and, as necessary, additional training or remedial action.

In addition, the Company engages third parties to assist in assessing, identifying, and remediating material risks from cybersecurity threats. Our key cybersecurity controls are regularly tested by third-party service providers, which we retain to help identify vulnerabilities in our systems and to help maintain compliance to standards and regulatory requirements. Other third-party service providers are enlisted by the Company for security operations center services to augment our teams' monitoring capabilities and to assist with our investigation and response to alerts on emerging and ongoing threats.

Further, our cybersecurity team continuously evaluates and addresses cybersecurity risks in alignment with our business objectives and operational needs. We use various security tools and processes to help prevent, identify, escalate, investigate, resolve and recover from identified vulnerabilities and security incidents in a timely manner, including, but not limited to, risk assessment network security controls, detection and response tools and a vulnerability management program.

The complexity and evolving nature of cybersecurity threats requires that we engage with a range of external experts, including cybersecurity assessors and consultants, in evaluating and testing our risk management systems. This enables us to leverage specialized knowledge and insights, to be confident that our cybersecurity strategies and processes are consistent with industry best practices. Our collaboration with these third-parties includes regular threat assessments and consultation on security enhancements.

In order to mitigate data or security incidents that may originate from third party vendors or suppliers, we conduct both privacy and security assessments to properly identify, prioritize, assess and remediate any third-party risks, and require security and privacy addenda to our contracts where applicable.

The nature of our business exposes us to cybersecurity threats and attacks that can lead to the unauthorized acquisition or access, compromise, loss, misuse or theft of our data, including personal information, confidential information or intellectual property. To date, risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected the Company, including our business strategy, results of operations, or financial condition. Also see Part 1, Item 1A, *Risk Factors*, in this Annual Report on Form 10-K for a discussion of cybersecurity risks.

Governance

Our Board is ultimately responsible for the risk oversight of the Company, including cybersecurity and privacy risks. Our Board has delegated day-to-day responsibility for oversight of cybersecurity risks to the Cyber Committee. The Cyber Committee is composed of board members with diverse expertise including risk management, technology, and finance, equipping them to oversee cybersecurity risks effectively.

Pursuant to its charter, our Cyber Committee:

- assists our Board in fulfilling its risk oversight responsibilities with respect to the protection of the Company's assets, including confidential, proprietary and personal information, reputation and goodwill in all forms;
- supervises and monitors the soundness of our cybersecurity and data protection strategies and practices;

- oversees and monitors our material compliance with applicable information security, privacy and data protection laws, industry standards and contractual requirements;
- promotes and furthers the integrity, adoption and coordination of our data security processes across the Company to help ensure that data and system security is a Company-wide business objective and priority; and
- oversees our cybersecurity and data protection performance and the overall implementation of our cybersecurity and data protection strategy.

At the management level, our Chief Technology Officer ("CTO"), SVP, Technology and Information as well as our cybersecurity personnel are primarily responsible for identifying, assessing, monitoring and managing our cybersecurity. Our CTO reports directly to our President and Chief Executive Officer and at least quarterly meets with the Cyber Committee. Our current CTO has over 35 years of industry experience, including serving as CIO/CTO for over 6 years and having extensive experience in developing and leading technology risk management programs. Additionally, our technology staff holds multiple industry standard security certifications, including Cisco Certified Network Associate ("CCNA"), PCI Internal Security Assessor ("PCI ISA") and Certified Ethical Hacker ("CEH").

Item 2. Properties

Our corporate offices and retail distribution center are located at 555 Turnpike Street in Canton, Massachusetts. The property consists of a 755,992 gross square foot building located on approximately 27.3 acres. We owned the property until January 30, 2006, at which time we entered into a sale-leaseback transaction, whereby we entered into a twenty-year lease agreement for an initial annual rent payment of \$4.6 million, with periodic increases every fifth anniversary of the lease.

As of February 3, 2024, we operated 232 Destination XL retail stores, 15 Destination XL outlet stores, 17 Casual Male XL retail stores and 19 Casual Male XL outlet stores. We lease all of these stores directly from owners of several different types of centers, including life-style centers, shopping centers, freestanding buildings, outlet centers and downtown locations. The store leases are generally 5 to 10 years in length and contain renewal options extending their terms by between 5 and 10 years. Following this discussion is a listing by state of all store locations open at February 3, 2024.

Sites for new stores are selected based on several factors, including population and density levels, the demographic profile of the area in which the site is located, the types of stores and other retailers in the area, the location of the store within the center and the attractiveness of the store layout. We also utilize financial models to project the profitability of each location using assumptions such as the center's sales per square foot averages, sales to invested capital ratio, and return on investment requirements.

Store count by state at February 3, 2024

<u>United States</u>	DXL retail and outlet stores	Casual Male XL retail and outlet stores
Alabama	2	1
Arizona	5	—
Arkansas	—	1
California	25	4
Colorado	3	—
Connecticut	3	—
Delaware	2	—
Florida	11	4
Georgia	4	2
Idaho	1	—
Illinois	11	1
Indiana	6	2
Iowa	3	—
Kansas	2	—
Kentucky	3	—
Louisiana	3	1
Maine	2	—
Maryland	6	2
Massachusetts	7	—
Michigan	13	1
Minnesota	3	—
Mississippi	1	1
Missouri	6	1
Montana	1	—
Nebraska	2	—
Nevada	3	—
New Hampshire	3	—
New Jersey	9	2
New Mexico	1	—
New York	18	1
North Carolina	4	1
North Dakota	1	—
Ohio	11	1
Oklahoma	2	—
Oregon	2	1
Pennsylvania	13	4
Rhode Island	1	—
South Carolina	4	—
South Dakota	1	—
Tennessee	7	—
Texas	24	3
Utah	1	—
Virginia	6	2
Washington	5	—
West Virginia	1	0
Wisconsin	5	—

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is listed for trading on the Nasdaq Global Market under the symbol "DXLG".

Holders

As of March 15, 2024, based upon data provided by the transfer agent for our common stock, there were approximately 75 holders of record of our common stock. The number of holders does not include individuals or entities who beneficially own shares but whose shares are held of record by a broker or clearing agent.

Issuer Purchases of Equity Securities

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. On November 15, 2023, the Board of Directors 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. Subsequent to the end of fiscal 2023, the stock repurchase program was completed.

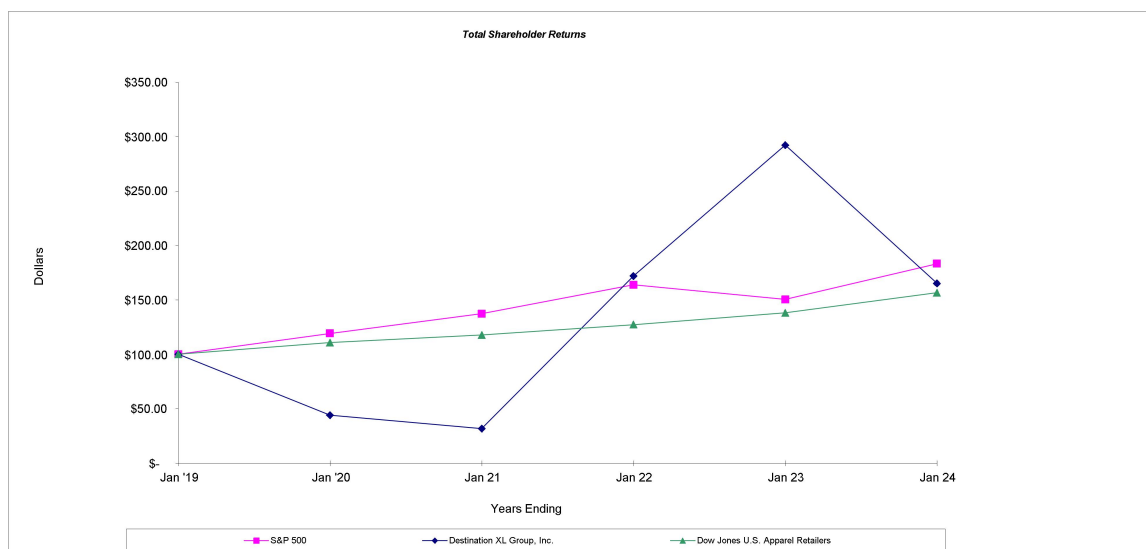
Stock repurchase activity during the three months ended February 3, 2024 was as follows:

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⁾
October 29, 2023 to November 25, 2023	—	\$ —	—	\$ 10,150,003
November 26, 2023 to December 30, 2023	1,207,271	\$ 4.12	1,207,271	\$ 5,172,641
December 31, 2023 to February 3, 2024	1,121,923	\$ 4.20	1,121,923	\$ 461,187
Total	<u>2,329,194</u>	<u>\$ 4.16</u>	<u>2,329,194</u>	<u>\$ 461,187</u>

(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 \$0.2 million as of February 3, 2024.

Stock Performance Graph

The following Performance Graph compares our cumulative stockholder return with a broad market index (Standard & Poor's 500) and one published industry index (Dow Jones U.S. Apparel Retailers) for each of the most recent five years ended January 31. The cumulative stockholder return for shares of our common stock ("DXLG") and each of the indices is calculated assuming that \$100 was invested on January 31, 2019. We paid no cash dividends during the periods shown. The performance of the indices is shown on a total return (dividends reinvested) basis. The graph lines merely connect January 31 of each year and do not reflect fluctuations between those dates. In addition, we have included a chart of the annual percentage return of our common stock, the S&P 500 and the Dow Jones U.S. Apparel Retailers.



Annual Return Percentage

Company/Index	Year ended				
	Jan 20	Jan 21	Jan 22	Jan 23	Jan 24
DXLG	(56.0 %)	(27.9 %)	441.3 %	70.0 %	(43.5 %)
S&P 500	19.2 %	15.2 %	19.3 %	(8.2 %)	21.8 %
Dow Jones U.S. Apparel Retailers	10.8 %	6.2 %	8.1 %	8.6 %	13.4 %

Indexed Returns

Company/Index	Base Period					
	Jan 19	Jan 20	Jan 21	Jan 22	Jan 23	Jan 24
DXLG	\$ 100	\$ 44.05	\$ 31.75	\$ 171.83	\$ 292.06	\$ 165.08
S&P 500	\$ 100	\$ 119.18	\$ 137.23	\$ 163.75	\$ 150.40	\$ 183.21
Dow Jones U.S. Apparel Retailers	\$ 100	\$ 110.85	\$ 117.75	\$ 127.23	\$ 138.11	\$ 156.55

The performance graph above shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section. This graph will not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 6. Reserved.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion and analysis of our financial condition and results of operations for fiscal 2023 as compared to fiscal 2022. Our Annual Report on Form 10-K for the year ended January 28, 2023 (fiscal 2022) includes a discussion and analysis of our financial condition and results of operations comparing fiscal 2022 to fiscal 2021 in Item 7 of Part II, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

As noted above in Part 1, this section also contains forward-looking statements that reflect the Company's plans, estimates and beliefs. The Company's actual results could materially differ from those discussed in these forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those discussed below and elsewhere in this report, particularly in "Risk Factors" and "Forward-Looking Statements." The following discussion and analysis of our financial condition and results of operations should be read in light of those risks and uncertainties and in conjunction with our accompanying Consolidated Financial Statements and Notes thereto.

Certain figures discussed below may not foot due to rounding.

Segment Reporting

We 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 integrated commerce approach. The Company's wholesale business was a third operating segment until the first quarter of fiscal 2022, when the Company ended its relationship with its primary wholesale customer. Due to the immateriality of the wholesale segment's revenues, profits and assets, its operating results were aggregated with the retail segment in fiscal 2022.

Comparable Sales and E-Commerce (Direct) Sales Definition

Our 2023 fiscal year included 53 weeks compared with 52 weeks in fiscal 2022. Accordingly, year-over-year comparisons of total sales for the fourth quarter and full year are affected by an extra week of sales in fiscal 2023. However, for comparable sales, the Company is reporting on a comparable weeks basis (i.e. the 14 and 53 weeks ended February 3, 2024 compared with the 14 and 53 weeks ended February 4, 2023, respectively).

Our customer's shopping experience continues to evolve across multiple channels and we are continually adapting to meet the customer'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 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 pick-up in a store or at curbside. We define store sales as sales that originate and are fulfilled directly at the store level. E-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, our Guest Engagement Center, or through a third-party marketplace.

Stores that have been open for 13 months are included in comparable sales. Stores that have been remodeled or re-located 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. 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.

Non-GAAP Measures

We monitor certain non-GAAP financial measures on a regular basis in order to track the progress of our business. These measures include free cash flow, adjusted net income, adjusted net income per share, adjusted EBITDA and adjusted EBITDA margin. We believe these measures provide helpful information with respect to the Company's operating performance and that the inclusion of these non-GAAP measures is important to assist investors in comparing our performance in fiscal 2023 to fiscal 2022. However, these measures may not be comparable to similar measures used by other companies and should not be considered superior to or as a substitute for net income, net income per diluted share or cash flow from operating activities in accordance with GAAP. See "Non-GAAP Reconciliations" below for additional information on these non-GAAP financial measures and reconciliations to comparable GAAP measures.

RESULTS OF OPERATIONS

Our fiscal year is a 52- or 53-week period ending on the Saturday closest to January 31. Fiscal 2023 was a 53-week period and fiscal 2022 was a 52-week period.

EXECUTIVE OVERVIEW

	Fiscal 2023 (in millions, except for percentage of sales and per share data)		Fiscal 2022	
Sales	\$	521.8	\$	545.8
Net income		27.9		89.1
Adjusted net income (Non-GAAP)		32.3		42.5
Adjusted EBITDA (Non-GAAP)		55.9		73.8
<i>Per diluted share:</i>				
Net income	\$	0.43	\$	1.33
Adjusted net income (Non-GAAP)	\$	0.50	\$	0.63
<i>As a percentage of sales:</i>				
Gross margin		48.4 %		49.9 %
SG&A expenses		37.7 %		36.4 %
Operating margin		8.0 %		10.7 %
Adjusted EBITDA margin (Non-GAAP)		10.7 %		13.5 %
<i>Liquidity:</i>				
Cash flow from operating activities	\$	49.6	\$	59.9
Free cash flow (Non-GAAP)	\$	32.2	\$	50.3

Fiscal 2023 proved to be a challenging year and our results fell short of our expectations. Our comparable sales for fiscal year 2023 decreased 4.6%, with comparable sales from our stores down 4.5% and our direct business down 4.8%. Despite the year-over-year decline in sales, fiscal 2023 proved to be the second highest year of sales in the history of our Company, only behind fiscal 2022. We were pleased with our operational discipline which allowed us to maintain a solid gross margin, manage our operating expenses, and generate net income of \$0.43 per diluted share and an adjusted EBITDA margin (a non-GAAP measure) of 10.7%.

Net income for fiscal 2023 of \$0.43 per diluted share included a non-recurring pretax charge of \$5.7 million recognized in connection with our decision to terminate our frozen retirement plans during fiscal 2023. Given the high interest rates, we saw this as an opportunistic use of excess cash to eliminate these variable liabilities. Net income for fiscal 2022 included a tax benefit of \$31.6 million, or \$0.47 per diluted shares, attributable to the release of substantially all of the valuation allowance against our deferred tax assets. Assuming a normalized tax rate of 27% for both fiscal years and adjusting for the loss from the retirement plan terminations, asset impairments (gains) and tax benefits or gains, if any, adjusted net income for fiscal 2023, was \$0.50 per diluted share as compared to adjusted net income of \$0.63 per diluted share for fiscal 2022.

We continued to strengthen our financial position in fiscal 2023, as we generated cash flow from operations of \$49.6 million and free cash flow of \$32.2 million. We used \$24.5 million of that free cash flow to repurchase 5.4 million shares of our common stock. We successfully managed our inventory levels, which were down 12.9% as compared to the end of fiscal 2022. We ended fiscal 2023 with cash and investments totaling \$60.0 million as compared to \$52.1 million at January 28, 2023. We had no borrowings under our credit facility during fiscal 2023 and at February 3, 2024 our availability under our credit facility was \$69.8 million. As we transition into fiscal 2024, we are focused on our long-term growth initiatives that we announced earlier in the year and are discussed above in Part I, Item 1, *Business Strategy*. Fiscal 2024 will be a year of investment and learning, but we feel strongly that the investments we are making in marketing, store expansion and digital are necessary to change the growth trajectory of our company and gain greater market share. We have selected creative and media agencies to help us curate and execute our vision and are planning a multi-channel campaign, with a multi-market test launch expected in early summer of 2024. We have also identified lease locations for another 8

DXL stores in addition to the three new stores we opened this year. Building stronger brand awareness is our overarching goal and we believe we need to invest in these initiatives to achieve that goal.

SALES

(in thousands)	Fiscal 2023			Fiscal 2022		
Store sales	\$	358,710	68.7%	\$	375,618	68.9%
Direct sales		163,105	31.3%		169,821	31.1%
Retail segment		521,815	100.0%		545,439	100.0%
Wholesale segment		—			399	
Total sales	\$	<u>521,815</u>		\$	<u>545,838</u>	

For fiscal 2023, total sales decreased 4.4% to \$521.8 million from \$545.8 million for fiscal 2022. Comparable sales decreased 4.6%, with stores down 4.5% and the direct business down 4.8%. During fiscal 2023, we saw a gradual slowdown in store traffic across all regions of the country as consumer spending continued to be negatively impacted by the economic uncertainty and inflationary pressures. The decrease in comparable sales was partially offset by sales for the 53rd week of \$7.1 million.

GROSS MARGIN

For fiscal 2023, gross margin, inclusive of occupancy costs, was 48.4% compared to 49.9% for fiscal 2022. The decrease of 150 basis points was due to a decrease in merchandise margins of 70 basis points and an 80 basis point increase in occupancy costs. The decrease in merchandise margin was due to cost pressures on certain private-label merchandise, increased direct-to-consumer shipping costs and costs related to our loyalty program. The 80 basis point increase in occupancy costs was due to a combination of the deleveraging of sales and increased rents as a result of lease extensions. For 2024, we expect our gross margin rate to experience some occupancy deleverage in the first half due to lower sales expectations and for the year we expect gross margin rates to be approximately 30 to 40-basis points lower than fiscal 2023.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses as a percentage of sales were 37.7% for fiscal 2023, as compared to 36.4% in fiscal 2022.

On a dollar basis, SG&A expenses decreased by \$2.3 million for fiscal 2023 as compared to fiscal 2022. The decrease was primarily due to a decrease in marketing costs and a decrease in performance-based incentive accruals, partially offset by an increase in payroll-related costs from new positions added in the past year to support our long-range growth initiatives and costs for the 53rd week of approximately \$2.7 million.

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 operating costs, represented 21.3% of sales for fiscal 2023 as compared to 20.8% of sales for fiscal 2022. Corporate Support Costs, which include the distribution center and corporate overhead costs, represented 16.4% of sales for fiscal 2023 as compared to 15.6% of sales for fiscal 2022. Marketing costs for fiscal 2023 were 5.9% of sales.

IMPAIRMENT (GAIN) OF ASSETS

Asset impairment charges primarily represent the write-down of operating lease right-of-use assets and the write-down of store property and equipment, where the carrying value exceeds fair value. In addition, any subsequent gains recognized in connection with a store closure related to a previously recorded operating lease right-of-use asset impairment will be included as an offset to impairment charges, with the remainder of the gain included as a reduction in store occupancy costs.

For fiscal 2023, the Company recorded a total asset impairment charge of \$0.1 million, which included a write-down for certain store property and equipment and operating lease right-of-use assets.

For fiscal 2022, the Company recorded a non-cash gain of \$0.6 million on the reduction of its operating lease liability in connection with its decision to close certain retail stores, which resulted in a revaluation of the lease liability. Of the total non-cash gain of \$0.6 million, \$0.4 million related to leases where the right-of-use assets had previously been impaired, and therefore was recorded as a reduction of the previously recorded impairment charge with the remaining \$0.2 million recorded as a reduction to occupancy costs.

The fiscal 2022 impairment gain of \$0.4 million was partially offset by a \$0.2 million impairment charge for the write-down of store property and equipment. The net gain of \$0.2 million is included as Impairment (Gain) of Assets on the Consolidated Statement of Operations for fiscal 2022.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for fiscal 2023 was \$13.8 million, as compared to \$15.4 million in fiscal 2022. Our depreciation expense decreased over the past few years, as many of our assets have become fully depreciated and we have had modest capital spending over the past several years.

LOSS FROM TERMINATION OF RETIREMENT PLANS

During fiscal 2023, we identified an opportunity to eliminate a variable liability by taking advantage of the high-interest rate environment and terminate the frozen pension plan and SERP. Through the purchase of nonparticipating annuities, we completed a final settlement of the SERP in the third quarter and a final settlement of the pension plan in the fourth quarter.

For fiscal 2023, we recognized a charge of \$5.7 million representing the recognition of the unrealized loss that was part of Accumulated Other Comprehensive Loss on the Consolidated Balance Sheet.

INTEREST INCOME/EXPENSE, NET

Net interest income for fiscal 2023 was \$2.1 million, as compared to net interest expense of \$0.3 million for fiscal 2022. We started investing excess cash in short-term, US government-backed investments in the fourth quarter of fiscal 2022, which generated a net interest income position in fiscal 2023. Interest costs for both fiscal years were immaterial because we had no outstanding debt and no borrowings under our credit facility during any 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.

Since the end of fiscal 2013, we had maintained a full valuation allowance against our deferred tax assets. During the second quarter of fiscal 2022, we determined that it was more likely than not that we would be able to realize the benefit of substantially all of our deferred tax assets in the United States. In reaching this determination, we considered the cumulative three years of profitability, our expectations regarding the generation of future taxable income as well as the overall improvement in our business and our current market position. As a result, in fiscal 2022, the valuation allowance against the Company's deferred tax assets decreased by \$47.6 million, of which \$31.6 million was recorded as a non-recurring tax benefit related to the release of the valuation allowance on deferred tax assets expected to be realized in future periods.

At February 3, 2024, we continued to provide a valuation allowance of \$2.2 million, primarily against certain state and foreign net operating losses ("NOLs").

Realization of our deferred tax assets, which relate principally to federal net operating loss carryforwards, of which approximately \$3.6 million will expire in fiscal 2037, is dependent on generating sufficient taxable income. In addition, there are \$39.9 million of federal net operating loss carryforwards that do not expire. For state income tax purposes, we have \$51.8 million of net operating losses that are available to offset future taxable income, the majority of which will expire from fiscal 2024 through fiscal 2045. The utilization of our NOLs reduces our taxable income and, as a result, we have minimal cash taxes.

For fiscal year 2023, the Company's effective tax rate was 27.4%. For fiscal 2022, we recorded an income tax benefit of \$30.8 million, which included a current income tax provision of \$0.8 million, primarily related to income tax in states with statutory limitations on the usage of NOLs, and a non-recurring tax benefit of \$31.6 million related to the release of the valuation allowance against the deferred tax assets. See Note F to the Consolidated Financial Statements.

NET INCOME

Net income for fiscal 2023 was \$27.9 million, or \$0.43 per diluted share, as compared to a net income for fiscal 2022 of \$89.1 million, or \$1.33 per diluted share.

Net income for fiscal year 2023 included net income for the 53rd week, which was approximately \$1.2 million, and also included a loss from the termination of retirement plans of \$5.7 million.

Net income for fiscal 2022 included the reversal of \$31.6 million, or \$0.47 per diluted share, of our deferred tax asset valuation allowance.

On a non-GAAP basis, assuming a normalized tax rate of 27% and adjusting for the loss from the termination of the retirement plans, actual income tax provision (benefit) and asset impairment (gain), if any, adjusted net income for fiscal year 2023 was \$32.3 million, or \$0.50 per diluted share, as compared to adjusted net income of \$42.5 million, or \$0.63 per diluted share for fiscal 2022.

SEASONALITY

A comparison of sales in each quarter of the past two fiscal years is presented below. The amounts shown are also not necessarily indicative of actual trends, because such amounts also reflect the addition of new stores and the remodeling and closing of other stores during these periods. Consistent with the retail apparel industry, our business is seasonal. (Certain columns may not foot due to rounding.)

<i>(in millions, except percentages)</i>	Fiscal 2023		Fiscal 2022		
First quarter	\$	125.4	24.0 %	\$ 127.7	23.4 %
Second quarter	\$	140.0	26.8 %	144.6	26.5 %
Third quarter	\$	119.2	22.8 %	129.7	23.8 %
Fourth quarter	\$	137.1	26.3 %	143.9	26.4 %
	\$	521.8	100.0 %	\$ 545.8	100.0 %

EFFECTS OF INFLATION

During fiscal 2023, we continued to see the effect of inflationary pressures on raw materials, services and labor. While there seems to be improvement, we cannot be certain of the effect inflation (or deflation) may have on our results of operations in the future.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are our cash and cash equivalents, cash generated from operations and availability under our credit facility, which is discussed below. We believe these sources of liquidity will be sufficient to fund our working capital requirements, commitments, capital expenditures and our stock repurchase program. 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, 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. We also believe that cash flows from operating activities and cash on hand will be sufficient to satisfy our capital requirements in the longer-term, however, 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.

At February 3, 2024 our material contractual obligations primarily consisted of our operating lease obligations, as disclosed in Note E, *Leases*, to the Consolidated Financial Statements. In addition to our lease obligations, at February 3, 2024, we were also contractually committed pursuant to a merchandise purchase obligation to meet minimum purchases of \$10.0 million annually through fiscal 2028.

The following table sets forth financial data regarding our liquidity position at the end of the past two fiscal years:

<i>(in millions)</i>	Fiscal 2023		Fiscal 2022	
Cash flow from operating activities	\$	49.6	\$	59.9
Capital expenditures		(17.4)		(9.6)
Free Cash Flow (Non-GAAP)	\$	32.2	\$	50.3
Cash, cash equivalents and short-term investments, at year end	\$	60.0	\$	52.1
Total debt, net of unamortized debt issuance costs	\$	-	\$	-
Unused excess availability under Credit Facility	\$	69.8	\$	78.4

For fiscal 2023, cash flow from operations decreased to \$49.6 million as compared to \$59.9 million for fiscal 2022. Free cash flow, a non-GAAP measure, decreased to \$32.2 million for fiscal 2023 as compared to \$50.3 million for fiscal 2022. The decrease in free cash flow was due primarily to a decrease in operating income and an increase in capital expenditures.

Cash flow used for investing activities increased by \$39.5 million for fiscal 2023 as compared fiscal 2022, primarily due to the purchase of short-term investments, net of maturities, of \$31.9 million and an increase in capital expenditures of \$7.8 million.

Cash flow used for financing activities for fiscal 2023 and fiscal 2022 of \$24.9 million and \$13.7 million, respectively, was primarily for the repurchase of our common stock.

Credit Facility

On October 28, 2021, we entered into 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 "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 under the Credit Facility bear interest at either a Base Rate 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 had no outstanding borrowings under the Credit Facility at February 3, 2024. At February 3, 2024, outstanding standby letters of credit were \$4.3 million and outstanding documentary letters were credit of \$1.0 million. The Credit Facility was not utilized during the year, resulting in average unused excess availability during fiscal 2022 of \$84.5 million. Unused excess availability at February 3, 2024 was \$69.8 million. Our obligations under the Credit Facility are secured by a lien on substantially all of our assets. The Company was subject to an unused line fee of 0.25% of the total commitment less average outstanding letters of credit.

Our Credit Facility is described in more detail in Note D to the Consolidated Financial Statements.

Stock Repurchase Program

In March 2023, our Board of Directors approved a stock repurchase program. Under the stock repurchase program, we were initially authorized to repurchase up to \$15.0 million of its common stock through open market and privately negotiated transactions. In November 2023, 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.

During fiscal 2023, we repurchased 5.4 million shares at a total cost, including fees, of \$24.5 million. Shares of repurchased common stock are held as treasury stock. The stock repurchase program was completed subsequent to the end of the fiscal year.

INVENTORY

At February 3, 2024, total inventories decreased to \$81.0 million from \$93.0 million at January 28, 2023. Inventory at February 3, 2024 was approximately 12.9% lower than the prior year. Managing our inventory remains a primary focus for us as we strive to be efficient with our working capital. Based on the unfavorable sales trends we started to see in March 2023, we began taking proactive measures to manage our inventory and adjust our receipt plan. At February 3, 2024, our clearance inventory was 9.5% of our inventory, as compared to 7.9% at January 28, 2023, and below our historical benchmark of approximately 10.0%. Since 2019, we have reduced our inventory by 21% and improved our inventory turnover rate by over 30%. Given the ongoing macro-economic concerns around inflation and consumer spending, managing our inventory will remain a primary focus for us in fiscal 2024.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements as defined by 303(a)(4) of Regulation S-K.

CAPITAL EXPENDITURES

The following table sets forth the open stores and related square footage at February 3, 2024 and January 28, 2023 respectively:

Store Concept (square footage in thousands)	At February 3, 2024		At January 28, 2023	
	Number of Stores	Square Footage	Number of Stores	Square Footage
DXL Retail	232	1,725	218	1,663
DXL Outlet	15	76	16	80
Casual Male XL Retail	17	55	28	92
Casual Male XL Outlet	19	57	19	57
Total Stores	283	1,913	281	1,892

During fiscal 2023, we opened three new DXL stores, we completed the conversion of 11 Casual Male stores to the DXL store format, completed the remodel of one existing DXL store and closed one DXL outlet. Below is a summary of the store activity from January 28, 2023 to February 3, 2024:

Number of Stores:	DXL Retail	DXL Outlet	Casual Male XL Retail	Casual Male XL Outlet	Total Stores
At January 28, 2023	218	16	28	19	281
New stores	3	—	—	—	3
Conversion in place	11	—	(11)	—	—
Closed retail stores	—	(1)	—	—	(1)
At February 3, 2024	232	15	17	19	283

Our capital expenditures for fiscal 2023 were \$17.4 million, as compared to \$9.6 million in fiscal 2022. The capital expenditures for fiscal 2023 primarily related to stores, information technology projects, distribution center and facilities.

We believe that our store portfolio is a vital asset to our business strategy and we expect to invest in stores over the next several years as we strengthen the store portfolio. 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. For fiscal 2024, our plan is to open 8 new stores, convert 5 of our remaining Casual Male XL stores to DXL stores and remodel 5 of our existing DXL stores. We expect our capital expenditures to range from \$22.0 million to \$25.0 million in fiscal 2024.

Non-GAAP Reconciliations

We monitor certain non-GAAP financial measures on a regular basis in order to track the progress of our business, including the measures below. We believe these measures provide helpful information with respect to the Company's operating performance to shareholders, investors and analysts, and that the inclusion of these non-GAAP measures is important to assist investors in comparing our performance in fiscal 2023 to fiscal 2022, on a comparable basis. However, these measures may not be comparable to similar measures used by other companies and should not be considered superior to or as a substitute for operating net income, net income per diluted share or cash flows from operating activities in accordance with GAAP. (Certain amounts in the following tables may not foot due to rounding.)

Free Cash Flow

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 maintain liquidity while supporting its capital projects and new store growth. We calculate free cash flow as cash flow provided by operating activities less capital expenditures. Free cash flow excludes the mandatory and discretionary repayment of debt. The following table provides a reconciliation of free cash flow:

<i>(in millions)</i>	Fiscal 2023	Fiscal 2022
Cash flow from operating activities (GAAP)	\$ 49.6	\$ 59.9
Capital expenditures	(17.4)	(9.6)
Free cash flow (non-GAAP)	<u>\$ 32.2</u>	<u>\$ 50.3</u>

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. The following table is a reconciliation of net income on a GAAP basis to adjusted net income, on a non-GAAP basis, for each fiscal year:

	Fiscal 2023		Fiscal 2022	
	\$	Per diluted share	\$	Per diluted share
<i>(in thousands, except per share data)</i>				
Net income (GAAP basis)	\$ 27.9	\$ 0.43	\$ 89.1	\$ 1.33
Adjust:				
Loss from termination of retirement plans	5.7		—	
Impairment (gain) of assets	0.1		(0.2)	
Add back actual income tax provision (benefit)	10.5		(30.8)	
Income tax provision, assuming normal tax rate of 27%	(11.9)		(15.7)	
Adjusted net income, non-GAAP basis	<u>\$ 32.3</u>	<u>\$ 0.50</u>	<u>\$ 42.5</u>	<u>\$ 0.63</u>
Weighted average number of common shares outstanding on a diluted basis		64.3		66.9

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and adjusted EBITDA margin are presented because we believe that these measures are useful to investors in evaluating our performance. Management uses adjusted EBITDA as a key metric to measure profitability and economic productivity. Adjusted EBITDA is calculated as earnings before interest, taxes, depreciation and amortization and before any impairment (gain) of assets and the loss on termination of retirement plans. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by sales.

The following table is a reconciliation of net income on a GAAP basis to adjusted EBITDA and adjusted EBITDA margin, on a non-GAAP basis, for each fiscal year:

	Fiscal 2023		Fiscal 2022	
	\$		\$	
<i>(in thousands, except percentages)</i>				
Net income, on a GAAP basis	\$ 27.9		\$ 89.1	
Add back:				
Impairment (gain) of assets	0.1		(0.2)	
Loss on termination of retirement plans	5.7		—	
Provision (benefit) for income taxes	10.5		(30.8)	
Interest (income) expense, net	(2.1)		0.3	
Depreciation and amortization	13.8		15.4	
Adjusted EBITDA, on a non-GAAP basis	<u>\$ 55.9</u>		<u>\$ 73.8</u>	
Sales	\$ 521.8		\$ 545.8	
Adjusted EBITDA margin, on a non-GAAP basis:		10.7%		13.5%

CRITICAL ACCOUNTING POLICIES; USE OF ESTIMATES

Our financial statements are based on the application of significant accounting policies, many of which require our management to make significant estimates and assumptions (see Note A to the Consolidated Financial Statements). We believe that the following items involve some of the more critical judgments in the application of accounting policies that currently affect our financial condition and results of operations.

Long-Term Incentive Plans

Stock awards are primarily granted pursuant to our Long-Term Incentive Plans ("LTIPs"). During fiscal 2023, we had three active LTIPs: the 2021-2023 LTIP, the 2022-2024 LTIP and the 2023-2025 LTIP. See Note H to the Consolidated Financial Statements for additional discussion of our LTIPs. Awards under each LTIP consist of 50% time-based awards and 50% performance-based awards. All time-based awards are amortized over each LTIP's respective vesting periods.

The performance-based component of each LTIP is a dollar-denominated award, settled in a variable number of equity awards and/or cash awards. Any award will only be granted if such performance targets are achieved. Accordingly, each quarter the Company

reviews its expected achievement against such performance targets to assess whether an accrual is necessary. The performance metric for each of these LTIPs is a three-year total shareholder return against peers. As such, the accruals are based on projections that extend beyond a year and are subject to change quarter to quarter based on actual performance. All accruals are recorded as a liability. If performance targets are achieved and equity awards are granted, the related cost of those awards will be reclassified from the accrual to stock-based compensation on grant date.

The performance targets under the 2021-2023 LTIP were achieved at the end of fiscal 2023. Awards granted pursuant to this achievement will be subject to further vesting through August 31, 2024. Accordingly, at February 3, 2024, \$2.5 million of the expected \$3.0 million award was accrued. With respect to the performance-based component of the 2022-2024 LTIP and the 2023-2025 LTIP, which approximate \$2.4 million and \$2.5 million, respectively, at target, awards will be granted at the end of the respective performance period if the performance targets are achieved. Through the end of fiscal 2023, we accrued approximately \$1.6 million for performance under the 2022-2024 LTIP, and there was no accrual for performance under the 2023-2025 LTIP.

Impairment of Long-Lived Assets

We evaluate property and equipment and operating lease right-of-use assets for impairment when facts and circumstances indicate that the carrying values of such assets may not be recoverable. Our judgment regarding the identification of impairment indicators is based on operational performance at the store level. Factors considered by us 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. We will recognize an impairment when the undiscounted cash flow estimated to be generated by those assets is less than the assets' carrying amount. If actual market conditions are less favorable than management's projections, future write-offs may be necessary. 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.

In addition, any subsequent gains recognized in connection with a store closure related to a previously recorded operating lease right-of-use asset impairment will be included as an offset to impairment charges, with the remainder of the gain included as a reduction in store occupancy costs. See Note A to the Consolidated Financial Statements.

For fiscal 2023 and fiscal 2022, we recorded an impairment charge (gain) of \$0.1 million and \$(0.2) million, respectively, within Impairment (Gain) of Assets on the Consolidated Statements of Operations.

RECENT ACCOUNTING PRONOUNCEMENTS

We have reviewed accounting pronouncements and interpretations thereof that have effective dates during the periods reported and in future periods. See Note A to the Consolidated Financial Statements included in this report for information on recent accounting pronouncements and the impact of impending standards on our future filings.

Item 7A. 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.

Interest Rates

Our exposure to market risk for changes in interest rates relates primarily to our investments, which consists of cash equivalents and short-term investments at February 3, 2024. The primary objective of our investment activities is to preserve principal. This is accomplished by investing in money market accounts and U.S. treasury bills. We do not use derivative financial instruments. Due to the nature of our investments, we do not expect our operating results or cash flows to be affected to any significant degree by any change in market interest rates.

At February 3, 2024, approximately \$6.0 million of our cash equivalents were invested in U.S. treasury bills and \$17.2 million in money market accounts. At February 3, 2024, we also had \$32.5 million in short-term investments, invested in U.S. treasury bills.

During fiscal 2023, we utilized cash from operations to fund our working capital needs. We have a Credit Facility that can also be used, if needed. The Credit Facility is not used for trading or speculative purposes. In addition, under our Credit Facility we have available letters of credit as sources of financing for our working capital requirements. Borrowings under the Credit Facility, which expires October 28, 2026, bear interest at variable rates based on the prime rate or Daily Simple SOFR rate, as defined in the Credit Agreement. At February 3, 2024, we had no outstanding borrowings under the Credit Facility.

Item 8. Financial Statements and Supplementary Data

DESTINATION XL GROUP, INC.

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<u>KPMG LLP</u>	
<u>,</u>	
<u>Boston, MA</u>	
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Destination XL Group, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Destination XL Group, Inc. and subsidiaries (the Company) as of February 3, 2024 and January 28, 2023, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity (deficit), and cash flows for each of the fiscal years in the three-year period ended February 3, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of February 3, 2024 and January 28, 2023, and the results of its operations and its cash flows for each of the fiscal years in the three-year period ended February 3, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of February 3, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 21, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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

Impairment of long-lived store assets

As discussed in Note A to the consolidated financial statements, 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. At February 3, 2024, the Company had property and equipment and operating lease right-of-use assets of \$43.2 million and \$138.1 million, respectively.

We identified the assessment of impairment triggering events related to long-lived store assets, specifically property and equipment and operating lease right-of-use assets, as a critical audit matter. A high degree of auditor judgment was required to evaluate the Company's assessment of (1) stores with current period operating or cash flow losses, and (2) underperforming stores based on current period operating or cash flow results relative to their respective historical results.

The following are the primary procedures we performed to address the critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's process of identifying and evaluating potential

impairment triggering events. This included a control related to the Company's assessment of (1) stores with current period operating or cash flow losses, and (2) underperforming stores relative to historical operating results. For certain stores, we evaluated the Company's analysis of potential impairment triggering events by comparing actual operating and cash flow results to historical results and the remaining net book value of store assets. We also reviewed Board of Directors' meeting minutes and available analyst information to assess the Company's identification and evaluation of potential triggering events.

/s/ KPMG LLP

We have served as the Company's auditor since 2013.

Boston, Massachusetts
March 21, 2024

DESTINATION XL GROUP, INC.
CONSOLIDATED BALANCE SHEETS
February 3, 2024 and January 28, 2023
(In thousands, except share data)

	February 3, 2024 (Fiscal 2023)	January 28, 2023 (Fiscal 2022)
ASSETS		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 27,590	\$ 52,074
Short-term investments	32,459	—
Accounts receivable	3,920	1,720
Inventories	80,968	93,004
Prepaid expenses and other current assets	8,308	7,214
Total current assets	153,245	154,012
<i>Noncurrent assets:</i>		
Property and equipment, net of accumulated depreciation and amortization	43,238	39,062
Operating lease right-of-use assets	138,118	124,356
Deferred income taxes, net of valuation allowance	21,533	31,455
Intangible assets	1,150	1,150
Other assets	457	563
Total assets	\$ 357,741	\$ 350,598
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Current liabilities:</i>		
Accounts payable	\$ 17,353	\$ 27,548
Accrued expenses and other current liabilities	35,302	36,875
Operating leases, current	37,221	37,329
Total current liabilities	89,876	101,752

Long-term liabilities:

Operating leases, noncurrent	117,316	106,912
Other long-term liabilities	1,596	4,706
Total long-term liabilities	118,912	111,618

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,		
79,033,378		
and		
78,229,861	790	782
shares issued at February 3, 2024 and January 28, 2023, respectively		
Additional paid-in capital	325,202	321,516
Treasury stock at cost,		
21,041,661		
shares and	(	(
15,625,172	130,137	105,386
shares at February 3, 2024 and January 28, 2023, respectively	)	)
Accumulated deficit	46,902	74,756
Accumulated other comprehensive loss	-	4,928
Total stockholders' equity	148,953	137,228

Total liabilities and stockholders' equity	\$ 357,741	\$ 350,598
--	------------	------------

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

DESTINATION XL GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the fiscal years ended February 3, 2024, January 28, 2023 and January 29, 2022
(In thousands, except per share data)

	February 3, 2024 (Fiscal 2023)	January 28, 2023 (Fiscal 2022)	January 29, 2022 (Fiscal 2021)
Sales	\$ 521,815	\$ 545,838	\$ 505,021
Cost of goods sold, including occupancy costs	269,393	273,240	255,197
Gross profit	252,422	272,598	249,824
Expenses:			
Selling, general and administrative	196,529	198,790	172,962
Impairment (gain) of assets	116	(159)	(2,344)
Depreciation and amortization	13,833	15,381	17,226
Total expenses	210,478	214,012	187,844
Operating income	41,944	58,586	61,980
Loss from termination of retirement plans	(5,690)	—	—
Interest income (expense), net	2,137	(251)	(4,350)
Income before provision (benefit) for income taxes	38,391	58,335	57,630
Provision (benefit) for income taxes	10,537	(30,788)	917
Net income	\$ 27,854	\$ 89,123	\$ 56,713
Net income per share - basic	\$ 0.46	\$ 1.42	\$ 0.89
Net income per share - diluted	\$ 0.43	\$ 1.33	\$ 0.83
Weighted-average number of common shares outstanding:			

Basic	61,018	62,825	63,401
Diluted	64,305	66,890	68,031

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

DESTINATION XL GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the fiscal years ended February 3, 2024, January 28, 2023 and January 29, 2022
(In thousands)

	February 3, 2024 (Fiscal 2023)	January 28, 2023 (Fiscal 2022)	January 29, 2022 (Fiscal 2021)
Net income	\$ 27,854	\$ 89,123	\$ 56,713
Other comprehensive income (loss) before taxes:			
Recognition of accumulated foreign currency translation adjustment	—	66	—
		(	(
Foreign currency translation	—	7	62
	(	)	)
Retirement plans	167	704	758
	)		
Recognized loss from termination of retirement plans	5,690	—	—
Other comprehensive income before taxes	5,523	763	696
	(	(	
Tax provision related to items of other comprehensive income	595	166	—
	)	)	
Other comprehensive income, net of tax	4,928	597	696
Comprehensive income	\$ 32,782	\$ 89,720	\$ 57,409

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

DESTINATION XL GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
For the fiscal years ended February 3, 2024, January 28, 2023 and January 29, 2022
(In thousands)

	Common Stock Shares	Amounts	Additional Paid-in Capital	Treasury Stock Shares	Amounts	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
				(	(	(	(	(
Balance at January 30, 2021	64,656	647	314,747	12,755	92,658	220,592	6,221	4,077
		\$	\$	)	\$	\$	\$	\$
Issuance of common stock through private direct offering, net of offering costs	11,111	111	4,264	—	—	—	—	4,375
Stock compensation expense	—	—	1,229	—	—	—	—	1,229
			(					
Issuance of common stock, upon RSUs and PSUs release	788	8	8	—	—	—	—	—
			)					
Exercise of stock options	522	5	771	—	—	—	—	776
	(	(	(					(
Shares withheld for taxes related to net share settlement	285	3	1,864	—	—	—	—	1,867
	)	)	)					)
Board of directors' compensation	233	2	372	—	—	—	—	374
Accumulated other comprehensive income (loss):								
Unrecognized gain associated with Pension Plan	—	—	—	—	—	—	758	758
							(	(
Foreign currency	—	—	—	—	—	—	62	62
							)	)
Net income	—	—	—	—	—	56,713	—	56,713
				(	(	(	(	
Balance at January 29, 2022	77,025	770	319,511	12,755	92,658	163,879	5,525	58,219
		\$	\$	)	\$	\$	\$	\$
Stock compensation expense	—	—	1,384	—	—	—	—	1,384
RSUs granted for achievement of performance-based compensation, reclassified from liability to equity	—	—	1,138	—	—	—	—	1,138
			(					
Issuance of common stock, upon RSUs release	584	6	6	—	—	—	—	—
			)					

	907	9	830					839
Exercise of stock options				—	—	—	—	
	(	(	(					(
	390	4	1,841					1,845
Shares withheld for taxes related to net share settlement	)	)	)	—	—	—	—	)
				(	(			(
				2,870	12,728			12,728
Repurchase of common stock	—	—	—	)	)	—	—	)
	104	1	500					501
Board of directors' compensation				—	—	—	—	
Accumulated other comprehensive income (loss):								
							538	538
Unrecognized gain associated with Pension Plan, net of taxes	—	—	—	—	—	—	(	(
							7	7
Foreign currency, net of taxes	—	—	—	—	—	—	)	)
							66	66
Recognition of accumulated foreign currency translation adjustment (Note A)	—	—	—	—	—	—		
						89,123		89,123
Net income	—	—	—	—	—		—	
				(	(	(	(	
	78,230	782	321,516	15,625	105,386	74,756	4,928	137,228
Balance at January 28, 2023	<u>78,230</u>	<u>\$ 782</u>	<u>\$ 321,516</u>	<u>15,625</u>	<u>\$ 105,386</u>	<u>\$ 74,756</u>	<u>\$ 4,928</u>	<u>\$ 137,228</u>
			2,496					2,496
Stock compensation expense	—	—		—	—	—	—	
			1,146					1,146
RSUs granted for achievement of performance-based compensation, reclassified from liability to equity	—	—		—	—	—	—	
			(					
	538	5	5					
Issuance of common stock, upon RSUs release			)	—	—	—	—	—
	329	3	365					368
Exercise of stock options				—	—	—	—	
	(	(	(					(
	153	1	758					759
Shares withheld for taxes related to net share settlement	)	)	)	—	—	—	—	)
				(	(			(
				5,416	24,751			24,751
Repurchase of common stock	—	—	—	)	)	—	—	)
	89	1	442					443
Board of directors' compensation				—	—	—	—	
							4,928	4,928
Other comprehensive income	—	—	—	—	—	—		

DESTINATION XL GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the fiscal years ended February 3, 2024, January 28, 2023 and January 29, 2022
(In thousands)

	February 3, 2024 (Fiscal 2023)	January 28, 2023 (Fiscal 2022)	January 29, 2022 (Fiscal 2021)
Cash flows from operating activities:			
Net income	\$ 27,854	\$ 89,123	\$ 56,713
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from retirement plan terminations	5,690	—	—
Recognition of accumulated foreign currency translation adjustment	—	66	—
Amortization and write-off of deferred debt issuance costs	77	76	1,179
Impairment (gain) of assets	116	(159)	(2,344)
Depreciation and amortization	13,833	15,381	17,226
Gain on sale of equipment	(107)	—	—
Deferred taxes, net of valuation allowance	9,329	(31,624)	—
Stock compensation expense	2,496	1,384	1,229
Board of directors' stock compensation	443	501	374
Changes in operating assets and liabilities:			
Accounts receivable	(2,786)	390	4,306
Inventories	12,036	(11,240)	3,264
Prepaid expenses and other current assets	(1,094)	599	(2,926)
Other assets	29	(80)	407
Accounts payable	(10,195)	2,383	(1,926)
Operating leases, net	(3,563)	(7,510)	(14,959)
Accrued expenses and other liabilities	(4,564)	1,852	12,998

	49,594	59,944	75,541
Net cash provided by operating activities			
Cash flows from investing activities:			
	(	(	(
Additions to property and equipment, net	17,418)	9,642)	5,272)
	145	—	—
Proceeds from sale of equipment	(		
Purchase of short-term investments	79,883)	—	—
	48,010	—	—
Maturity of short-term investments	(	(	(
Net cash used for investing activities	49,146)	9,642)	5,272)
Cash flows from financing activities:			
	(	(	
Repurchase of common stock	24,541)	12,728)	—
Proceeds from issuance of common stock from private direct offering, net of offering costs	—	—	4,375
			17,500
Proceeds from new FILO loan	—	—	(
Repayment of FILO loans	—	—	32,500)
			40,297
Borrowings under credit facility	—	—	(
Repayments under credit facility	—	—	100,030)
			(
Debt extinguishment costs	—	—	1,111)
			(
Debt issuance costs	—	—	1,200)
	368	839	776
Proceeds from the exercise of stock options	(	(	(
Tax withholdings paid related to net share settlements	759)	1,845)	1,867)
	(	(	(
Net cash used for financing activities	24,932)	13,734)	73,760)
	(		(
Net increase (decrease) in cash and cash equivalents	24,484)	36,568	3,491)
Cash and cash equivalents:			
Beginning of period	52,074	15,506	18,997

End of period	\$ 27,590	\$ 52,074	\$ 15,506
	<u> </u>	<u> </u>	<u> </u>

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

DESTINATION XL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 3, 2024

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Destination XL Group, Inc. (collectively with its subsidiaries referred to as the "Company") is the largest specialty retailer in the United States of big & tall men's clothing and shoes. The Company operates under the trade names of Destination XL®, DXL®, DXL Men's Apparel, DXL Outlets®, Casual Male XL® and Casual Male XL Outlets. At February 3, 2024, the Company operated

232

DXL stores,

17

Casual Male XL stores,

19

Casual Male XL outlets and

15

DXL outlets located throughout the United States, including an e-commerce site, www.dxl.com, and a mobile app.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts, transactions and profits are eliminated.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates.

Segment Reporting

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 integrated commerce business approach.

Fiscal Year

The Company's fiscal year is a 52-week or 53-week period ending on the Saturday closest to January 31. Fiscal 2023 was a 53-week period which ended on February 3, 2024. Fiscal 2022 and fiscal 2021 were each 52-week periods, which ended on January 28, 2023, January 29, 2022, respectively.

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 our cash and cash equivalents balances. In addition, its cash and cash equivalents and short-term investments include money market accounts with Citizens Bank, N.A. and investments in U.S. government-backed securities.

Accounts Receivable

Accounts receivable primarily include amounts due for rebates from certain vendors. For fiscal 2023, fiscal 2022 and fiscal 2021, the Company did not incur any losses on its accounts receivable.

Fair Value of Financial Instruments

Accounting Standards Codification ("ASC") Topic 825, *Financial Instruments*, requires disclosure of the fair value of certain financial instruments. The carrying amounts of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. See Note K - *Fair Value Measurement* for information regarding the fair value of certain financial assets.

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 asset 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.

Stores that have indicators of impairment and fail the recoverability test (based on undiscounted cash flows) are measured for impairment by comparing the fair value of the assets against their carrying value. Fair value of the assets is estimated using a projected discounted cash flow analysis and is classified within Level 3 of the valuation hierarchy. See *Impairment of Long-Lived Assets* below.

Inventories

All inventories are valued at the lower of cost or market, using a weighted-average cost method.

Property and Equipment

Property and equipment are stated at cost. Major additions and improvements are capitalized while repairs and maintenance are charged to expense as incurred. Upon retirement or other disposition, the cost and related accumulated depreciation of the assets are removed from the accounts and the resulting gain or loss, if any, is reflected in the results of operations. Depreciation is computed on the straight-line method over the assets' estimated useful lives as follows:

	Five to
	ten years
Furniture and fixtures	
	Five to
	ten years
Equipment	
Leasehold improvements	Lesser of useful lives or related lease term
	Three to
	seven years
Hardware and software	

Intangibles

Domain Name

In fiscal 2018, the Company purchased the rights to the domain name "dxl.com." The domain name has a carrying value of \$

1.2

million and is considered an indefinite-lived asset. At each reporting period, management analyzes current events and circumstances to determine whether the indefinite life classification continues to be valid.

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. There were

no

deferred direct response costs at February 3, 2024 and January 28, 2023. Advertising expense, which is included in selling, general and administrative expenses, was \$

30.9
million, \$

32.5
million and \$

24.0
million for fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

Revenue Recognition

The Company's accounting policies with respect to revenue recognition are discussed in Note B, "Revenue Recognition."

Foreign Currency Translation

During fiscal 2022, the Company closed its store located in Toronto, Canada. Assets and liabilities for this store were translated into U.S. dollars at the exchange rates in effect at each balance sheet date. Stockholders' equity was translated at applicable historical exchange rates. Income, expense and cash flow items were translated at average exchange rates during the period. Resulting translation adjustments were reported as a separate component of stockholders' equity. Accordingly, in the fourth quarter of fiscal 2022, the Company recognized \$

66,000
related to the accumulated foreign currency transaction adjustment. See "Accumulated Other Comprehensive Income (Loss) – ("AOCI")" below.

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

Other comprehensive income (loss) includes amounts related to foreign currency and pension plans and is reported in the Consolidated Statements of Comprehensive Income (Loss). Other comprehensive income (loss) and reclassifications from AOCI for fiscal 2023, fiscal 2022 and fiscal 2021 are as follows:

(in thousands)	Fiscal 2023		Fiscal 2022		Fiscal 2021		
	Retirement Plans	Retirement Plans	Foreign Currency	Total	Retirement Plans	Foreign Currency	Total
	(	(	(	(	(	(	(
Balance at beginning of fiscal year	\$ 4,928)	\$ 5,466)	\$ 59)	\$ 5,525)	\$ 6,224)	\$ 3)	\$ 6,221)
Other comprehensive income (loss) before reclassifications, net of taxes	199)	568)	7)	561)	799)	62)	737)
Recognition of loss on retirement plan terminations, net of taxes ⁽¹⁾	5,052	—	—	—	—	—	—
Recognition of accumulated foreign currency translation adjustment ⁽²⁾	—	—	66	66	—	—	—
Amounts reclassified from accumulated other comprehensive income (loss), net of taxes ⁽³⁾	75	30)	—	30)	41)	—	41)

						(	
Other comprehensive income (loss) for the period	4,928	538	59	597	758	62	696
		(		(	(	(	(
		4,928		4,928	5,466	59	5,525
Balance at end of fiscal year	<u>\$ —</u>	<u>\$ 4,928</u>	<u>\$ —</u>	<u>\$ 4,928</u>	<u>\$ 5,466</u>	<u>\$ 59</u>	<u>\$ 5,525</u>

(1) In fiscal 2023, the Company terminated its pension plan and SERP and all obligations were settled through the purchase of nonparticipating annuities. Accordingly, the Company recognized the unrealized loss of its pension plans of \$

5.7 million, which is reflected in the "Loss from Termination of Retirement Plans" on the Consolidated Statement of Operations. The corresponding tax effect of \$

0.6 million, was recognized and is reflected as part of the income tax provision.

(2) In connection with the Company's closing of its remaining store in Toronto, Canada, in fiscal 2022, the Company recognized the accumulated foreign currency translation adjustment as an expense.

(3) Includes the amortization through the date of settlement of the unrecognized (gain)/loss on retirement plans, which was charged to selling, general and administrative expense on the Consolidated Statements of Operations for all periods presented. The amortization of the unrecognized loss was \$

102,000, with a corresponding tax benefit of

27,000 for fiscal 2023. For fiscal 2022

and fiscal 2021, the Company recognized income of \$

39,000
and \$

41,000

, respectively, as a result of a change in amortization from average remaining future service to average remaining lifetime. The corresponding tax provision for fiscal 2022 was \$

9,000
. There was

no

related tax effect for fiscal 2021.

Income Taxes

Deferred income taxes are provided to recognize the effect of temporary differences between tax and financial statement reporting. Such taxes are provided for using enacted tax rates expected to be in place when such temporary differences are realized. A valuation allowance is recorded to reduce deferred tax assets if it is determined that it is more likely than not that the full deferred tax asset would not be realized. If it is subsequently determined that a deferred tax asset will more likely than not be realized, a credit to earnings is recorded to reduce the allowance. See Note F, *Income Taxes*.

ASC Topic 740, *Income Taxes* ("ASC 740") clarifies a company's accounting for uncertain income tax positions that are recognized in its financial statements and also provides guidance on a company's de-recognition of uncertain positions, financial statement classification, accounting for interest and penalties, accounting for interim periods, and disclosure requirements. In accordance with ASC 740, the Company will recognize the benefit from a tax position only if it is more likely than not that the position would be sustained upon audit based solely on the technical merits of the tax position. The Company's policy is to recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense in its Consolidated Statement of Operations. The Company has not accrued or paid interest or penalties in amounts that were material to its results of operations for fiscal 2023, fiscal 2022 and fiscal 2021.

The Company is subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. The Company has concluded all U.S. federal income tax matters for years through fiscal 2001, with remaining fiscal years subject to income tax examination by federal tax authorities.

Net Income Per Share

Basic earnings per share are computed by dividing net income by the weighted average number of shares of common stock outstanding during the respective period. Diluted earnings per share is determined by giving effect to unvested shares of deferred stock and restricted stock units (RSUs) and the exercise of stock options using the treasury stock method. The following table provides a reconciliation of the number of shares outstanding for basic and diluted earnings per share:

	February 3, 2024	FISCAL YEARS ENDED January 28, 2023	January 29, 2022
(in thousands)			
Common stock outstanding:			
Basic weighted average common shares outstanding	61,018	62,825	63,401
Common stock equivalents – stock options, deferred stock and RSUs	3,287	4,065	4,630

Diluted weighted average common shares outstanding

64,305 66,890 68,031

The following potential common stock equivalents were excluded from the computation of diluted earnings per share in each year 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 either stock options, RSUs, or deferred stock had an anti-dilutive effect.

	February 3, 2024	FISCAL YEARS ENDED January 28, 2023	January 29, 2022
(in thousands, except exercise prices)			
Stock options (time-vested)	85	102	302
RSUs (time-vested)	39	104	—

	\$	\$	\$
	4.48	4.48	4.19
	- \$	- \$	-\$
	6.59	7.43	5.50
Range of exercise prices of such options			

Excluded from the computation of basic and diluted earnings per share were

573,000
shares for fiscal 2023 and

240,000

shares in fiscal 2022 and fiscal 2021 of unvested performance stock units. These performance-based awards will be included in the computation of basic and diluted earnings per share if, and when, the respective performance targets are achieved. In addition, deferred stock of

435,568

shares for all three fiscal periods were excluded from basic earnings per share. Outstanding shares of deferred stock are not considered

issued and outstanding until the vesting date of the deferral period and are excluded from basic earnings per share until such shares are issued.

Stock-based Compensation

ASC Topic 718, *Compensation – Stock Compensation*, requires measurement of compensation cost for all stock awards at fair value on the date of grant and recognition of compensation over the service period for awards expected to vest. 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"). As required under the accounting rules, 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 value derived from using the Black-Scholes model is recognized as expense over the vesting period, net of estimated forfeitures. The estimation of stock awards that will ultimately vest requires judgment. Actual results, and future changes in estimates, may differ from the Company's current estimates.

During fiscal 2023, the Company granted performance stock units. The fair value and derived service periods of the award were calculated using the Monte Carlo model. See Note I "Stock Compensation Plans" for more discussion regarding the performance metrics and the valuation assumptions used to calculate the fair value and derived service periods.

The Company recognized total stock-based compensation expense of \$

2.5
million, \$

1.4
million and \$

1.2
million for fiscal 2023, fiscal 2022 and fiscal 2021, respectively. The increase in stock-based compensation in fiscal 2023 was primarily due to the grant of performance stock units in August 2023 that are being expensed over the derived service period, which was determined to be an average of 12.5 months.

The total stock-based compensation cost related to time-vested awards not yet recognized as of February 3, 2024 was approximately \$

3.4
million and will be expensed over a weighted average remaining life of approximately 22 months.

The total grant-date fair value of awards vested was \$

1.2
million, \$

2.5
million and \$

1.7
million for fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

Any excess tax benefits resulting from the exercise of stock options or the release of restricted shares were recognized as a component of income tax expense in the period in which they occurred.

Valuation Assumptions - Stock Compensation

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model based on the following assumptions in the table. The fair value of each non-vested share is equal to the closing price of the Company's stock on the date of grant. The weighted-average fair value of options granted and non-vested shares granted shown below does not include shares granted to directors in lieu of compensation.

Fiscal years ended:	February 3, 2024	January 28, 2023	January 29, 2022
	86.3 % -	87.9 % -	97.4 % -
Expected volatility	92.1 %	123.7 %	104.9 %
	3.71 %-	2.52 % -	0.31 % -
Risk-free interest rate	4.42 %	4.41 %	0.60 %
		2.0 -	3.0 -
Expected life (in years)	2.5	3.5	4.0
Dividend rate	-	-	-

	\$	\$	\$
	3.24	3.58	0.47
Weighted average fair value of options granted			
	\$	\$	\$
	4.47	5.28	0.66
Weighted average fair value of non-vested shares granted			

Expected volatilities are based on historical volatilities of the Company's common stock; the expected life represents the weighted average period of time that options granted are expected to be outstanding giving consideration to vesting schedules and historical exercise patterns; and the risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option.

Impairment of Long-Lived Assets

The Company recorded an impairment charge of \$

0.1
million in fiscal 2023 and recorded a net gain of \$

0.2
million and \$

2.3
million in fiscal 2022 and fiscal 2021, respectively.

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. With respect to the impairment charges taken on operating lease right-of-use assets, if the Company subsequently makes a decision to close previously impaired stores and a gain is realized as a result of the reevaluation of the existing lease liabilities, to the extent the gain related to previously recorded impairment charges against the right-of-use assets, the gain will be included as an offset to asset impairment charges with the remainder included as a reduction in store occupancy costs.

For fiscal 2023, the Company recorded a total asset impairment charge of \$

0.1 million, which included a write-down for certain store and operating lease right-of-use assets. For fiscal 2022 and fiscal 2021, the Company recognized non-cash gains of \$

0.6 million and \$

2.7 million, respectively, related to the Company's decision to close certain retail stores, with \$

0.4 million and \$

2.3 million, respectively, of the gains included as an offset to asset impairment charges and the remaining \$

0.2 million and \$

0.4 million, respectively, of the gains included as a reduction of store occupancy costs. Partially offsetting the gain of \$

0.4 million for fiscal 2022, was an impairment charge of \$

0.2 million related to the write-down of store assets.

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 February 3, 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 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 E "Leases" for additional information.

Recently Issued Accounting Pronouncements - 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 2025 and interim periods starting in fiscal 2026, 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.

No other new accounting pronouncements, issued or effective during fiscal 2023, have had or are expected to have a significant impact on the Company's Consolidated Financial Statements.

B. REVENUE RECOGNITION

Revenue is recognized in accordance with ASC 606, *Revenue from Contracts with Customers*. The Company operates as a retailer of big and tall men's clothing, which includes sales through its stores and direct channels. 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. Sales from the wholesale business, which the Company operated until the first quarter of fiscal 2022, were defined as sales made to wholesale customers pursuant to the terms of each customer's contract with the Company. 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 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, these loyalty points provide the customer with a material right and a distinct performance obligation with revenue deferred and recognized when the points are redeemed. The cycle of earning and redeeming loyalty points is generally under one year in duration. The loyalty accrual, net of breakage, was \$

1.7
million and \$

1.6
million at February 3, 2024 and January 28, 2023, respectively.

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 \$

3.2
million and \$

3.4
million at February 3, 2024 and January 28, 2023, 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 A, the Company's business at February 3, 2024 consists of

one reportable segment, its retail segment. Substantially all of the Company's revenue is generated from its stores and direct businesses. In the first quarter of fiscal 2022, the Company ended its relationship with its primary wholesale customer. 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 for each of the following fiscal years:

<i>(in thousands)</i>	Fiscal 2023			Fiscal 2022			Fiscal 2021		
Store sales	\$	358,710	68.7 %	\$	375,618	68.9 %	\$	344,761	69.0 %
Direct sales		163,105	31.3 %		169,821	31.1 %		154,891	31.0 %
Retail segment		521,815	100.0 %		545,439	100.0 %		499,652	100.0 %
Wholesale segment		—			399			5,369	
Total sales	\$	521,815		\$	545,838		\$	505,021	

C. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at the dates indicated:

<i>(in thousands)</i>	February 3, 2024	January 28, 2023
Furniture and fixtures	\$ 75,987	\$ 74,784
Equipment	25,184	24,035
Leasehold improvements	122,555	115,258
Hardware and software	111,884	106,643
Construction in progress	7,560	5,659

	343,170	326,379
Less: accumulated depreciation	299,932	287,317

Total property and equipment, net	\$ 43,238	\$ 39,062
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Depreciation expense was \$

13.8
million, \$

15.4
million and \$

17.2
million for fiscal 2023, fiscal 2022, and fiscal 2021, respectively.

Additions to property and equipment that were included in accounts payable and accrued expenses at February 3, 2024, January 28, 2023 and January 29, 2022 were \$

2.3
million, \$

1.7
million, and \$

1.1
million, respectively.

D. DEBT OBLIGATIONS

Credit Agreement with Citizens Bank, N.A.

On October 28, 2021, the Company entered into a credit facility with Citizens Bank, N.A. 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 "Credit Facility").

The Credit Facility provides for a \$

125.0
million secured, asset-based credit facility with a maturity date of October 28, 2026 . The maximum committed borrowing of \$

125.0
million includes a sublimit of \$

20.0
million for commercial and standby letters of credit and a sublimit of up to \$

15.0
million for swing line loans. The Company's ability to borrow under the Credit Facility is determined using an availability formula based on eligible assets.

Effective April 20, 2023, borrowings under the Credit Facility bear interest at either a Base Rate 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. The Company is subject to an unused line fee of

0.25
%.

The Company's obligations under the Credit Facility are secured by a lien on substantially all of its assets. If the Company's availability under the Credit Facility at any time is less than the greater of (i)

10
% of the Revolving Loan Cap (the lesser of the aggregate revolving commitments or the 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 February 3, 2024, the Company had no borrowings outstanding and availability of \$

69.8
million under the Credit Facility. There were

no
borrowings under the Credit Facility during fiscal 2023, resulting in an average unused excess availability of approximately \$

84.5
million. Outstanding standby letters of credit were \$

4.3
million and outstanding documentary letters were \$

1.0
million at February 3, 2024. At February 3, 2024, the Company's prime interest rate was

8.75
%.

Interest and Fees

The Company paid interest and fees totaling \$

0.3
million, \$

0.4
million and \$

3.2
million for fiscal 2023, fiscal 2022 and fiscal 2021, respectively. Included in the \$

3.2
million for fiscal 2021 was a prepayment penalty of \$

1.1
million associated with the prepayment of its long-term FILO loan.

E. 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 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 liability and lease expense over the respective lease term. As of February 3, 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, as applicable.

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 lease costs for fiscal 2023, fiscal 2022 and fiscal 2021:

	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>	<u>Fiscal 2021</u>
(in thousands)			
Operating lease cost	\$ 45,018	\$ 44,297	\$ 43,921
Variable lease costs ⁽¹⁾	12,849	12,885	13,290
Total lease costs	<u>\$ 57,867</u>	<u>\$ 57,182</u>	<u>\$ 57,211</u>

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

Supplemental cash flow and balance sheet information related to leases for fiscal 2023, fiscal 2022 and fiscal 2021 is as follows:

(in thousands)

	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>	<u>Fiscal 2021</u>
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	\$ 51,411	\$ 55,068	\$ 57,816
Non-cash operating activities:			
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 46,960	\$ 26,239	\$ 30,777
Weighted average remaining lease term	4.9 yrs.	4.3 yrs.	4.3 yrs.
Weighted average discount rate	6.52 %	6.39 %	6.91 %

The table below reconciles the undiscounted cash flows for each of the next five years and thereafter to the operating lease liabilities recorded on the Consolidated Balance Sheet as of February 3, 2024:

(in thousands)

2024	\$ 45,945
2025	42,651
2026	30,181
2027	22,765
2028	14,696
Thereafter	25,049
Total minimum lease payments	\$ 181,287
Less: amount of lease payments representing interest	26,750
Present value of future minimum lease payments	\$ 154,537
Less: current obligations under leases	37,221
Noncurrent lease obligations	\$ 117,316

As of February 3, 2024, the Company had entered into a ten-year store lease that has not yet commenced with aggregated estimated future lease payments of approximately \$

1.2

million, which are not included in the above table. The lease is expected to commence in the first quarter of fiscal 2024 .

F. INCOME TAXES

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes*. Under ASC Topic 740, deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. The accounting standards require current recognition of net deferred tax assets to the extent it is more likely than not such net assets will be realized. To the extent that the Company believes its net deferred tax assets will not be realized, a valuation allowance must be recorded against those assets.

Until the second quarter of fiscal 2022, the Company had maintained a full valuation allowance against its deferred tax assets since fiscal 2013. During the second quarter of fiscal 2022, the Company determined that it was more likely than not that it would be able to realize the benefit of substantially all of its deferred tax assets in the United States. In reaching this determination, the Company considered the cumulative three years of profitability, its six consecutive quarters of sales growth and profitability at the time of the assessment, its expectations regarding the generation of future taxable income and the ability to utilize the Company's net operating loss ("NOLs") carryforwards as well as the overall improvement in the Company's business, brand repositioning and current market position. As a result, for fiscal 2022, the valuation allowance against the Company's deferred tax assets decreased by \$

47.6
million, of which \$

31.6
million was recorded as a non-recurring tax benefit in fiscal 2022 related to the release of the valuation allowance on deferred tax assets expected to be realized in future periods. As a result of releasing substantially all of the valuation allowance against its deferred tax assets during fiscal 2022, the Company returned to a normal tax provision for fiscal 2023. At February 3, 2024 and January 28, 2023, the Company continued to provide a valuation allowance of \$

2.2
million and \$

2.4
million, respectively, primarily against certain state and foreign NOLs.

As of February 3, 2024, for federal income tax purposes, the Company had net operating loss carryforwards of \$

3.6
million, which will expire in fiscal 2037 and net operating loss carryforwards of \$

39.9
million that are not subject to expiration. For state income tax purposes, the Company had \$

51.8
million of net operating losses that are available to offset future taxable income, the majority of which will expire from fiscal 2024 through fiscal 2045 . Additionally, the Company has \$

5.3
million of net operating loss carryforwards related to the Company's operations in Canada, which will expire from fiscal 2025 through fiscal 2041 .

The utilization of net operating loss carryforwards and the realization of tax benefits in future years depends predominantly upon having taxable income. Under the provisions of the Internal Revenue Code, certain substantial changes in the Company's ownership may result in a limitation on the amount of net operating loss carryforwards and tax credit carryforwards, which may be used in future years. As of February 3, 2024, there has been no such ownership change.

The components of the net deferred tax assets as of February 3, 2024 and January 28, 2023 were as follows (in thousands):

	February 3, 2024	January 28, 2023
Deferred tax assets, net:		
Net operating loss carryforward	\$ 13,522	\$ 21,736
Accrued expenses and other	4,776	5,597
Operating lease liabilities	40,182	37,793
Goodwill and intangibles	(103)	(62)
Unrecognized loss on pension and pension expense	—	1,714
Inventory reserves	866	900
Foreign tax credit carryforward	486	486
Federal wage tax credit carryforward	824	824
State tax credits	147	147
Operating lease right-of-use assets	(35,937)	(32,583)
Property and equipment	(985)	(2,672)
Subtotal	\$ 23,778	\$ 33,880
Valuation allowance	(2,245)	(2,425)
Net deferred tax assets	\$ 21,533	\$ 31,455

For fiscal 2023, the Company had total deferred tax assets of \$

60.8
million, total deferred tax liabilities of \$

37.0
million and a valuation allowance of \$

million.

The provision (benefit) for income taxes consisted of the following:

	FISCAL YEARS ENDED		
	February 3, 2024	January 28, 2023	January 29, 2022
<i>(in thousands)</i>			
Current:			
Federal	\$ —	\$ —	\$ —
State	1,200	830	912
Foreign	8	6	5
	1,208	836	917
Deferred:			
Federal	7,911	24,794	—
State	1,418	6,830	—
Foreign	—	—	—
	9,329	31,624	—
Total provision (benefit)	\$ 10,537	\$ 30,788	\$ 917

The following is a reconciliation between the statutory and effective income tax rates in dollars for the provision (benefit) for income tax:

	FISCAL YEARS ENDED		
	February 3, 2024	January 28, 2023	January 29, 2022
<i>(in thousands)</i>			
Federal income tax at the statutory rate	\$ 8,086	\$ 12,250	\$ 12,102
State taxes, net of federal tax benefit	1,000	656	721
State deferred taxes, net of federal benefit	1,418	1,558	—
Section 162(m) limitation	746	1,451	1,375
Permanent items	199	1,002	893
Taxes stranded in OCI released with termination of retirement plans	890	—	—
Change in valuation allowance ⁽¹⁾	179	47,594	12,421

	(		
	1,159	1,159	—
Adjustment to §382 NOLs	)		
	(		
	66	734	33
Other, net	)		
		(	
	10,537	30,788	917
Total provision (benefit)	<u>\$</u>	<u>\$</u>	<u>\$</u>

(1) The change in the valuation allowance at January 28, 2023 included a non-recurring income tax benefit of \$

31.6

million in connection with the Company's substantial release of the valuation allowance in fiscal 2022 related to the deferred tax assets expected to be realized in future periods.

As discussed in Note A, the Company's financial statements reflect the expected future tax consequences of uncertain tax positions that the Company has taken or expects to take on a tax return, based solely on the technical merits of the tax position.

The following table shows the liability for unrecognized tax benefits that were associated with a prior tax position related to exiting the Company's direct business in Europe during fiscal 2013. The amount of unrecognized tax benefits was presented as a reduction in the reported amounts of the Company's federal and state net operating losses carryforwards. No penalties or interest were accrued on this liability. In fiscal 2023, the Company changed this position in its tax return and determined that the liability was no longer necessary.

	February 3, 2024	FISCAL YEARS ENDED January 28, 2023	January 29, 2022
(in thousands)			
Balance at the beginning of the fiscal year	\$ 2,000	\$ 2,000	\$ 2,000
Changes due to tax positions from current year	—	—	—
	(		
	2,000		
Changes due to tax positions from prior years	)	—	—
Changes due to lapsing of statute of limitations	—	—	—
Balance at the end of the fiscal year	\$ —	\$ 2,000	\$ 2,000

The Company made tax payments of \$

1.6

million, \$

0.5

million, and \$

0.6

million for fiscal 2023, fiscal 2022, and fiscal 2021, respectively.

The Inflation Reduction Act of 2022, which was signed into law in 2022, contains a provision that includes a

1

% excise tax on certain stock buybacks after December 31, 2022. At February 3, 2024, the Company has accrued \$

0.2

million for excise taxes payable.

G. COMMITMENTS AND CONTINGENCIES

At February 3, 2024 the Company was obligated under operating leases covering store and office space, and certain equipment for future minimum rentals. See Note E, "Leases" for the schedule of future remaining lease obligations. In addition to its lease obligations, the Company is also contractually committed pursuant to a merchandise purchase obligation to meet minimum purchases of \$

10.0

million annually through fiscal 2028.

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. When a loss is considered probable, the Company records an accrual based on the reasonably estimable loss or range of loss. Costs related to such legal proceedings are expensed and reported in selling, general and administrative expenses in the Consolidated Statements of Operations. The Company believes its accruals at February 3, 2024 are adequate in light of the probable and estimable liabilities. The Company does not believe that any identified claims or litigation will be material to its results of operations, cash flows, or financial condition.

H. LONG-TERM INCENTIVE PLANS

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

At February 3, 2024, the Company has three active LTIPs: 2021-2023 LTIP, 2022-2024 LTIP and 2023-2025 LTIP. Each participant in the plan

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. 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 LTIP were granted in a combination of

50

% RSUs and

50

% cash.

Performance targets for the 2021-2023 LTIP, 2022-2024 LTIP and the 2023-2025 LTIP were established and approved by the Compensation Committee on March 8, 2021, April 9, 2022 and May 1, 2023, 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 additional vesting through August 31, 2024, August 31, 2025 and August 31, 2026, respectively. The time-based awards under the 2021-2023 LTIP, 2022-2024 LTIP and 2023-2025 LTIP vest in four equal installments through April 1, 2025, April 1, 2026, and April 1, 2027, 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 and 2023-2025 LTIP is estimated to be approximately \$

4.1 million, \$

4.8 million and \$

5.1 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.

The performance targets under the 2021-2023 LTIP were achieved at the end of fiscal 2023. Awards granted pursuant to this achievement will be subject to further vesting through August 31, 2024. Accordingly, at February 3, 2024, \$

2.5 million of the expected \$

3.0 million for the performance award has been accrued.

At February 3, 2024, the Company accrued \$

1.6 million for the performance awards under the 2022-2024 LTIP and no accrual for the performance-based awards under the 2023-2025 LTIP.

I. STOCK COMPENSATION PLANS

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 February 3, 2024,

15,120,538 shares were authorized under the 2016 Plan, of which

2,177,876 shares remain 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 February 3, 2024, there were

75,487 stock options that remain 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 or otherwise forfeitable unless such award has been outstanding for a minimum period of one year from its date of grant.

Stock Option Activity

The following tables summarize the stock option activity under the Company’s 2006 Plan and 2016 Plan, on an aggregate basis, for fiscal 2023:

	Number of Shares	Weighted- average exercise price per option	Weighted- average remaining contractual term	Aggregate intrinsic value (000's)
Stock Options				
Outstanding options at beginning of year	3,556,434	0.83		23,239
		\$		\$
Options granted	1,317	5.91		—
	(			
	47,749	4.32		55
Options canceled or expired	)			

	(			
Options exercised	329,263	1.12		1,147
	)			
Outstanding options at end of year	3,180,739	\$ 0.75	6.4 yrs.	\$ 10,962
Options exercisable at end of year	1,941,707	\$ 0.80	6.2 yrs.	\$ 6,609
Vested and expected to vest at end of year	3,180,739	\$ 0.75	6.4 yrs.	\$ 10,962

Non-Vested Share Activity

The following table summarizes activity for non-vested shares under the Company's 2006 Plan, 2016 Plan and Inducement Awards, on an aggregate basis, for fiscal 2023:

Shares	RSUs ⁽¹⁾	Deferred shares ⁽²⁾	Performance share units ⁽³⁾	Fully-vest shares ⁽⁴⁾	Total number of shares	Weighted-average grant-date fair value
Outstanding non-vested shares at beginning of year	520,008	435,568	240,000	—	1,195,576	\$ 2.51
Shares granted	607,142	—	573,000	29,650	1,209,792	4.47
Shares forfeited	(53,180)	—	—	—	(53,180)	7.22
Shares expired	—	—	(240,000)	—	(240,000)	1.07
Shares vested/issued	(537,685)	—	—	(29,650)	(567,335)	4.07
Outstanding non-vested shares at end of year	536,285	435,568	573,000	—	1,544,853	\$ 3.53
Vested and expected to vest at end of year	536,285	435,568	—	—	971,853	\$ 3.14

(1) During fiscal 2023, 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. See Note H, *Long-Term Incentive Plans*. As a result of net share settlements, of the

537,685
RSUs that vested, only

385,073
shares of common stock were issued.

(2) Represents compensation to certain directors, in lieu of cash, in accordance with their irrevocable elections. The outstanding deferred shares will be issued upon the 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 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 respective fair value and derived service period assigned to each tranche of 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

%. 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.

(4) Represents compensation, with a fair value of \$

141,742

, 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 Plan. Voluntary shares received, in lieu of cash, are reported below under *Non-Employee Director Compensation Plan*.

Non-Employee Director Compensation Plan

In January 2010, the Company established a Non-Employee Director Stock Purchase Plan to provide a convenient method for its non-employee directors to acquire shares of the Company's common stock at fair market value by voluntarily electing to receive shares of common stock in lieu of cash for service as a director. The substance of this plan is now encompassed within the Company's Seventh Amended and Restated Non-Employee Director Compensation Plan, as amended, the "Non-Employee Director Compensation Plan."

The plan requires a minimum equity ownership requirement which requires each director to receive at least

60

% of their annual retainers in shares of common stock until the value of their equity ownership is equal to at least three times the annual retainer. Any shares issued to satisfy the minimum equity ownership were granted from the 2016 Plan. All other shares were granted under the Non-Employee Director Compensation Plan.

The following shares of common stock, with the respective fair value, were issued from the Non-Employee Director Compensation Plan to its non-employee directors as compensation for fiscal 2023, fiscal 2022 and fiscal 2021:

	Number of shares of common stock issued	Fair value of common stock issued
Fiscal 2023	59,532	\$ 301,578
Fiscal 2022	73,024	\$ 359,208
Fiscal 2021	232,910	\$ 374,227

At February 3, 2024,

634,534

shares remained available for grant under the Non-Employee Director Compensation Plan.

J. EMPLOYEE BENEFIT PLANS

The Company accounted for its employee benefit plans in accordance with ASC Topic 715, *Compensation – Retirement Benefits*. ASC Topic 715 requires an employer to: (a) recognize in its statement of financial position an asset for a plan's over-funded status or a liability for a plan's under-funded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year (with limited exceptions); and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur.

Noncontributory Pension Plan

In connection with the Casual Male acquisition 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. By the end of fiscal 2023, the Company completed the settlement of all plan assets. Results for fiscal 2023, included a charge of \$

5.6

million, representing recognition of the of the unrealized loss in "Accumulated Other Comprehensive Loss" on the Consolidated Balance Sheet.

The following table sets forth the Pension Plan's funded status at February 3, 2024 and January 28, 2023:

	February 3, 2024	January 28, 2023
	in thousands	
<u>Change in benefit obligation:</u>		
Balance at beginning of period	\$ 11,454	\$ 14,361
	(	(
Benefits and expenses paid	347)	818)
Interest costs	294	414
	(	(
Settlements	10,877)	358)
		(
	(	
Actuarial (gain) loss	524)	2,145)
Balance at end of year	<u>\$ —</u>	<u>\$ 11,454</u>
<u>Change in fair value of plan assets:</u>		
Balance at beginning of period	\$ 9,591	\$ 11,293
	(	(
	(	
Actual return on plan assets	34)	1,050)
Employer contributions	2,106	524

	(	(
	11,316	358
Settlements	)	)
	(	(
	347	818
Benefits and expenses paid	)	)
Balance at end of period	\$ —	\$ 9,591

Reconciliation of funded status:

		11,454
Projected benefit obligation	\$ —	\$
		9,591
Fair value of plan assets	—	
		(
		1,863
Unfunded status	\$ —	\$)

Balance sheet classification:

		1,863
Other long-term liabilities	\$ —	\$

Total plan expense and other amounts recognized in accumulated other comprehensive loss for the years ended February 3, 2024, January 28, 2023 and January 29, 2022 include the following components:

	February 3, 2024	January 28, 2023	January 29, 2022
<u>Net pension cost:</u>			
	(in thousands)		
Interest cost on projected benefit obligation	\$ 294	\$ 414	\$ 373
	(	(	(
Expected return on plan assets	325	723	728
	)	)	)
Amortization of unrecognized loss	133	270	314
		(	(
Net pension cost	\$ 102	\$ 39	\$ 41
<u>Other changes recognized in other comprehensive loss, before taxes:</u>			
Unrecognized losses at the beginning of the year	\$ 5,490	\$ 6,132	\$ 6,914
	(		
Net periodic pension cost	102	39	41
	)		
Employer contribution	2,106	524	622
	(		
Recognition of the unrealized loss	5,631	—	—
	(	(	(
Change in plan assets and benefit obligations	1,863	1,205	1,445
	)	)	)
Unrecognized losses at the end of year	\$ —	\$ 5,490	\$ 6,132

In connection with the partial settlement in the second quarter of fiscal 2023, a remeasurement of the pension obligation was completed as of June 30, 2023. Assumptions used to determine the benefit obligations as of February 3, 2024, June 30, 2023 and January 28, 2023 include a discount rate of

5.14
%,

5.21
% and

4.79
%, respectively. Assumptions used to determine the net periodic benefit cost for the six months ended February 3, 2024, for the six months ended June 30, 2023 and for the fiscal years ended January 28, 2023 and January 29, 2022 included a discount rate of

5.21
%,

4.79
%,

3.00
% and

2.39
%, respectively.

The expected long-term rate of return for plan assets was assumed to be

5.10
% and

6.50

% at the beginning of fiscal 2023 and fiscal 2022, respectively. The expected long-term rate of return for plan assets was assumed to be

6.00

% at June 30, 2023. The expected long-term rate of return assumption was developed considering historical and future expectations for returns for each asset class.

Plan Assets

There were no plan assets at the end of fiscal 2023. The fair values of the Company's noncontributory defined benefit retirement plan assets at the end of fiscal 2022, by asset category, was as follows:

(in thousands) Asset category:	Fair Value Measurement January 28, 2023				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Mutual Funds:					
U.S. Equity	\$ 3,743	—	—	\$	3,743
International Equity	2,592	—	—		2,592
Fixed Income	1,333	—	—		1,333
Cash	1,923	—	—		1,923
Total	\$ 9,591	\$ —	\$ —	\$	9,591

Supplemental Executive Retirement Plan

In connection with the Casual Male acquisition, the Company also assumed the liability of the Casual Male Supplemental Retirement Plan (the "SERP").

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 fiscal 2023, the Company completed the termination of the SERP through the purchase of a nonparticipating annuity. In connection with that termination, 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.

The following table sets forth the SERP's funded status at February 3, 2024 and January 28, 2023:

	February 3, 2024	January 28, 2023
<i>in thousands</i>		
<u>Change in benefit obligation:</u>		
Balance at beginning of period	\$ 427	\$ 514
	(	(
Benefits and expenses paid	27	40
	)	)
	(	
Settlements	385	—
	)	
Interest costs	13	14
	(	(
Actuarial (gain) loss	28	61
	)	)
Balance at end of year	\$ —	\$ 427
<u>Change in fair value of plan assets:</u>		
Balance at beginning of period	\$ —	\$ —
Employer contributions	466	40
	(	
Settlements	439	—
	)	
	(	(
Benefits and expenses paid	27	40
	)	)
Balance at end of period	\$ —	\$ —
Projected benefit obligation	\$ —	\$ 427
<u>Reconciliation of funded status:</u>		
Projected benefit obligation	\$ —	\$ 427
Fair value of plan assets	—	—
		(
Unfunded Status	\$ —	\$ 427
<u>Balance sheet classification:</u>		
Other long-term liabilities	\$ —	\$ 427

Other changes recognized in other comprehensive loss, before taxes (*in thousands*):

	February 3, 2024	January 28, 2023	January 29, 2022
<i>in thousands</i>			
<u>Other changes recognized in other comprehensive loss, before taxes:</u>			

		31	95	120
Unrecognized losses at the beginning of the year	\$		\$	\$
		(	(	(
		13	17	16
Net periodic pension cost		)	)	)
		(		
		57		
Recognized loss from settlement		)	—	—
		466	40	40
Employer contribution		(	(	(
		427	87	49
Change in benefit obligations		)	)	)
			31	95
Unrecognized losses at the end of year	\$	-	\$	\$

Assumptions used to determine the benefit obligations as of February 3, 2024 and January 28, 2023 included a discount rate of

5.76
% for fiscal 2023 and

4.75
% for fiscal 2022. Assumptions used to determine the net periodic benefit cost for the years ended February 3, 2024, January 28, 2023 and January 29, 2022 included a discount rate of

4.75
% for fiscal 2023,

2.90
% for fiscal 2022 and

2.24
% for fiscal 2021.

Defined Contribution Plan

The Company has one defined contribution plan, the Destination XL Group, Inc. 401(k) Savings Plan (the "401(k) Plan"). Under the 401(k) Plan, the Company offers a qualified automatic contribution arrangement ("QACA") with the Company matching

- 100
% of the first
- 1
% of deferred compensation and
- 50
% of the next
- 5
% (with a maximum contribution of

3.5
% of eligible compensation). Employees who are 21 years of age or older are eligible to make deferrals after 6 months of employment and are eligible to receive a Company match after one year of employment and 1,000 hours.

The Company recognized \$

- 2.4
million, \$
- 2.1
million and \$
- 2.0
million of expense under the 401(k) Plan in fiscal 2023, 2022 and 2021, respectively.

K. FAIR VALUE MEASUREMENT

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

(in thousands)	Carrying value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value	
			Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
At February 3, 2024:				
Cash equivalents	6,047	6,052	—	—
Short-term investments	32,459	32,479	—	—
At January 28, 2023				
Cash equivalents	29,077	29,071	—	—

L. STOCK REPURCHASE PROGRAM

On March 14, 2023, the Company's Board of Directors ("Board") approved a stock repurchase program, effective March 16, 2023. Under the program, the Company was initially authorized to repurchase up to \$

15.0
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. 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. Subsequent to the end of fiscal 2023, the stock repurchase program was completed.

During fiscal 2023, the Company repurchased

- 5.4
million shares at an aggregate cost, plus fees, of \$
- 24.5

million, excluding excise taxes. 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 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. At February 3, 2024, the Company has accrued \$

0.2

million for the payment of excise taxes.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures***Management's Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures***

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (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 February 3, 2024. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of February 3, 2024, our disclosure controls and procedures were effective.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer 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. Our internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurances with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the design and effectiveness of our internal control over financial reporting as of February 3, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013).

Based on management's assessment and the above mentioned criteria, management determined that we maintained effective internal control over financial reporting as of February 3, 2024.

KPMG LLP, our independent registered public accounting firm, has issued an audit report on our internal control over financial reporting as of February 3, 2024, which appears below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Destination XL Group, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Destination XL Group, Inc. and subsidiaries' (the Company) internal control over financial reporting as of February 3, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 3, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of February 3, 2024 and January 28, 2023, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity (deficit), and cash flows for each of the fiscal years in the three-year period ended February 3, 2024, and the related notes (collectively, the consolidated financial statements), and our report dated March 21, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Boston, Massachusetts
March 21, 2024

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fourth quarter of fiscal 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.*(a) Non-Employee Director Compensation Plan*

On November 2, 2023, the Board of Directors approved the Seventh Amended and Restated Non-Employee Director Compensation Plan, which will be effective for board compensation in fiscal 2024. The plan was amended to, among other things, add the ability for non-employee directors to make an annual election to receive a portion or all of their quarterly board compensation in shares of deferred stock. Shares of deferred stock vest based on the irrevocable election of each director, either (1) three years from the date of grant or separation of service, if earlier or (2) separation of service. Any grant of deferred stock will be granted under the Company's 2016 Incentive Stock Compensation Plan. The Director Plan was also amended to clarify certain administrative language.

(b) Rule 10b5-1 Trading Plans

During the three months ended February 3, 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).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III.

Pursuant to Paragraph G(3) of the General Instructions to Form 10-K, the information required by Part III (Items 10, 11, 12, 13 and 14) is being incorporated by reference herein from our definitive proxy statement (or an amendment to this Annual Report on Form 10-K) to be filed with the Securities and Exchange Commission within 120 days of the end of the fiscal year ended February 3, 2024 in connection with our 2024 Annual Meeting of Stockholders.

Item 10. Directors, Executive Officers and Corporate Governance

Information with respect to this item is incorporated by reference from our definitive proxy statement (or amendment to this Annual Report on Form 10-K) to be filed with the SEC within 120 days of the end of the fiscal year ended February 3, 2024.

Item 11. Executive Compensation

Information with respect to this item is incorporated by reference from our definitive proxy statement (or amendment to this Annual Report on Form 10-K) to be filed with the SEC within 120 days of the end of the fiscal year ended February 3, 2024.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information with respect to this item is incorporated by reference from our definitive proxy statement (or amendment to this Annual Report on Form 10-K) to be filed with the SEC within 120 days of the end of the fiscal year ended February 3, 2024.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information with respect to this item is incorporated by reference from our definitive proxy statement (or amendment to this Annual Report on Form 10-K) to be filed with the SEC within 120 days of the end of the fiscal year ended February 3, 2024.

Item 14. Principal Accountant Fees and Services

Information with respect to this item is incorporated by reference from our definitive proxy statement (or amendment to this Annual Report on Form 10-K) to be filed with the SEC within 120 days of the end of the fiscal year ended February 3, 2024.

PART IV.

Item 15. Exhibits and Financial Statement Schedules

15(a)(1) Financial Statements

The list of consolidated financial statements and notes required by this Item 15(a)(1) is set forth in the "Index to Consolidated Financial Statements" on page 36 of this Annual Report.

15(a)(2) Financial Statement Schedules

All schedules have been omitted because the required information is not applicable or is not present in amounts sufficient to require submission of the schedules, or because the information required is included in the financial statements or notes thereto.

15(a)(3) Exhibits

The list of exhibits required by this Item 15(a)(3) is set forth in the "Index to Exhibits" beginning on page 66 of this Annual Report.

Item 16. Form 10-K Summary

Omitted at registrant's option.

Index to Exhibits

Exhibits

3.1	<u>Certificate of Amendment to Restated Certificate of Incorporation, effective as of August 6, 2021 (included as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on August 31, 2021, and incorporated herein by reference).</u>	
3.2	<u>Restated Certificate of Incorporation of the Company (conformed copy incorporating all amendments through August 6, 2021 (included as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed on August 31, 2021, and incorporated herein by reference).</u>	
3.3	<u>Fourth Amended and Restated By-Laws (included as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 18, 2015, and incorporated herein by reference).</u>	
4.1	<u>Description of Securities (included as Exhibit 4.1 to the Company's Annual Report on Form 10-K filed on March 17, 2022, and incorporated herein by reference).</u>	
10.1	<u>Company's 2006 Incentive Compensation Plan, as amended (included as Exhibit 10.3 to the Company's Annual Report on Form 10-K filed March 17, 2014 (File No. 001-34219), and incorporated herein by reference).</u>	†
10.2	<u>Company's 2016 Incentive Compensation Plan, as amended November 2, 2023.</u>	†*
10.3	<u>Form of Non-Qualified Option Agreement for Associates (included as Exhibit 10.3 to the Company's Annual Report on Form 10-K filed March 20, 2017, and incorporated herein by reference).</u>	†
10.4	<u>Form of Non-Qualified Option Agreement for Associates (pursuant to the Company's Long-Term Incentive Plan, as amended) (included as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed August 27, 2020, and incorporated herein by reference).</u>	†
10.5	<u>Form of Restricted Stock Agreement for Associates (included as Exhibit 10.5 to the Company's Annual Report on Form 10-K filed March 20, 2017, and incorporated herein by reference).</u>	†
10.6	<u>Form of Restricted Stock Agreement for Associates (pursuant to the Company's Long-Term Incentive Plan) (included as Exhibit 10.6 to the Company's Annual Report on Form 10-K filed March 20, 2017, and incorporated herein by reference).</u>	†
10.7	<u>Form of Restricted Stock Unit Agreement for Associates (included as Exhibit 10.7 to the Company's Annual Report on Form 10-K filed March 20, 2017, and incorporated herein by reference).</u>	†
10.8	<u>Form of Restricted Stock Unit Agreement for Associates (pursuant to the Company's Long-Term Incentive Plan) (included as Exhibit 10.8 to the Company's Annual Report on Form 10-K filed March 20, 2017, and incorporated herein by reference).</u>	†
10.9	<u>Form of Deferred Stock Award Agreement for Non-Employee Directors (included as Exhibit 10.9 to the Company's Annual Report on Form 10-K filed March 20, 2017, and incorporated herein by reference).</u>	†
10.10	<u>Sixth Amended and Restated Non-Employee Director Compensation Plan (included as Exhibit 10.11 to the Company's Annual Report on Form 10-K filed March 17, 2022, and incorporated herein by reference).</u>	†
10.11	<u>Seventh Amended and Restated Non-Employee Director Compensation Plan.</u>	†*
10.12	<u>Credit Agreement dated October 28, 2021, by and among Citizens Bank, N.A., as Administrative Agent and Collateral Agent, Other Lenders identified therein, the Company, as lead borrower, and the Borrowers and Guarantors identified therein (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 2, 2021, and incorporated herein by reference).</u>	
10.13	<u>First Amendment dated April 20, 2023 to the Credit Agreement dated October 28, 2021, by and among Citizens, N.A., as Administrative Agent and Collateral Agent, Other Lenders identified therein, the Company, as lead borrower, and the Borrowers and Guarantors identified therein (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 24, 2023 and incorporated herein by reference).</u>	

10.14	<u>Amended and Restated Employment Agreement between the Company and Harvey S. Kanter effective April 1, 2022 (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 5, 2022, and incorporated herein by reference).</u>	†
10.15	<u>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).</u>	†
10.16	<u>Second Amended and Restated Employment Agreement between the Company and Peter H. Stratton, Jr. dated as of November 27, 2017 (included at Exhibit 10.32 to the Company's Annual Report on Form 10-K filed on March 23, 2018, and incorporated herein by reference).</u>	†
10.17	<u>Employment Agreement between the Company and Robert S. Molloy dated as of January 7, 2010 (included as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 11, 2010 (File No. 001-34219), and incorporated herein by reference).</u>	†
10.18	<u>Employment Agreement between the Company and Robert Bogan dated as of November 27, 2023.</u>	†*
10.19	<u>Second Amended and Restated Employment Agreement between the Company and Antony Gaeta dated as of April 16, 2023 (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 14, 2023 and incorporated herein by reference).</u>	†
10.19	<u>Employment Agreement between the Company and Francis C. Chane dated as of January 8, 2010 (included as Exhibit 10.34 to the Company's Annual Report on Form 10-K filed on March 19, 2010 (File No. 001-34219), and incorporated herein by reference).</u>	†
10.20	<u>Amended and Restated Employment Agreement between the Company and John F. Cooney effective March 6, 2022 (included as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on May 26, 2022, and incorporated herein by reference).</u>	†
10.21	<u>Employment Agreement between the Company and Stacey Jones effective February 19, 2021 (included as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 27, 2021, and incorporated herein by reference).</u>	†
10.22	<u>Amended and Restated Employment Agreement between the Company and James Reath dated as of May 10, 2023 (included as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 24, 2023, and incorporated herein by reference).</u>	†
10.23	<u>Amended and Restated Employment Agreement between the Company and Allison Surette effective March 6, 2022 (included as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on May 26, 2022, and incorporated herein by reference).</u>	†
10.24	<u>Stand-alone Inducement Restricted Stock Unit Award Agreement between the Company and James Reath dated October 7, 2022 (included as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 17, 2022, and incorporated herein by reference).</u>	†
10.25	<u>Stand-alone Inducement Restricted Stock Unit Award Agreement between the Company and Jonathan Sainsbury dated October 26, 2022 (included as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on November 17, 2022, and incorporated herein by reference).</u>	†
10.26	<u>Sixth Amended and Restated Annual Incentive Plan (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 7, 2023, and incorporated herein by reference).</u>	†
10.27	<u>Second Amended and Restated Long-Term Incentive Plan (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 22, 2018, and incorporated herein by reference).</u>	†
10.28	<u>First Amendment to the Second Amended and Restated Long-Term Incentive Plan (included as Exhibit 10.1 to the Company's Form 10-Q filed on November 30, 2018, and incorporated herein by reference).</u>	†
10.29	<u>Third Amended and Restated Long-Term Incentive Plan (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 12, 2020, and incorporated herein by reference).</u>	†

10.30	<u>Fourth Amended and Restated Long-Term Incentive Plan (included as Exhibit 10.2 to the Company Current Report on Form 8-K filed on April 5, 2022, and incorporated herein by reference).</u>	†
10.31	<u>Letter Agreement, dated January 29, 2014, by and between the Company and Red Mountain Capital Partners LLC (included as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 17, 2017, and incorporated herein by reference).</u>	
10.32	<u>Letter Agreement, dated April 4, 2018, by and between the Company and Red Mountain Capital Partners LLC (included as Exhibit 10.38 to the Company's Annual Report on Form 10-K filed on March 19, 2020, and incorporated herein by reference).</u>	
10.33	<u>Form of Securities Purchase Agreement (included as Exhibit 10.1 to the Company's Current Report on Form 8-K/A, filed on February 5, 2021, and incorporated herein by reference).</u>	
10.34	<u>Contribution Agreement dated January 30, 2006 by and among the Company, Spirit SPE Canton, LLC and Spirit Finance Acquisitions, LLC (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 3, 2006 (File No. 001-34219), and incorporated herein by reference).</u>	
10.35	<u>Membership Interest Purchase Agreement dated January 30, 2006 by and between the Company and Spirit Finance Acquisitions, LLC (included as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 3, 2006 (File No. 001-34219), and incorporated herein by reference).</u>	
10.36	<u>Lease Agreement dated February 1, 2006 by and between the Company and Spirit SPE Canton, LLC (included as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 3, 2006 (File No. 001-34219), and incorporated herein by reference).</u>	
21.1	<u>Subsidiaries of the Registrant.</u>	*
23.1	<u>Consent of Independent Registered Public Accounting Firm.</u>	*
31.1	<u>Certification of Chief Executive Officer of the Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.</u>	*
31.2	<u>Certification of Chief Financial Officer of the Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.</u>	*
32.1	<u>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.</u>	*
32.2	<u>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.</u>	*
97.1	<u>Executive Officer Clawback Policy adopted November 2, 2023.</u>	†*
101	The following materials from the Company's Annual Report on Form 10-K for the year ended February 3, 2024, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Changes in Stockholders' Equity (Deficit), (iv) Consolidated Statements of Comprehensive Income, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements.	*
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.

† Denotes management contract or compensatory plan or arrangement.

SIGNATURES

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

March 21, 2024

DESTINATION XL GROUP, INC.

By: **/s/ HARVEY S. KANTER**
Harvey S. Kanter
President and Chief Executive Officer

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

Signatures	Title	Date
<u>/s/ HARVEY S. KANTER</u> Harvey S. Kanter	President and Chief Executive Officer (Principal Executive Officer)	March 21, 2024
<u>/s/ PETER H. STRATTON, JR.</u> Peter H. Stratton, Jr.	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 21, 2024
<u>/s/ JOHN F. COONEY</u> John F. Cooney	Senior Vice President of Finance, Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)	March 21, 2024
<u>/s/ LIONEL F. CONACHER</u> Lionel F. Conacher	Chairman of the Board of Directors	March 21, 2024
<u>/s/ CARMEN BAUZA</u> Carmen Bauza	Director	March 21, 2024
<u>/s/ JACK BOYLE</u> Jack Boyle	Director	March 21, 2024
<u>/s/ WILLEM MESDAG</u> Willem Mesdag	Director	March 21, 2024
<u>/s/ IVY ROSS</u> Ivy Ross	Director	March 21, 2024
<u>/s/ ELAINE RUBIN</u> Elaine Rubin	Director	March 21, 2024

**DESTINATION XL GROUP, INC.
2016 INCENTIVE COMPENSATION PLAN
(AS AMENDED AND RESTATED EFFECTIVE NOVEMBER 2, 2023)**

DESTINATION XL GROUP, INC.
2016 INCENTIVE COMPENSATION PLAN, AS AMENDED AND RESTATED AUGUST 5, 2021

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DESTINATION XL GROUP, INC.
2016 INCENTIVE COMPENSATION PLAN

1. **Purpose.** The purpose of this DESTINATION XL GROUP, INC. 2016 INCENTIVE COMPENSATION PLAN (the "Plan") is to assist DESTINATION XL GROUP, INC., a Delaware corporation (the "Company") and its Related Entities (as hereinafter defined) in attracting, motivating, retaining and rewarding high-quality executives and other employees, officers, directors, consultants and other persons who provide services to the Company or its Related Entities by enabling such persons to acquire or increase a proprietary interest in the Company in order to strengthen the mutuality of interests between such persons and the Company's shareholders, and providing such persons with performance incentives to expend their maximum efforts in the creation of shareholder value. The Plan replaces the 2006 Incentive Compensation Plan which was last amended effective as of August 1, 2013. The Plan was originally adopted effective as of August 4, 2016 and was amended effective as of August 8, 2019, August 12, 2020 and August 5, 2021.

2. **Definitions.** For purposes of the Plan, the following terms shall be defined as set forth below, in addition to such terms defined in Section 1 hereof and elsewhere herein.

(a) **"Award"** means any Option, Stock Appreciation Right, Restricted Stock Award, Deferred Award, Share granted as a bonus or in lieu of another Award, Dividend Equivalent, Other Stock-Based Award or Performance Award, together with any other right or interest relating to Shares or other property (including cash), granted to a Participant under the Plan.

(b) **"Award Agreement"** means any written agreement, contract or other instrument or document evidencing any Award granted by the Committee hereunder.

(c) **"Beneficiary"** means the person, persons, trust or trusts that have been designated by a Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Plan upon such Participant's death or to which Awards or other rights are transferred if and to the extent permitted under Section 11(b) hereof. If, upon a Participant's death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the Participant's estate.

(d) **"Beneficial Owner"** shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act and any successor to such Rule.

(e) **"Board"** means the Company's Board of Directors.

(f) **"Change in Control"** means a Change in Control as defined in Section 10(b) of the Plan.

(g) **"Code"** means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

(h) **"Committee"** means a committee designated by the Board to administer the Plan; provided, however, that if the Board fails to designate a committee or if there are no longer any members on the committee so designated by the Board, or for any other reason determined by the Board, then the Board shall serve as the Committee. The Committee shall consist of at least two directors, and each member of the Committee shall be (i) a "non-employee director" within the meaning of Rule 16b-3 (or any successor rule) under the Exchange Act, unless administration of the Plan by "non-employee directors" is not then required in order for exemptions under Rule 16b-3 to apply to transactions under the Plan, (ii) an "outside director" within the meaning of Section 162(m) of the Code, and (iii) "Independent"; provided, however, the failure of the Committee to be so comprised shall not invalidate any Award that otherwise satisfies the terms of the Plan.

(i) **"Consultant"** means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(j) **"Continuous Service"** means the uninterrupted provision of services to the Company or any Related Entity in any capacity of Employee, Director, Consultant or other service provider. Continuous Service shall not be considered to be interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entities, or any successor entities, in any capacity of Employee, Director, Consultant or other service provider, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director, Consultant or other service provider (except

as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(k) **"Covered Employee"** means an Eligible Person who is a "covered employee" within the meaning of Section 162(m)(3) of the Code, or any successor provision thereto.

(l) **"Deferred Stock"** means a right to receive Shares, cash measured based upon the value of Shares or a combination thereof, at the end of a specified deferral period, which right is not subject to a substantial risk of forfeiture (other than the potential clawback of benefits under Section 8(f) hereof).

(m) **"Deferred Award"** means an Award of Deferred Stock or Restricted Stock Units granted to a Participant under Section 7(e) hereof.

(n) **"Director"** means a member of the Board or the board of directors of any Related Entity.

(o) **"Disability"** means a permanent and total disability (within the meaning of Section 22(e) of the Code), as determined by a medical doctor satisfactory to the Committee.

(p) **"Dividend Equivalent"** means a right, granted to a Participant under Section 7(g) hereof, to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to a specified number of Shares, or other periodic payments.

(q) **"Effective Date"** means the effective date of the Plan, which shall be the Shareholder Approval Date.

(r) **"Eligible Person"** means each officer, Director, Employee, Consultant and other person who provides services to the Company or any Related Entity. The foregoing notwithstanding, only employees of the Company, or any parent corporation or subsidiary corporation of the Company (as those terms are defined in Sections 424(e) and (f) of the Code, respectively), shall be Eligible Persons for purposes of receiving any Incentive Stock Options. An Employee on leave of absence may, in the discretion of the Committee, be considered as still in the employ of the Company or a Related Entity for purposes of eligibility for participation in the Plan. Notwithstanding the foregoing, a Person shall not be an Eligible Person if the identity of such person would preclude the Company from offering or selling securities to such person pursuant to the Plan in reliance on registration on a Form S-8 Registration Statement under the Securities Act of 1933.

(s) **"Employee"** means any person, including an officer or Director, who is an employee of the Company or any Related Entity, or is a prospective employee of the Company or any Related Entity (conditioned upon and effective not earlier than, such person becoming an employee of the Company or any Related Entity). The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

(t) **"Exchange Act"** means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

(u) **"Fair Market Value"** means the fair market value of Shares, Awards or other property on the date as of which the value is being determined, as determined by the Committee, or under procedures established by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of a Share as of any given date shall be the closing sale price per Share reported on the principal stock exchange or market on which Shares are traded on the date immediately preceding the date as of which such value is being determined or, if there is no sale on that date, then on the last previous day on which a sale was reported.

(v) **"Full Value Award"** means any Award other than an option or a Stock Appreciation Right and that is settled in Shares.

(w) **"Good Reason"** means the same definition of Good Reason, or any substantially similar term, in the Participant's employment agreement with the Company, if any, that is in effect at the time the determination is being made. If the Participant does not have an employment agreement with the Company at that time, or there is no definition of Good Reason, or any substantially similar term, in the Participant's employment agreement at that time, or the Committee determines, in its sole and absolute discretion, that the right to any payment or benefit under this Plan that is subject to Section 409A of the Code pursuant to a termination of Continuous Service by a Participant for Good Reason would not be treated as a right to a payment or benefit pursuant to an involuntary separation from service for purposes of Section 409A of the Code if the definition of Good Reason, or any substantially similar term, in the Participant's employment agreement at that time is applied to the Participant's termination of Continuous Service, then Good Reason

means the occurrence of any of the following in the absence of Justifiable Cause by the Company: (i) a material diminution in the Participant's base salary, unless such material diminution in the Participant's base salary is made pursuant to a reduction in base salary that affects all similarly situated employees in a similar manner and is made at least six months prior to a Change in Control, in which case such material diminution in the Participant's base salary shall not constitute Good Reason; (ii) a material change in the geographic location at which the Participant must perform his or her job functions to which the Participant does not agree; or (iii) solely in the case of a Section 16 Officer, a material diminution in the Participant's authority, duties, or responsibilities. For purposes of this Plan, Good Reason shall not be deemed to exist unless the termination of Continuous Service by a Participant for Good Reason occurs within 180 days following the initial existence of one of the conditions specified in clauses (i) through (iii) above, the Participant provides the Company with written notice of the existence of such condition within 90 days after the initial existence of the condition, and the Company fails to remedy the condition within 30 days after its receipt of such notice.

(x) "**Incentive Stock Option**" means any Option intended to be designated as an incentive stock option within the meaning of Section 422 of the Code or any successor provision thereto.

(y) "**Independent**", when referring to either the Board or members of the Committee, shall have the same meaning as used in the rules of the Nasdaq Stock Market or any national securities exchange on which any securities of the Company are listed for trading, and if not listed for trading, by the rules of the Nasdaq Stock Market.

(z) "**Incumbent Board**" means the Incumbent Board as defined in Section 10(b)(ii) of the Plan.

(aa) "**Justifiable Cause**" means the same definition as used in the Participant's employment agreement, if any, that is in effect at the time the determination is being made. If the Participant does not have an employment agreement at that time, or there is no definition of Justifiable Cause, or any substantially similar term, in the Participant's employment agreement at that time, then Justifiable Cause means any material failure by the Participant in performing his or her necessary job functions; any breach of any material written policies, rules or regulations which have been adopted by the Company; the Participant's performance of any act or failure to act, as to which if the Participant was prosecuted and convicted, a crime or offense involving money or property of the Company or any Related Entity, or a crime or offense constituting a felony in the jurisdiction involved, would have occurred; the Participant's embezzlement of funds or assets of the Company or any of its Subsidiaries or Affiliates; the Participant's conviction of, please of guilty to, or please of nolo contendere to any felony; the Participant's unauthorized disclosure to any person, firm or corporation of any confidential information of the Company or any Related Entity; the Participant's usurpation of a corporate opportunity of the Company or any of its Related Entity; or the Participant's engaging in any business other than the business of the Company or any Related Entity which materially interferes with the performance of his or her duties.

(bb) "**Listing Market**" means the Nasdaq Stock Market or any national securities exchange on which the Company's securities are listed for trading and, if not listed for trading on the Nasdaq Stock Market or a national securities exchange, then the Nasdaq Stock Market.

(cc) "**Option**" means a right granted to a Participant under Section 7(b) hereof, to purchase Shares or other Awards at a specified price during specified time periods.

(dd) "**Optionee**" means a person to whom an Option is granted under this Plan or any person who succeeds to the rights of such person under this Plan.

(ee) "**Other Stock-Based Awards**" means Awards granted to a Participant under Section 7(i) hereof.

(ff) "**Participant**" means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.

(gg) "**Performance Award**" means any Award of Performance Shares or Performance Units granted pursuant to Section 7(h).

(hh) "**Performance Period**" means that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured.

(ii) "**Performance Share**" means any grant pursuant to Section 7(h) of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including

cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

(jj) "**Performance Unit**" means any grant pursuant to Section 7(h) of a unit valued by reference to a designated amount of property (including cash) other than Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

(kk) "**Person**" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, and shall include a "group" as defined in Section 13(d) thereof.

(ll) "**Prior Plan**" means the Company's 2006 Incentive Compensation Plan.

(mm) "**Related Entity**" means any Subsidiary, and any business, corporation, partnership, limited liability company or other entity designated by the Committee in which the Company, or a Subsidiary holds a substantial ownership interest, directly or indirectly and with respect to which the Company may offer or sell securities pursuant to the Plan in reliance upon either Rule 701 under the Securities Act of 1933 or, if the Company is required to file reports pursuant to Section 13 or 15(d) of the Exchange Act, registration on a Form S-8 Registration Statement under the Securities Act of 1933.

(nn) "**Restricted Stock**" means any Share issued with such risks of forfeiture and other restrictions as the Committee, in its sole discretion, may impose (including any restriction on the right to vote such Share and the right to receive any dividends), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

(oo) "**Restricted Stock Award**" means an Award of Restricted Stock granted to a Participant under Section 7(d) hereof.

(pp) "**Restricted Stock Unit**" means a right to receive Shares, including Restricted Stock, cash measured based upon the value of Shares or a combination thereof, at the end of a specified deferral period, which right is subject to a risk of forfeiture.

(qq) "**Restricted Stock Unit Award**" means an Award of Restricted Stock Unit granted to a Participant under Section 7(e) hereof.

(rr) "**Rule 16b-3**" means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(ss) "**Shareholder Approval Date**" means the date on which this Plan is approved by shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements Sections 162(m) and 422 of the Code, Rule 16b-3 under the Exchange Act and applicable requirements under the rules of the Listing Market.

(tt) "**Shares**" means the shares of common stock of the Company, par value \$.01 per share, and such other securities as may be substituted (or resubstituted) for Shares pursuant to Section 11(c) hereof.

(uu) "**Stock Appreciation Right**" means a right granted to a Participant under Section 7(c) hereof.

(vv) "**Subsidiary**" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors or in which the Company has the right to receive 50% or more of the distribution of profits or 50% or more of the assets on liquidation or dissolution.

(ww) "**Substitute Awards**" shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, Awards previously granted, or the right or obligation to make future Awards, by a company acquired by the Company or any Related Entity or with which the Company or any Related Entity combines.

3. Administration.

(a) **Authority of the Committee.** The Plan shall be administered by the Committee, except to the extent the Board elects to administer the Plan, in which case the Plan shall be administered by only those directors who are Independent Directors, in which case references herein to the "Committee" shall be deemed to include references to the Independent members of the Board. The Committee shall have full and final authority, subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants, grant Awards, determine the type, number and other terms and conditions of, and all other matters relating to, Awards, prescribe Award Agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, construe and interpret the Plan and Award Agreements and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. In exercising any discretion granted to the Committee under the Plan or pursuant to any Award, the Committee shall not be required to follow past practices, act in a manner consistent with past practices, or treat any Eligible Person or Participant in a manner consistent with the treatment of other Eligible Persons or Participants.

(b) **Manner of Exercise of Committee Authority.** The Committee, and not the Board, shall exercise sole and exclusive discretion (i) on any matter relating to a Participant then subject to Section 16 of the Exchange Act with respect to the Company to the extent necessary in order that transactions by such Participant shall be exempt under Rule 16b-3 under the Exchange Act, (ii) with respect to any Award that is intended to qualify as "performance-based compensation" under Section 162(m), to the extent necessary in order for such Award to so qualify; and (iii) with respect to any Award to an Independent Director. Any action of the Committee shall be final, conclusive and binding on all persons, including the Company, its Related Entities, Eligible Persons, Participants, Beneficiaries, transferees under Section 11(b) hereof or other persons claiming rights from or through a Participant, and shareholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to members of the Board, or officers or managers of the Company or any Related Entity, or committees thereof, the authority, subject to such terms and limitations as the Committee shall determine, to perform such functions, including administrative functions as the Committee may determine to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company and will not cause Awards intended to qualify as "performance-based compensation" under Code Section 162(m) to fail to so qualify. The Committee may appoint agents to assist it in administering the Plan.

(c) **Limitation of Liability.** The Committee and the Board, and each member thereof, shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or Employee, the Company's independent auditors, Consultants or any other agents assisting in the administration of the Plan. Members of the Committee and the Board, and any officer or Employee acting at the direction or on behalf of the Committee or the Board, shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

4. Shares Subject to Plan.

(a) **Limitation on Overall Number of Shares Available for Delivery Under Plan.** Subject to adjustment as provided in Section 11(c) hereof, the aggregate number of Shares reserved and available for delivery under the Plan shall be equal to the sum of (i) 14,595,000 Shares plus (ii) the number of Shares available for issuance but not granted under the Prior Plan, and (iii) the number of Shares that are credited back to the maximum Share limitation under Section 4(c)(i) hereof. Shares issued in respect of any Full Value Award granted under the Plan shall be counted against the share limit as 1.9 Shares of stock for every one Share actually issued in connection with the such Full Value Award. Each Share issued in respect of Options and SARs shall be counted against the share limit as one Share. Any Shares delivered under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

(b) **Application of Limitation to Grants of Award.** No Award may be granted if the number of Shares that would be counted against the Share limit in Section 4(a) hereof as a result of such an Award exceeds the number of Shares remaining available for Award under the Plan. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of Shares actually delivered differs from the number of Shares previously counted in connection with an Award.

(c) **Availability of Shares Not Delivered under Awards and Adjustments to Limits.**

(i) If any Shares subject to an Option or SAR granted under the Plan or the Prior Plan are forfeited or such Option or SAR is settled in cash or otherwise expires or terminates without the delivery of such Shares, the maximum Share limitation of Section 4(a) hereof shall be credited with one Share for each Share subject to such Option or SAR and such number of

credited Shares may again be made available for Awards under the Plan, subject to Section 4(c)(iv) below. If any Shares subject to a Full Value Award granted under the Plan or the Prior Plan are forfeited or such Full Value Award is settled in cash or otherwise expires or terminates without the delivery of such Shares, the maximum share limitation of Section 4(a) hereof shall be credited with 1.9 Shares for each Share subject to such Full Value Award, and such number of credited Shares may again be made available for Awards under the Plan, subject to Section 4(c)(iv) below.

(ii) Awards that are settled or exercised through the payment of Shares shall be counted against the number of Shares available for award under the Plan in accordance with Section 4(a) hereof, regardless of the number of Shares actually issued upon settlement or exercise of any such Award. Awards that are settled in cash shall not be counted against the number of Shares available for Award under this Plan.

(iii) Substitute Awards shall not reduce the Shares authorized for grant under the Plan or authorized for grant to a Participant in any period. Additionally, in the event that a company acquired by the Company or any Related Entity or with which the Company or any Related Entity combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for delivery pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for delivery under the Plan if and to the extent that the use of such Shares would not require approval of the Company's shareholders under the rules of the Listing Market. Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

(iv) Notwithstanding anything in this Section 4(c) to the contrary but subject to adjustment as provided in Section 11(c) hereof, the maximum aggregate number of Shares that may be delivered under the Plan as a result of the exercise of the Incentive Stock Options shall be 14,595,000 Shares. In no event shall any Incentive Stock Options be granted under the Plan after the tenth anniversary of the date on which the Board adopts the Plan.

(v) Notwithstanding anything in this Section 4 to the contrary, but subject to adjustment as provided in Section 11(c) hereof, in any fiscal year of the Company during any part of which the Plan is in effect, no Participant who is a Director but is not also an Employee or Consultant may be granted any Awards that have a "fair value" as of the date of grant, as determined in accordance with FASB ASC Topic 718 (or any other applicable accounting guidance), that exceed \$300,000 in the aggregate.

(d) **No Further Awards Under Prior Plan.** No further awards shall be made under the Prior Plan after July 31, 2016.

5. Eligibility; Per-Participant Limitations. Awards may be granted under the Plan only to Eligible Persons. Subject to adjustment as provided in Section 11(c) of this Plan, in any fiscal year of the Company during any part of which the Plan is in effect, no Participant may be granted (i) Options and/or Stock Appreciation Rights with respect to more than 1,000,000 Shares or (ii) Performance Shares that are subject to Section 9 hereof, with respect to more than 1,000,000 Shares. In addition, the maximum dollar value payable to any one Participant with respect to Performance Units that are subject to Section 9 hereof is (x) \$3,000,000 with respect to any 12 month Performance Period (pro-rated for any Performance Period that is less than 12 months based upon the ratio of the number of days in the Performance Period as compared to 365), and (y) with respect to any Performance Period that is more than 12 months, \$3,000,000 multiplied by the number of full 12 months periods that are in the Performance Period.

6. Award Vesting Limitations. Notwithstanding any other provision of the Plan to the contrary, but subject to Section 10 of the Plan, Awards granted under the Plan shall vest no earlier than the first anniversary of the date the Award is granted; provided, however, that, notwithstanding the foregoing, Awards that result in the issuance of an aggregate of up to 5% of the Shares available pursuant to Section 4(a) may be granted to any one or more Eligible Persons without respect to such minimum vesting provisions. Nothing in this Section 6 shall preclude the Committee from taking action, in its sole discretion, to accelerate the vesting of any Award in connection with or following a Participant's death, disability, termination of Continuous Service or the consummation of a Change in Control.

7. Specific Terms of Awards.

(a) **General.** Awards may be granted on the terms and conditions set forth in this Section 7. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 11(e)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring

forfeiture of Awards in the event of termination of the Participant's Continuous Service and terms permitting a Participant to make elections relating to his or her Award. Except as otherwise expressly provided herein, the Committee shall retain full power and discretion to accelerate, waive or modify, at any time, any term or condition of an Award that is not mandatory under the Plan. Except in cases in which the Committee is authorized to require other forms of consideration under the Plan, or to the extent other forms of consideration must be paid to satisfy the requirements of Delaware law, no consideration other than services may be required for the grant (but not the exercise) of any Award.

(b) **Options.** The Committee is authorized to grant Options to any Eligible Person on the following terms and conditions:

(i) **Exercise Price.** Other than in connection with Substitute Awards, the exercise price per Share purchasable under an Option shall be determined by the Committee, provided that such exercise price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of the Option and shall not, in any event, be less than the par value of a Share on the date of grant of the Option. If an Employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and an Incentive Stock Option is granted to such employee, the exercise price of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no less than 110% of the Fair Market Value a Share on the date such Incentive Stock Option is granted. Other than pursuant to Section 11(c), (A) the terms of outstanding Options may not be amended to reduce the exercise price per Share of such Options, (B) an outstanding Option may not be cancelled, exchanged, substituted, bought out or surrendered in exchange for (i) cash or other Awards, in each case, having a Fair Market Value in excess of the amount by which the Fair Market Value of the Shares underlying such Option exceeds the aggregate exercise price of such Option or (ii) Options with an exercise price per Share that is less than the exercise price per Share of the original Option and (C) the Committee shall not be permitted to take any other action with respect to an Option that may be treated as a repricing, in each case, without approval of the Company's shareholders.

(ii) **Time and Method of Exercise.** Subject to the maximum term of any Option set forth in Section 7(b), the Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the method by which notice of exercise is to be given and the form of exercise notice to be used, the time or times at which Options shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the methods by which the exercise price may be paid or deemed to be paid (including in the discretion of the Committee a cashless exercise procedure), the form of such payment, including, without limitation, cash, Shares (including without limitation the withholding of Shares otherwise deliverable pursuant to the Award), other Awards or Awards granted under other plans of the Company or a Related Entity, or other property (including notes or other contractual obligations of Participants to make payment on a deferred basis provided that such deferred payments are not in violation of Section 13(k) of the Exchange Act, or any rule or regulation adopted thereunder or any other applicable law), and the methods by or forms in which Shares will be delivered or deemed to be delivered to Participants.

(iii) **Form of Settlement.** The Committee may, in its sole discretion, provide that the Shares to be issued upon exercise of an Option shall be in the form of Restricted Stock or other similar securities.

(iv) **Incentive Stock Options.** The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code. Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options (including any Stock Appreciation Right issued in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify either the Plan or any Incentive Stock Option under Section 422 of the Code, unless the Participant has first requested, or consents to, the change that will result in such disqualification. Thus, if and to the extent required to comply with Section 422 of the Code, Options granted as Incentive Stock Options shall be subject to the following special terms and conditions:

(A) the Option shall not be exercisable for more than ten years after the date such Incentive Stock Option is granted; provided, however, that if a Participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and the Incentive Stock Option is granted to such Participant, the term of the Incentive Stock Option shall be (to the extent required by the Code at the time of the grant) for no more than five years from the date of grant; and

(B) the aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the Shares with respect to which Incentive Stock Options granted under the Plan and all other option plans of the Company (and any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code,

respectively) that become exercisable for the first time by the Participant during any calendar year shall not (to the extent required by the Code at the time of the grant) exceed \$100,000; and

(C) if shares acquired by exercise of an Incentive Stock Option are disposed of within two years following the date the Incentive Stock Option is granted or one year following the transfer of such Shares to the Participant upon exercise, the Participant shall, promptly following such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Committee may reasonably require.

(c) **Stock Appreciation Rights.** The Committee may grant Stock Appreciation Rights to any Eligible Person (a "Freestanding Stock Appreciation Right"), upon such terms and conditions as the Committee may establish in its sole discretion, not inconsistent with the provisions of the Plan, including the following:

(i) **Right to Payment.** A Stock Appreciation Right shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one Share on the date of exercise over (B) the grant price of the Stock Appreciation Right as determined by the Committee. The grant price of a Stock Appreciation Right shall not be less than 100% of the Fair Market Value of a Share on the date of grant, in the case of a Freestanding Stock Appreciation Right, or less than the associated Option exercise price, in the case of a tandem Stock Appreciation Right. Other than pursuant to Section 11(c), (A) the terms of outstanding Stock Appreciation Rights may not be amended to reduce the grant price per Share of such Stock Appreciation Rights, (B) an outstanding Stock Appreciation Right may not be cancelled, exchanged, substituted, bought out or surrendered in exchange for (i) cash or other Awards, in each case, having a Fair Market Value in excess of the amount by which the Fair Market Value of the Shares underlying such Stock Appreciation Right exceeds the aggregate grant price of such Stock Appreciation Right or (ii) Stock Appreciation Rights with a grant price per Share that is less than the grant price per Share of the original Stock Appreciation Right and (C) the Committee shall not be permitted to take any other action with respect to a Stock Appreciation Right that may be treated as a repricing, in each case, without approval of the Company's shareholders.

(ii) **Other Terms.** Subject to the maximum term of any Stock Appreciation Right set forth in Section 7(c), the Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a Stock Appreciation Right may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Stock Appreciation Rights shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Shares will be delivered or deemed to be delivered to Participants, whether or not a Stock Appreciation Right shall be in tandem or in combination with any other Award, and any other terms and conditions of any Stock Appreciation Right.

(d) **Restricted Stock Awards.** The Committee is authorized to grant Restricted Stock Awards to any Eligible Person on the following terms and conditions:

(i) **Grant and Restrictions.** Restricted Stock Awards shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, or as otherwise provided in this Plan, covering a period of time specified by the Committee (the "Restriction Period"). The terms of any Restricted Stock Award granted under the Plan shall be set forth in a written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award Agreement relating to a Restricted Stock Award, a Participant granted Restricted Stock shall have all of the rights of a shareholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee). During the period that the Restricted Stock Award is subject to a risk of forfeiture, subject to Section 11(b) below and except as otherwise provided in the Award Agreement, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant or Beneficiary.

(ii) **Forfeiture.** Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable Restriction Period, the Participant's Restricted Stock that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited and reacquired by the Company; provided that, subject to the limitations set forth in Section 6 hereof, the Committee may provide, by resolution or other action or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to Restricted Stock Awards shall be waived in whole or in part in the event of terminations resulting from specified causes, and subject to the limitations in Section 6 hereof, the Committee may in other cases waive in whole or in part the forfeiture of Restricted Stock.

(iii) **Certificates for Stock.** Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(iv) **Dividends and Splits.** As a condition to the grant of a Restricted Stock Award, the Committee may require or permit a Participant to elect that any cash dividends paid on a Share of Restricted Stock be automatically reinvested in additional Shares of Restricted Stock or applied to the purchase of additional Awards under the Plan, or except as otherwise provided in the last sentence of Section 7(h) hereof, may require that payment be delayed (with or without interest at such rate, if any, as the Committee shall determine) and remain subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such cash dividend is payable, in each case in a manner that does not violate the requirements of Section 409A of the Code. Unless otherwise determined by the Committee, Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Shares or other property have been distributed.

(e) **Deferred Award.** The Committee is authorized to grant "Deferred Awards," which include Deferred Stock and Restricted Stock Unit Awards, to any Eligible Person on the following terms and conditions.

(i) **Award and Restrictions.** Satisfaction of a Deferred Award shall occur upon expiration of the deferral period specified for such Deferred Award by the Committee (or, if permitted by the Committee, as elected by the Participant in a manner that does not violate the requirements of Section 409A of the Code). In addition, a Restricted Stock Unit Award shall be subject to such restrictions (which may include a risk of forfeiture) as the Committee may impose, if any, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Committee may determine. A Deferred Award may be satisfied by delivery of Shares, cash equal to the Fair Market Value of the specified number of Shares covered by the Deferred Award, or a combination thereof, as determined by the Committee at the date of grant or thereafter. Prior to satisfaction of a Deferred Award, a Deferred Award carries no voting or dividend or other rights associated with Share ownership. Prior to satisfaction of a Deferred Award, except as otherwise provided in an Award Agreement and as permitted under Section 409A of the Code, a Deferred Award may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant or any Beneficiary.

(ii) **Forfeiture.** Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the Restricted Stock Unit Award), the Participant's Restricted Stock Unit Award that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited; provided that, subject to the limitations set forth in Section 7 hereof, the Committee may provide, by resolution or other action or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to a Restricted Stock Unit Award shall be waived in whole or in part in the event of terminations resulting from specified causes, and, subject to the limitations in Section 6 hereof, the Committee may in other cases waive in whole or in part the forfeiture of any Restricted Stock Unit Award.

(iii) **Dividend Equivalents.** Unless otherwise determined by the Committee at the date of grant, and except as otherwise provided in the last sentence of Section 7(h) hereof, any Dividend Equivalents that are granted with respect to any Deferred Award shall be either (A) paid with respect to such Deferred Award at the dividend payment date in cash or in Shares of unrestricted stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred with respect to such Deferred Award and the amount or value thereof automatically deemed reinvested in additional Deferred Award, other Awards or other investment vehicles, as the Committee shall determine or permit the Participant to elect. The applicable Award Agreement shall specify whether any Dividend Equivalents shall be paid at the dividend payment date, deferred or deferred at the election of the Participant. If the Participant may elect to defer the Dividend Equivalents, such election shall be made within 30 days after the grant date of the Deferred Award, but in no event later than 12 months before the first date on which any portion of such Deferred Award vests (or at such other times prescribed by the Committee as shall not result in a violation of Section 409A of the Code).

(f) **Bonus Stock and Awards in Lieu of Obligations.** The Committee is authorized to grant Shares to any Eligible Persons as a bonus, or to grant Shares or other Awards in lieu of obligations to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, provided that, in the case of Eligible Persons subject to Section 16 of the Exchange Act, the amount of such grants remains within the discretion of the Committee to the extent necessary to ensure that acquisitions of Shares or other Awards are exempt from liability under Section 16(b) of the Exchange Act. Shares or Awards granted hereunder shall be subject to such other terms as shall be determined by the Committee.

(g) **Dividend Equivalents.** The Committee is authorized to grant Dividend Equivalents to any Eligible Person entitling the Eligible Person to receive cash, Shares, other Awards, or other property equal in value to the dividends paid with respect to a specified number of Shares, or other periodic payments. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award. Except as otherwise provided in the last sentence of Section 7(h) hereof, the Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or at some later date, or whether such Dividend Equivalents shall be deemed to have been reinvested in additional Shares, Awards, or other investment vehicles, and subject to such restrictions on transferability and risks of forfeiture, as the Committee may specify. Any such determination by the Committee shall be made at the grant date of the applicable Award. Notwithstanding the foregoing, Dividend Equivalents credited in connection with an Award that vests based on the achievement of performance goals shall be subject to restrictions and risk of forfeiture to the same extent as the Award with respect to which such Dividend Equivalents have been credited.

(h) **Performance Awards.** The Committee is authorized to grant Performance Awards to any Eligible Person payable in cash, Shares, or other Awards, on terms and conditions established by the Committee, subject to the provisions of Section 9 if and to the extent that the Committee shall, in its sole discretion, determine that an Award shall be subject to those provisions. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. Except as provided in Section 10 or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon the criteria set forth in Section 9(b), or in the case of an Award that the Committee determines shall not be subject to Section 9 hereof, any other criteria that the Committee, in its sole discretion, shall determine should be used for that purpose. The amount of the Award to be distributed shall be conclusively determined by the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis in a manner that does not violate the requirements of Section 409A of the Code.

(i) **Other Stock-Based Awards.** The Committee is authorized, subject to limitations under applicable law, to grant to any Eligible Person such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan. Other Stock-Based Awards may be granted to Participants either alone or in addition to other Awards granted under the Plan, and such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan. Except as otherwise provided in the last sentence of Section 7(h) hereof, the Committee shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 7(i) shall be purchased for such consideration, (including without limitation loans from the Company or a Related Entity provided that such loans are not in violation of the Sarbanes Oxley Act of 2002, or any rule or regulation adopted thereunder or any other applicable law) paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards or other property, as the Committee shall determine.

8. Certain Provisions Applicable to Awards.

(a) **Stand-Alone, Additional, Tandem, and Substitute Awards.** Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Related Entity, or any business entity to be acquired by the Company or a Related Entity, or any other right of a Participant to receive payment from the Company or any Related Entity. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award or award, the Committee shall require the surrender of such other Award or award in consideration for the grant of the new Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any Related Entity, in which the value of Stock subject to the Award is equivalent in value to the cash compensation (for example, Deferred Stock or Restricted Stock), or in which the exercise price, grant price or purchase price of the Award in the nature of a right that may be exercised is equal to the Fair Market Value of the underlying Shares minus the value of the cash compensation surrendered (for example, Options or Stock Appreciation Right granted with an exercise price or grant price "discounted" by the amount of the cash compensation surrendered), provided that any such determination to grant an Award in lieu of cash compensation must be made in a manner intended to be exempt from or comply with Section 409A of the Code.

(b) **Term of Awards.** The term of each Award shall be for such period as may be determined by the Committee; provided that in no event shall the term of any Option or Stock Appreciation Right exceed a period of ten years (or in the case of an Incentive Stock Option such shorter term as may be required under Section 422 of the Code).

(c) **Form and Timing of Payment Under Awards; Deferrals.** Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Related Entity upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Shares, other Awards or

other property, and may be made in a single payment or transfer, in installments, or on a deferred basis, provided that any determination to pay in installments or on a deferred basis shall be made by the Committee at the date of grant. Any installment or deferral provided for in the preceding sentence shall, however, subject to the terms of the Plan, be subject to the Company's compliance with the provisions of the Sarbanes-Oxley Act of 2002, as amended, the rules and regulations adopted by the Securities and Exchange Commission thereunder, all applicable rules of the Listing Market and any other applicable law, and in a manner intended to be exempt from or otherwise satisfy the requirements of Section 409A of the Code. Any such settlement shall be at a value determined by the Committee in its sole discretion, which, without limitation, may in the case of an Option or Stock Appreciation Right be limited to the amount if any by which the Fair Market Value of a Share on the settlement date exceeds the exercise or grant price. Installment or deferred payments may be required by the Committee (subject to Section 11(e) of this Plan, including the consent provisions thereof in the case of any deferral of an outstanding Award not provided for in the original Award Agreement) or permitted at the election of the Participant on terms and conditions established by the Committee. Payments may include, without limitation, provisions for the payment or crediting of a reasonable interest rate on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Shares.

(d) **Exemptions from Section 16(b) Liability.** It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to Section 16 of the Exchange Act shall be exempt from Section 16 pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant). Accordingly, if any provision of this Plan or any Award Agreement does not comply with the requirements of Rule 16b-3 then applicable to any such transaction, such provision shall be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under Section 16(b).

(e) **Code Section 409A.** The following provisions shall apply to any Award that is or may potentially be subject to the requirements of Section 409A of the Code.

(i) The Award Agreement for any Award that the Committee reasonably determines to constitute a "non-qualified deferred compensation plan" under Section 409A of the Code (a "Section 409A Plan"), and the provisions of the Plan applicable to that Award, shall be construed in a manner consistent with, the applicable requirements of Section 409A of the Code, and the Committee, in its sole discretion and without the consent of any Participant, may amend any Award Agreement (and the provisions of the Plan applicable thereto) if and to the extent that the Committee determines that such amendment is necessary or appropriate to comply with the requirements of Section 409A of the Code.

(ii) If any Award constitutes a Section 409A Plan, then the Award shall be subject to the following additional requirements, if and to the extent required to comply with Section 409A of the Code:

(A) Payments under the Section 409A Plan may be made only upon (u) the Participant's "separation from service", (v) the date the Participant becomes "disabled", (w) the Participant's death, (x) a "specified time (or pursuant to a fixed schedule)" specified in the Award Agreement at the date of the deferral of such compensation, (y) a "change in the ownership or effective control of the corporation, or in the ownership of a substantial portion of the assets" of the Company, or (z) the occurrence of an "unforeseeable emergency";

(B) The time or schedule for any payment of the deferred compensation may not be accelerated, except to the extent provided in applicable Treasury Regulations or other applicable guidance issued by the Internal Revenue Service;

(C) Any elections with respect to the deferral of such compensation or the time and form of distribution of such deferred compensation shall comply with the requirements of Section 409A(a)(4) of the Code; and

(D) In the case of any Participant who is "specified employee", a distribution on account of a "separation from service" may not be made before the date which is six months after the date of the Participant's "separation from service" (or, if earlier, the date of the Participant's death).

For purposes of the foregoing, the terms in quotations shall have the same meanings as those terms have for purposes of Section 409A of the Code, and the limitations set forth herein shall be applied in such manner (and only to the extent) as shall be necessary to comply with any requirements of Section 409A of the Code that are applicable to the Award.

(iii) Notwithstanding the foregoing, or any provision of this Plan or any Award Agreement, the Company does not make any representation to any Participant or Beneficiary that any Awards made pursuant to this Plan are exempt from, or satisfy, the requirements of Section 409A of the Code, and the Company shall have no liability or other obligation to indemnify or hold harmless the Participant or any Beneficiary for any tax, additional tax, interest or penalties that the Participant or any Beneficiary may

incur in the event that any provision of this Plan, or any Award Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A of the Code.

(f) Clawback of Certain Compensation and Benefits.

(i) The Company may (A) cause the cancellation of any Award, (B) require reimbursement of any Award by a Participant or Beneficiary, and (C) effect any other right of recoupment of equity or other compensation provided under this Plan or otherwise in accordance with any Company policies that currently exist or that may from time to time be adopted or modified in the future by the Company and/or applicable law (each, a "Clawback Policy"). In addition, a Participant may be required to repay to the Company certain previously paid compensation, whether provided under this Plan or an Award Agreement or otherwise, in accordance with any Clawback Policy. By accepting an Award, a Participant is also agreeing to be bound by any existing or future Clawback Policy adopted by the Company, or any amendments that may from time to time be made to the Clawback Policy in the future by the Company in its discretion (including without limitation any Clawback Policy adopted or amended to comply with applicable laws or stock exchange requirements) and is further agreeing that all of the Participant's Award Agreements (and/or awards issued under the Prior Plans) may be unilaterally amended by the Company, without the Participant's consent, to the extent that the Company in its discretion determines to be necessary or appropriate to comply with any Clawback Policy.

(ii) If the Participant, without the consent of the Company, while employed by or providing services to the Company or any Subsidiary or after termination of such employment or service, violates a non-competition, non-solicitation or non-disclosure covenant or agreement or otherwise engages in activity that is in conflict with or adverse to the interest of the Company or any Subsidiary, as determined by the Committee in its sole discretion, then (i) any outstanding, vested or unvested, earned or unearned portion of the Award may, at the Committee's discretion, be canceled and (ii) the Committee, in its discretion, may require the Participant or other person to whom any payment has been made or Shares or other property have been transferred in connection with the Award to forfeit and pay over to the Company, on demand, all or any portion of the gain (whether or not taxable) realized upon the exercise of any Option or Stock Appreciation Right and the value realized (whether or not taxable) on the vesting or payment of any other Award during the time period specified in the Award Agreement or otherwise specified by the Committee.

9. Code Section 162(m) Provisions.

(a) **Covered Employees.** The Committee, in its discretion, may determine at the time an Award is granted to an Eligible Person who is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, that the provisions of this Section 9 shall be applicable to such Award.

(b) **Performance Criteria.** If an Award is subject to this Section 9, then the payment or distribution thereof or lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be contingent upon achievement of one or more objective performance goals. Performance goals shall be objective and shall otherwise meet the requirements of Section 162(m) of the Code and regulations thereunder including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being "substantially uncertain." One or more of the following business criteria for the Company, on a consolidated basis, and/or for Related Entities, or for business or geographical units of the Company and/or a Related Entity (except with respect to the total shareholder return and earnings per share criteria), shall be used by the Committee in establishing performance goals for such Awards: (1) earnings per share; (2) revenues or margins; (3) cash flow; (4) operating margin; (5) return on net assets, investment, capital, or equity; (6) economic value added; (7) direct contribution; (8) net income; pretax earnings; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings after interest expense and before extraordinary or special items; operating income or income from operations; income before interest income or expense, unusual items and income taxes, local, state or federal and excluding budgeted and actual bonuses which might be paid under any ongoing bonus plans of the Company; (9) working capital; (10) management of fixed costs or variable costs; (11) identification or consummation of investment opportunities or completion of specified projects in accordance with corporate business plans, including strategic mergers, acquisitions or divestitures; (12) total shareholder return; (13) debt reduction; and/or (14) the Fair Market Value of a Share. Any of the above goals may be determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the Committee including, but not limited to, the Standard & Poor's 500 Stock Index or a group of companies that are comparable to the Company. Except as otherwise specified by the Committee at the time the goals are set, the Committee shall exclude the impact of: (i) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (ii) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management, (iii) a change in accounting standards required by generally accepted accounting principles, or (iv) any other item or event specified by the Committee at the time the goals are set.

(c) **Performance Period; Timing For Establishing Performance Goals.** Achievement of performance goals in respect of such Performance Awards subject to this Section 9 shall be measured over a Performance Period no shorter than 12 months

and no longer than 5 years, as specified by the Committee. Performance goals shall be established not later than 90 days after the beginning of any Performance Period applicable to Performance Awards, subject to this Section 9, or at such other date as may be required or permitted for "performance-based compensation" under Section 162(m) of the Code.

(d) **Adjustments.** The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with Awards subject to this Section 9, but may not exercise discretion to increase any such amount payable to a Covered Employee in respect of an Award subject to this Section 9. The Committee shall specify the circumstances in which such Awards shall be paid or forfeited in the event of termination of Continuous Service by the Participant prior to the end of a Performance Period or settlement of Awards.

(e) **Committee Certification.** No Participant shall receive any payment under the Plan that is subject to this Section 9 unless the Committee has certified, by resolution or other appropriate action in writing, that the performance criteria and any other material terms previously established by the Committee or set forth in the Plan, have been satisfied to the extent necessary to qualify as "performance based compensation" under Section 162(m) of the Code.

10. **Change in Control.**

(a) **Effect of "Change in Control".** Unless otherwise provided in any employment or other agreement between the Participant and the Company or any Related Entity, or in any Award Agreement, or to the extent otherwise determined by the Committee in effect immediately preceding the Change in Control, in its sole discretion and without any requirement that each Participant be treated consistently, in the event of a Change in Control and within 6 months before or 18 months after the Change in Control, the Participant's Continuous Service is terminated by the Company or any Related Entity without Justifiable Cause or by the Participant for Good Reason, or there is a termination of Continuous Service because of the Participant's death or Disability, the following shall occur: (i) if the portion of the Participant's Award(s) or any award(s) that is substituted therefor that is subject only to time-based vesting has not previously been vested or paid to the Participant, then such portion shall immediately vest (in the case of any Award or substitute therefor that is subject to vesting) and any cash payable as a result of such vesting shall be paid to the Participant, as soon as practicable (but in no event more than 5 business days) after the later of the Change in Control or the termination of the Participant's Continuous Service; and (ii) if the portion of the Participant's Award(s) or any award(s) that is substituted therefor that is subject to performance-based vesting has not previously been vested or paid to the Participant, then the pro-rata portion for the time elapsed in the ongoing performance period(s) of the Award or substitute therefor, shall immediately vest and any cash payable as a result of such vesting shall be paid to the Participant, as soon as practicable (but in no event more than 5 business days) after the later of the Change in Control or the termination of the Participant's Continuous Service. Each Share that is received upon the exercise, vesting or settlement of an Award or substitute therefor that vests pursuant to this Section 10(b) shall be immediately redeemed by the Company (or its successor) for cash payable by the Company (or its successor) in an amount (the "Redemption Price Per Share") equal to, as applicable, (x) if the Shares have not been cancelled, exchanged or converted into other securities or property as a result of the Change in Control and are publicly-traded, the Fair Market Value of a Share on the date of the termination of the Participant's Continuous Service, or (y) if the Shares have been cancelled, exchanged or converted into other securities or property as a result of the Change in Control, the greater of (i) the fair market value per Share of the consideration received pursuant to the Change in Control by the holders of Shares on the date of the Change in Control and (ii) if the consideration received by the holders of Shares pursuant to the Change in Control consisted, in whole or in part, of other securities which are publicly traded, the sum of (A) the fair market value of the number of such securities received for each Share pursuant to the Change in Control on the date of the termination of the Participant's Continuous Service and (B) the fair market value of any other consideration received for each Share pursuant to the Change of Control. Each Option that vests pursuant to this Section 10(b) shall be immediately cancelled in exchange for cash payable by the Company for each Share subject to the cancelled Option equal to the amount, if any, by which the Redemption Price Per Share exceeds the exercise price per Share of the Option.

(b) **Definition of "Change in Control".** Unless otherwise specified in any employment or other agreement for services between the Participant and the Company or any Subsidiary, or in an Award Agreement, a "Change in Control" shall mean the occurrence of any of the following:

(i) The acquisition by any Person of Beneficial Ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of either (A) the value of then outstanding equity securities of the Company (the "Outstanding Company Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities") (the foregoing Beneficial Ownership hereinafter being referred to as a "Controlling Interest"); provided, however, that for purposes of this Section 10(b), the following acquisitions shall not constitute or result in a Change in Control: (v) any acquisition directly from the Company; (w) any acquisition by the Company; (x) any acquisition by any Person that as of the Effective Date owns Beneficial Ownership of a Controlling

Interest; (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary; or (z) any acquisition by any entity pursuant to a transaction which complies with clauses (1), (2) and (3) of subsection (iii) below; or

(ii) During any period of two (2) consecutive years (not including any period prior to the Effective Date) individuals who constitute the Board on the Effective Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of (A) a reorganization, merger, statutory share exchange or consolidation or similar transaction involving (x) the Company or (y) or any of its Subsidiaries, or (B) a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or equity securities of another entity by the Company or any of its Subsidiaries (each an "Asset Sale"), in each case, unless, following such Business Combination, (1) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the value of the then outstanding equity securities and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of members of the board of directors (or comparable governing body of an entity that does not have such a board), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Stock and Outstanding Company Voting Securities, as the case may be (2) no Person (excluding any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination or any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest) beneficially owns, directly or indirectly, fifty percent (50%) or more of the value of the then outstanding equity securities of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity resulting from such Business Combination except to the extent that such ownership existed prior to the Business Combination and (3) at least a majority of the members of the Board of Directors or other governing body of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

11. **General Provisions.**

(a) **Compliance With Legal and Other Requirements.** The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Shares or payment of other benefits under any Award until completion of such registration or qualification of such Shares or other required action under any federal or state law, rule or regulation, listing or other required action with respect to the Listing Market, or compliance with any other obligation of the Company, as the Committee, may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Shares or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations.

(b) **Limits on Transferability; Beneficiaries.** No Award or other right or interest granted under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party, or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights (other than Incentive Stock Options and Stock Appreciation Rights in tandem therewith) may be transferred to one or more Beneficiaries or other transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Committee pursuant to the express terms of an Award Agreement (subject to any terms and conditions which the Committee may impose thereon), are by gift or pursuant to a domestic relations order, and are to a "Permitted Assignee" that is a permissible transferee under the applicable rules of the Securities and Exchange Commission for registration of shares of stock on a Form S-8 registration statement. For this purpose, a Permitted Assignee shall mean (i) the Participant's spouse, children or grandchildren (including any adopted and step children or grandchildren), parents, grandparents or siblings, (ii) a trust for the benefit of one or more of the Participant or the persons referred to in clause (i), (iii) a partnership, limited liability company or corporation in which the Participant or the persons referred to in clause (i) are the only partners, members or shareholders, or (iv) a

foundation in which any person or entity designated in clauses (i), (ii) or (iii) above control the management of assets. A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award Agreement applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) Adjustments.

(i) **Adjustments to Awards.** In the event that any extraordinary dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Shares and/or such other securities of the Company or any other issuer, then the Committee shall, in such manner as it may deem appropriate and equitable, substitute, exchange or adjust any or all of (A) the number and kind of Shares which may be delivered in connection with Awards granted thereafter, (B) the number and kind of Shares by which annual per-person Award limitations are measured under Section 5 hereof, (C) the number and kind of Shares subject to or deliverable in respect of outstanding Awards, (D) the exercise price, grant price or purchase price relating to any Award and/or make provision for payment of cash or other property in respect of any outstanding Award, and (E) any other aspect of any Award that the Committee determines to be appropriate in order to prevent the reduction or enlargement of benefits under any Award. Notwithstanding the foregoing, in the case of any "equity restructuring" (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation - Stock Compensation, formerly known as Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004) or any other applicable accounting standard), the Committee shall make such adjustments to Awards on account of such equity restructuring as shall be necessary in order that the "fair value" of the adjusted Award immediately following the equity restructuring shall be equal to the "fair value" of the original Award immediately prior to the equity restructuring, based on the Share price and other pertinent factors on the effective date of the equity restructuring. For purposes of the preceding sentence, "fair value" shall be determined in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation - Stock Compensation or any other applicable accounting standard.

(ii) Adjustments in Case of Certain Transactions.

(A) In the event of any merger, consolidation or other reorganization in which the Company does not survive, or in the event of any Change in Control (and subject to the provisions of Section 10 of this Plan relating to the vesting of Awards in the event of any Change in Control), any outstanding Awards may be dealt with in accordance with any of the following approaches, without the requirement of obtaining any consent or agreement of a Participant as such, as determined by the agreement effectuating the transaction or, if and to the extent not so determined, as determined by the Committee: (1) the continuation of the outstanding Awards by the Company, if the Company is a surviving entity, (2) the assumption or substitution for, as those terms are defined below, the outstanding Awards by the surviving entity or its parent or subsidiary, (3) full exercisability or vesting and accelerated expiration of the outstanding Awards, or (4) settlement of the value of the outstanding Awards in cash or cash equivalents or other property followed by cancellation of such Awards (which value, in the case of Options or Stock Appreciation Rights, shall be measured by the amount, if any, by which the Fair Market Value of a Share exceeds the exercise or grant price of the Option or Stock Appreciation Right as of the effective date of the transaction). The Committee shall give written notice of any proposed transaction referred to in this Section 11(c)(ii) a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after the approval of such transaction), in order that Participants may have a reasonable period of time prior to the closing date of such transaction within which to exercise any Awards that are then exercisable (including any Awards that may become exercisable upon the closing date of such transaction). A Participant may condition his exercise of any Awards upon the consummation of the transaction.

(B) For purposes of this Section 11(c)(ii), an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Award or Other Stock-Based Award shall be considered assumed or substituted for if following the Change in Control the Award confers the right to purchase or receive, for each Share subject to the Option, Stock Appreciation Right, Restricted Stock Award, Deferred Award or Other Stock-Based Award immediately prior to the Change in Control, on substantially the same vesting and other terms and conditions as were applicable to the Award immediately prior to the Change in Control, the consideration (whether stock, cash or other securities or property) received in the transaction constituting a Change in Control by holders of Shares for each Share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the transaction constituting a Change in Control is not solely common stock of the successor company or its parent or subsidiary, the Committee may, with the consent of the successor company or its parent or subsidiary, provide that the consideration to be received upon the exercise or vesting of an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Award or Other Stock-Based Award, for each Share subject thereto, will be solely common stock of the successor company or its parent or subsidiary substantially equal in fair market value to the per share consideration received by holders of Shares in the transaction constituting a Change in Control.

The determination of such substantial equality of value of consideration shall be made by the Committee in its sole discretion and its determination shall be conclusive and binding.

(iii) **Other Adjustments.** The Committee (and the Board if and only to the extent such authority is not required to be exercised by the Committee to comply with Section 162(m) of the Code) is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Performance Awards, or performance goals relating thereto) in recognition of unusual or nonrecurring events (including, without limitation, acquisitions and dispositions of businesses and assets) affecting the Company, any Related Entity or any business unit, or the financial statements of the Company or any Related Entity, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any Related Entity or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant, provided that no such adjustment shall be authorized or made if and to the extent that such authority or the making of such adjustment would cause Options, Stock Appreciation Rights, Performance Awards granted pursuant to Section 9(b) hereof to Participants designated by the Committee as Covered Employees and intended to qualify as "performance-based compensation" under Code Section 162(m) and the regulations thereunder to otherwise fail to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder.

(d) **Award Agreements.** Each Award Agreement shall either be (i) in writing in a form approved by the Committee and executed by the Company by an officer duly authorized to act on its behalf, or (ii) an electronic notice in a form approved by the Committee and recorded by the Company (or its designee) in an electronic recordkeeping system used for the purpose of tracking one or more types of Awards as the Committee may provide; in each case and if required by the Committee, the Award Agreement shall be executed or otherwise electronically accepted by the recipient of the Award in such form and manner as the Committee may require. The Committee may authorize any officer of the Company to execute any or all Award Agreements on behalf of the Company. The Award Agreement shall set forth the material terms and conditions of the Award as established by the Committee consistent with the provisions of the Plan.

(e) **Taxes.** The Company and any Related Entity are authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Shares, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company or any Related Entity and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments equal in value to the Shares withheld or received from the Participant in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis in the discretion of the Committee. The amount of withholding tax paid with respect to an Award by the withholding of Shares otherwise deliverable pursuant to the Award or by delivering Shares already owned shall not exceed the maximum statutory withholding required with respect to that Award.

(f) **Changes to the Plan and Awards.** The Board may amend, alter, suspend, discontinue or terminate the Plan, or the Committee's authority to grant Awards under the Plan, without the consent of shareholders or Participants, except that any amendment or alteration to the Plan shall be subject to the approval of the Company's shareholders not later than the annual meeting next following such Board action if such shareholder approval is required by any federal or state law or regulation (including, without limitation, Rule 16b-3 or Code Section 162(m)) or the rules of the Listing Market, and the Board may otherwise, in its discretion, determine to submit other such changes to the Plan to shareholders for approval; provided that, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under any previously granted and outstanding Award. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award Agreement relating thereto, except as otherwise provided in the Plan; provided that, without the consent of an affected Participant, no such Committee or the Board action may materially and adversely affect the rights of such Participant under such Award.

(g) **Limitation on Rights Conferred Under Plan.** Neither the Plan nor any action taken hereunder or under any Award shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or a Related Entity; (ii) interfering in any way with the right of the Company or a Related Entity to terminate any Eligible Person's or Participant's Continuous Service at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and Employees, or (iv) conferring on a Participant any of the rights of a shareholder of the Company or any Related Entity including, without limitation, any right to receive dividends or distributions, any right to vote or act by written consent, any right to attend meetings of shareholders or any right to receive any information concerning the Company's or any Related Entity's business, financial condition, results of operation or prospects, unless and until such time as the Participant is duly issued Shares on the stock books of the Company or any Related Entity's in accordance with the terms of an Award. None of the Company, its officers or its directors shall have any fiduciary obligation to the Participant with

respect to any Shares awarded pursuant to this Plan unless and until the Participant is duly issued Shares pursuant to the Award on the stock books of the Company in accordance with the terms of an Award. Neither the Company, nor any Related Entity, nor any of their respective officers, directors, representatives or agents are granting any rights under the Plan to the Participant whatsoever, oral or written, express or implied, other than those rights expressly set forth in this Plan or the Award Agreement.

(h) **Unfunded Status of Awards; Creation of Trusts.** The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Shares pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided that the Committee may authorize the creation of trusts and deposit therein cash, Shares, other Awards or other property, or make other arrangements to meet the Company's obligations under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Committee may specify and in accordance with applicable law.

(i) **Nonexclusivity of the Plan.** Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable including incentive arrangements and awards which do not qualify under Section 162(m) of the Code.

(j) **Payments in the Event of Forfeitures; Fractional Shares.** Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash or other consideration, the Participant shall be repaid the amount of such cash or other consideration. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(k) **Governing Law.** Except as otherwise provided in any Award Agreement, the validity, construction and effect of the Plan, any rules and regulations under the Plan, and any Award Agreement shall be determined in accordance with the laws of the State of Delaware without giving effect to principles of conflict of laws, and applicable federal law.

(l) **Non-U.S. Laws.** The Committee shall have the authority to adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Company or its Subsidiaries may operate to assure the viability of the benefits from Awards granted to Participants performing services in such countries and to meet the objectives of the Plan.

(m) **Plan Effective Date and Shareholder Approval; Termination of Plan.** The Plan shall become effective on the Effective Date which is the date the Plan was approved by shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Code Sections 162(m) (if applicable) and 422, Rule 16b-3 under the Exchange Act (if applicable), applicable requirements under the rules of any stock exchange or automated quotation system on which the Shares may be listed or quoted, and other laws, regulations, and obligations of the Company applicable to the Plan. Awards may be granted subject to shareholder approval, but may not be exercised or otherwise settled in the event the shareholder approval is not obtained. The Plan shall terminate at the earliest of (a) such time as no Shares remain available for issuance under the Plan, (b) termination of this Plan by the Board, or (c) the tenth anniversary of the Effective Date. Awards outstanding upon expiration of the Plan shall remain in effect until they have been exercised or terminated, or have expired.

(n) **Construction and Interpretation.** Whenever used herein, nouns in the singular shall include the plural, and the masculine pronoun shall include the feminine gender. Headings of Articles and Sections hereof are inserted for convenience and reference and constitute no part of the Plan.

(o) **Severability.** If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

DESTINATION XL GROUP, INC.
SEVENTH AMENDED AND RESTATED
NON-EMPLOYEE DIRECTOR COMPENSATION PLAN

Section 1. Establishment and Purpose.

Destination XL Group, Inc. (the "Company") hereby amends and restates the Destination XL Group, Inc. Sixth Amended and Restated Non-Employee Director Compensation Plan (as amended from time to time, the "Plan"), for the purpose of supporting the Company's ongoing efforts to attract and retain exceptional directors to provide strategic guidance to the Company. The Plan provides a convenient method by which Non-Employee Directors may acquire shares of Common Stock of the Company ("Shares") at fair market value by voluntarily electing to receive Shares in lieu of fees otherwise payable to them in Cash for service as a non-employee member of the Board of Directors of the Company (the "Board"). The Plan also provides for share ownership guidelines for Non-Employee Directors. The Board requires that each Participant who has not met the ownership guidelines as set forth in the Plan receive a specified percentage of the Participant's Retainer hereunder in Shares and/or Deferred Stock (referred to as "Required Equity" or "Required Shares"). In addition, each Participant, at his/her discretion, will be able to elect to receive Shares and/or Deferred Stock in lieu of Cash for any remaining portion of the Compensation ("Discretionary Equity" or "Discretionary Shares").

Any Shares acquired by a Participant pursuant to this Plan as part of Required Equity and any Deferred Stock shall come from the Incentive Compensation Plan. Any Shares acquired by a Participant pursuant to this Plan as part of Discretionary Equity (other than as part of a grant of Deferred Stock) shall come out of the pool of Shares reserved for issuance under Section 4 of this Plan, subject to adjustment as the Board may from time to time determine, and not from the Incentive Compensation Plan. The Plan shall be effective as of December 11, 2023. Elections for fiscal 2024 and thereafter must be submitted to the Company in accordance with Section 3(d) no later than December 31 of the year preceding the fiscal year for which the election is to be effective.

Section 2. Definitions.

When used herein, the following capitalized terms shall have the meanings assigned to them, unless the context clearly indicates otherwise. Capitalized terms used herein and not defined shall have the meanings assigned to them in the Incentive Compensation Plan.

(a) "Board Chair/Lead Director" means an independent director whose responsibilities, if the Board Chair, shall be as set forth for the Chairman of the Board in the Company's By-laws, and, if the Lead Director, shall include the following and any other responsibilities determined by the Board: (i) presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors; (ii) serving as liaison between the Chairman and the independent directors; (iii) reviewing and approving materials to be sent to the Board; (iv) approving the meeting agendas for the Board; (v) approving meeting schedules to assure that there is sufficient time for discussion of all agenda items; (vi) having the authority to call meetings of the independent directors; and

- (vii) if requested by major shareholders, ensuring that he or she is available for consultation and direct communication.
- (b) "Cash" means U.S. dollars.
- (c) "Common Stock" means the common stock of the Company, par value \$.01 per share.
- (d) "Compensation" means the Retainer and other fees paid to Non-Employee Directors pursuant to this Plan. Compensation is payable in the form of Cash, Shares and/or Deferred Stock pursuant to the terms and conditions set forth in this Plan.
- (e) "Compensation Payment Choice" means the form of payment of Compensation that a Participant selects in accordance with the terms hereof.
- (f) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.
- (g) "Grant Date" means, with respect to the award of Compensation, the first business day of the fiscal quarter to which the Compensation relates.
- (h) "Incentive Compensation Plan" means the Company's 2016 Incentive Compensation Plan, as amended from time to time, or any shareholder-approved successor plan to the Company's 2016 Incentive Compensation Plan.
- (i) "Irrevocable Election Agreement" means the written agreement, substantially in the form of Exhibit A, between the Company and a Participant, which, together with the Plan and the Incentive Compensation Plan, governs the Participant's rights to payment of Compensation under the Plan.
- (j) "Minimum Ownership Threshold" means owning Ownership Shares (as defined in Section 3(e) of the Plan) equal in value to at least a minimum of three times the aggregate Retainer amount paid in a fiscal year pursuant to Section 3(a)(i).
- (k) "NASDAQ" means The Nasdaq Stock Market, LLC, or other securities exchange on which the Common Stock may be traded.
- (l) "Non-Employee Director" means a Director who satisfies the requirements set forth in Rule 16b-3(b)(3)(i) under the Exchange Act.
- (m) "Participant" means a Non-Employee Director of the Company.
- (n) "Separation from Service" means the earliest date on which a Participant has incurred a separation from service, within the meaning of Section 409A(a)(2) of the Code, with the Service Recipient.

(o) "Service Recipient" means the Company and all persons with whom the Company would be considered a single employer under Section 414(b) of the Code (employees of a controlled group of corporations), and all persons with whom such person would be considered a single employer under Section 414(c) of the Code (employees of partnerships, proprietorships, or other entities under company control).

(p) "Treasury Regulations" means the regulations promulgated by the United States Treasury Department with respect to the Code, as amended from time to time.

Section 3. Compensation; Irrevocable Election; Holding Requirement; Valuation.

(a) Compensation. The Compensation paid to the Participants pursuant to this Plan as consideration for service as a Non-Employee Director shall be as follows:

- i. a retainer equal to \$33,750 per fiscal quarter ("Retainer");
- ii. to the Board Chair/Lead Director, a fee equal to \$10,000 per fiscal quarter;
- iii. to the chairperson of the Company's audit committee, a fee equal to \$5,000 per fiscal quarter; and
- iv. to the chairperson of any of the Company's other committees, a fee equal to \$2,500 per fiscal quarter.

The Compensation shall be earned on a quarterly basis based on the Company's fiscal year.

(b) Payment or Grant. The Compensation shall be paid or granted, as applicable, on the second business day of the fiscal quarter that includes the Grant Date. If a Participant is initially elected or appointed to the Board after the Election deadline preceding the commencement of the fiscal year as discussed in Section 3(d) (the "Start Date"), such Participant shall receive in Cash, on or as soon as practicable following such Start Date, a prorated portion of the Retainer, Board Chair/Lead Director and chairperson fees, if applicable, otherwise payable to such Participant for such fiscal quarter, with such prorated portion determined by multiplying the Retainer, Board Chair/Lead Director and any applicable chairperson fees by a fraction, the numerator of which is the number of days remaining from the Start Date until the end of the applicable fiscal quarter and the denominator of which is the number of days in the applicable fiscal quarter. If a Participant notifies the Company that he or she will not stand for re-election at the Company's Annual Meeting of Stockholders (the "Annual Meeting") and will experience a Separation from Service as a result, but will serve as a Participant up until the date of the Annual Meeting, Participant will receive a pro-rated portion of his or her quarterly Retainer, Board Chair/Lead Director and chairperson fees, as applicable, for the fiscal quarter in which the Annual Meeting occurs, calculated from the first day of the fiscal quarter in which the Annual Meeting occurs until the date of the Annual Meeting, payable in Cash at the time required pursuant to this Plan and in accordance with Section 409A of the Code.

(c) Source of Shares. As provided in Section 1, Compensation paid in the form of Shares as part of any Required Equity or in the form of Deferred Stock shall come from the Incentive Compensation Plan, but will only be made in the form of Shares or Deferred Stock if there is a sufficient number of shares of Common Stock available under the Incentive Compensation Plan. Compensation paid in the form of Shares as part of any Discretionary Equity shall come from the pool of Shares reserved for issuance under this Plan, but will only be made in the form of Shares if there is a sufficient number of shares of Common Stock available under this Plan. In the event that the Company does not have a sufficient number of Shares remaining under the Incentive Compensation Plan to satisfy elections to receive Shares that are part of any Required Equity or that are Deferred Stock, the payments will be made in Cash to the extent of such insufficiency. In the event that the Company does not have a sufficient number of Shares remaining under this Plan to satisfy discretionary elections to receive Shares, the payments will be made in Cash to the extent of such insufficiency. Notwithstanding any provision of the Plan to the contrary, in the event that an election to have Compensation paid in the form of Deferred Stock is replaced with Cash due to one of the foregoing limitations, such Cash payment will be made at the time the Deferred Stock would have been delivered had there been sufficient Shares available.

(d) Election Procedures. Subject to the Required Equity provisions of the Plan, Participants have the right to elect payment of Compensation in any combination of Cash, Shares, or Deferred Stock. Elections by the Participants made under this Plan must be made in writing substantially in the form of Exhibit A attached hereto and submitted to the General Counsel of the Company (or such other person as the Committee shall designate) no later than December 31st of the calendar year preceding the commencement of the fiscal year for which the Compensation will be earned. All elections (including elections to receive Deferred Stock), once submitted, are irrevocable for that fiscal year. During the fiscal year, to the extent the Minimum Ownership Threshold is met by a Participant, any additional Shares payable or Deferred Stock granted to such Participant shall be deemed Discretionary Equity. In the event a timely election is not made or a person does not become a Participant until after the deadline for the election to be made, the Participant shall receive Cash and may not make an election in the form of Exhibit A until the following year.

(e) Requirement to Hold Equity. Within five years of a Participant's election or appointment to the Board, a Participant is expected to own and maintain Shares meeting the Minimum Ownership Threshold. Beginning with the Participant's first election as set forth in Section 3(d), until such time as the Participant meets the Minimum Ownership Threshold, the Participant will be required to receive 60% of his or her Retainer paid pursuant to Section 3(a)(i) in the form of Shares, subject to the Share limitations set forth in Sections 3 and 4. So long as a Participant meets the Minimum Ownership Threshold, a Participant will be permitted to sell Shares in excess of the Minimum Ownership Threshold, but only if such sale is effectuated in compliance with the Company's Securities Trading Policy then in effect. A Participant is required to hold the Shares constituting the Minimum Ownership Threshold until his/her Separation from Service, unless otherwise approved by the Board.

Solely for purposes of determining whether the Minimum Ownership Threshold has been achieved, the following shall be deemed to be Shares held by a Participant (referred to as “Ownership Shares”): (i) Shares owned directly (including through open market purchases or acquired pursuant to the Plan), (ii) Shares owned jointly with or separately by the Participant’s spouse, (iii) Deferred Stock that has been granted but not yet delivered; (iv) Shares held in trust for the benefit of the Participant or in trust for the benefit of the Participant’s spouse or children for which the Participant acts as trustee, and (v) Shares owned by a partnership, limited liability company or other entity to the extent of the Participant’s interest therein (or the interest therein of his or her immediate family members), but only if the Participant has or shares power to vote or dispose of the Shares. In determining compliance with the Minimum Ownership Threshold, the Committee may evaluate whether exceptions to the Minimum Ownership Threshold should be made for a particular Participant who would incur a hardship by complying with the Minimum Ownership Threshold, including, but not limited to, allowing Participants additional time to regain compliance and/or suspending ownership requirements in the event of significant declines in the price of Shares.

(f) Valuation. For purposes of determining the number of Shares held by a Participant or to be granted to a Participant as of a Grant Date, each Share shall be assigned a value equal to the closing sale price of a Share as reported by NASDAQ, or other quotation system or securities exchange on which the Common Stock may be traded, on the last trading day of the immediately prior fiscal quarter. Any grant of Shares or Deferred Stock, pursuant to this Plan, shall be fully vested on the Grant Date. Grant of Shares and Deferred Stock under the Plan will be in the form of whole Shares only; the *de minimis* balance of any foregone fees not payable or grantable in whole Shares will not be paid or granted.

(g) Deferral Election. If a Participant elects to be granted Deferred Stock, the Participant may irrevocably elect to have delivery of Shares in respect of such Deferred Stock occur within thirty (30) days following:

- (i) The three-year anniversary of the Grant Date or upon the Participant’s Separation from Service, if earlier,
OR
- (ii) The Participant’s Separation from Service.

If a Participant fails to make a timely election as to the date of delivery, then delivery of such Deferred Stock will be made within the thirty (30)-day period immediately following the Participant’s Separation from Service.

While it is not anticipated that any Participant will be deemed to be a “specified employee” as that term is defined in Section 409A(a)(2)(B)(i) of the Code, in the event that a Participant is deemed to be a specified employee of the Company, then notwithstanding the foregoing, any payment that is nonqualified deferred compensation under Section 409A of the Code that is payable on account of the Participant’s Separation from Service shall be made on the first day following the date that is six months after the Participant’s Separation from Service (or, if earlier, the date of the Participant’s death).

Section 4. Number of Shares Under the Plan and the Maximum Number of Shares Available for Compensation Under the Plan.

- (a) Subject to adjustment as the Board may from time to time determine, the total number of Shares reserved and available under the Plan with respect to Discretionary Shares (other than Deferred Stock) shall be 1,500,000, as adjusted for any stock dividends, combinations, splits, recapitalizations and the like.
- (b) Subject to adjustment as the Board may from time to time determine, the maximum number of Shares (the aggregate of both Required Equity and Discretionary Equity) that can be granted in any fiscal quarter under the Plan is 250,000 Shares, including shares of Deferred Stock.
- (c) If the aggregate number of Shares needed for the payment of Compensation to all electing Participants in a given quarter exceeds 250,000 Shares, the 250,000 Shares shall first be allocated ratably in proportion towards the satisfaction of any Required Equity with any remaining Shares allocated ratably in proportion to the respective Discretionary Equity amounts which would otherwise be payable or granted to them absent such limitation or insufficiency. Notwithstanding any provision of the Plan to the contrary, in the event that an election to have Compensation paid in the form of Deferred Stock is replaced with Cash settlement due to one of the foregoing limitations, such Cash payment will be made at the time the Deferred Stock would have been delivered had there been sufficient Shares available.

Section 5. Additional Compensation.

In the event of the creation of a special Board committee tasked with working on a significant corporate event (a "Special Committee"), the Board shall determine the amount, timing and form of payment of any additional Compensation which it determines should be paid to the Participants serving on the Special Committee.

Section 6. Change in Control.

If and to the extent that it would not violate the requirements of Section 409A of the Code, in the event of a Change in Control prior to, or concurrently with, a Participant's Separation from Service, Shares underlying any Deferred Stock Award shall be delivered as soon as administratively practicable after, and in all events within 30 days after, the Change of Control.

Section 7. No Acceleration of Benefits.

In no event shall the acceleration of the time or schedule of any payment under the Plan that is subject to Section 409A of the Code be permitted, except to the extent permitted under Section 409A of the Code and the Treasury Regulations and other applicable guidance issued thereunder.

Section 8. Amendment and Termination.

This Plan may be amended or terminated in any respect at any time by the Board; provided, however, that no amendment or termination of the Plan shall be effective to reduce any benefits that accrue and are vested before the adoption of such amendment or termination. If and to the extent permitted without violating the requirements of Section 409A of the Code, the Committee may require that the Compensation of all Participants be paid in Cash as soon as practicable after such termination, notwithstanding any elections by Participants with regard to the timing or form in which their benefits are to be paid. If and to the extent that the Committee does not accelerate the timing of payments on account of the termination of the Plan pursuant to the preceding sentence, payment of any remaining benefits under the Plan shall be made at the same times and in the same manner as such payments would have been made based upon the most recent elections made by Participants, and the terms of the Plan, as in effect at the time the Plan is terminated.

Section 9. Unfunded Obligation and Assignment.

The obligations of the Company to pay any Compensation under the Plan shall be unfunded and unsecured, and any payments under the Plan shall be made from the general assets of the Company. Participants' rights under the Plan are not assignable or transferable except to the extent that such assignment or transfer is permitted under the terms of the Incentive Compensation Plan (or would be permitted under the terms of the Incentive Compensation Plan if payment hereunder was being made under the Incentive Compensation Plan).

Section 10. Withholding.

The Participants and personal representatives shall bear any and all federal, state, local or other taxes imposed on benefits under the Plan. The Company may deduct from any payments under the Plan the amount of any taxes required to be withheld from such payments by any federal, state or local government, and may deduct from any Compensation or other amounts payable to the Participant the amount of any taxes required to be withheld with respect to any other amounts under the Plan by any federal, state or local government.

Section 11. Applicable Law.

This Plan shall be construed and enforced in accordance with the laws of the State of Delaware, except to the extent superseded by federal law.

Section 12. Administration and Interpretation.

The Plan will be administered by the Committee. The Committee shall not make any substantive changes to the Compensation set forth in this Plan without the approval of the Board. The Committee will have broad authority to adopt rules and regulations relating to the Plan and make decisions and interpretations regarding the provisions of the Plan. Benefits due and owing to a Participant under the Plan shall be paid when due without any requirement that a claim for benefits be filed. However, any Participant who has not received the benefits to which Participant believes

himself or herself entitled may file a written claim with the Committee, which shall act on the claim within thirty days. Any decisions or interpretations by the Committee relating to benefits under the Plan shall be binding and conclusive on all affected parties.

Section 13. Code Section 409A.

It is intended that the Compensation granted pursuant to this Plan, other than any Deferred Stock, be exempt from Section 409A of the Code ("Section 409A") because it is believed the Compensation payable in Cash and Shares should qualify for the short-term deferral exception contained in Treasury Regulation §1.409A-1(b)(4). It also is intended that any Compensation payable in the form of Deferred Stock shall comply with the requirements of Section 409A. The provisions of the Plan shall be interpreted in a manner consistent with the foregoing intentions.

The Committee, in its sole discretion, and without the consent of any Participant or Beneficiary, may amend the provisions of this Plan to the extent that the Committee determines that such amendment is necessary or appropriate in order for the Compensation paid pursuant to the Plan to be exempt from the requirements of Section 409A, or if and to the extent that the Committee determines that the Compensation is not so exempt, to amend the Plan (and any agreements relating to any Compensation) in such manner as the Committee shall deem necessary or appropriate to comply with the requirements of Section 409A.

Notwithstanding the foregoing, the Company does not make any representation to any Participant or Beneficiary that the Compensation paid pursuant to this Plan is exempt from, or satisfies, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless any Participant or Beneficiary for any tax, additional tax, interest or penalties that the Participant or Beneficiary may incur in the event that any provision of the Plan or any Compensation agreement, or any amendment or any modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

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_EXHIBIT A

**DESTINATION XL GROUP, INC.
SEVENTH AMENDED AND RESTATED
NON-EMPLOYEE DIRECTOR COMPENSATION PLAN (THE "PLAN")**

IRREVOCABLE ELECTION AGREEMENT

TO: General Counsel:

I, _____, hereby understand that, if the value of Ownership Shares (as defined in Section 3(e) of the Plan) that I own does not meet the Minimum Ownership Threshold, then I am required to receive 60% of the Retainer (as defined in Section 3(a)(i) of the Plan) in the form of Shares and/or Deferred Stock. Further, I understand that I am able to elect more than the 60% of the Retainer in the form of Shares and/or Deferred Stock. If, after meeting the Minimum Ownership Threshold, the value of the Ownership Shares that I own subsequently falls below the Minimum Ownership Threshold as of the Grant Date, I understand that I will again be required to receive 60% of the Retainer in Shares and/or Deferred Stock until the value of the Ownership Shares that I own meets the Minimum Ownership Threshold (determined as of each Grant Date). In the event that any portion of the Retainer I previously elected to receive in Cash is required to be provided in the form of Required Shares pursuant to the foregoing, such portion shall be paid in the form of Shares (and not in the form of Deferred Stock).

NOTE: You have the opportunity to decide the Compensation Payment Choice of Cash, Shares and/or Deferred Stock, subject to the terms and conditions of the Plan and the 2016 Incentive Compensation Plan. Your selected choice(s) for any given year must equal 100%.

I elect to receive my Compensation (as defined in the Plan) as follows, subject to the terms of the Plan and the 2016 Incentive Compensation Plan:

PLEASE COMPLETE ALL COLUMNS*

Compensation to Which the Election Applies	In Cash	In Shares	In Deferred Stock	TOTAL
60% of Retainer <i>Note - Unless the Minimum Ownership Threshold is met, any Cash portion elected that is needed to satisfy the Required Equity will instead be paid in Shares</i>	_____ %	_____ %	_____ % Deliver on 3 rd Anniversary of Grant Date if Such Date Occurs Prior to Separation from Service: Yes___ No___ <i>The delivery date will be Separation from Service unless Yes is elected above</i>	100%
40% of Retainer	_____ %	_____ %	_____ % Deliver on 3 rd Anniversary of Grant Date if Such Date Occurs Prior to Separation from Service: Yes___ No___ <i>The delivery date will be Separation from Service unless Yes is elected above</i>	100%

	In Cash	In Shares	In Deferred Stock	Total
<u>Board Chair / Lead Director Fee</u>	_____ %	_____ %	_____ %	100%
			Deliver on 3 rd Anniversary of Grant Date if Such Date Occurs Prior to Separation from Service: Yes _____ No _____ <i>The delivery date will be Separation from Service unless Yes is elected above</i>	
<u>Committee Chair Fee</u>	_____ %	_____ %	_____ %	100%
			Deliver on 3 rd Anniversary of Grant Date if Such Date Occurs Prior to Separation from Service: Yes _____ No _____ <i>The delivery date will be Separation from Service unless Yes is elected above</i>	

Note that in the case of Deferred Stock actual delivery will be made within thirty (30) days following the applicable delivery date.

*** Every row must be completed by each Participant.**

I understand and acknowledge that as discussed in Section 4 of the Plan, if the aggregate Required Equity and Discretionary Equity to be granted to all Participants in a quarter exceeds the maximum number of Shares permitted, Shares shall first be allocated to Participants ratably in proportion towards the satisfaction of any Required Equity with any remaining Equity allocated ratably in proportion to the respective Discretionary Equity amounts that would otherwise be payable to the Participant absent such limitation or insufficiency, with the shortfall to be paid in Cash. Notwithstanding any provision of the Plan to the contrary, in the event that an election to have Compensation paid in the form of Deferred Stock is replaced with Cash settlement due to the foregoing limitations, such Cash payment will be made at the time the Deferred Stock would have been delivered had there been sufficient Shares available.

I understand and acknowledge that I may not sell Shares unless the value of Shares that I own exceeds the Minimum Ownership Threshold. If I meet the Minimum Ownership Threshold, I understand and acknowledge that I may sell Shares provided such sales do not result in my no longer meeting the Minimum Ownership Threshold, and that any such sales must be effectuated in compliance with the Company's Securities Trading Policy then in effect.

I understand and acknowledge that this election is irrevocable. I understand and acknowledge that I must be a Non-Employee Director on the dates each portion of the Compensation is paid/granted in order to qualify for such payment/grant.

I understand and acknowledge that this form is subject to the terms and conditions of the Plan and the 2016 Incentive Compensation Plan and that if there is any conflict between this form or any part of it and the Plan and the 2016 Incentive Compensation Plan, the provisions of the Plan and the 2016 Incentive Compensation Plan shall govern.

I have hereunto set my hand and seal this ____ day of _____, 202__.

(Signature) (Printed name)

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made effective as of November 27, 2023 (the "Effective Date") between DESTINATION XL GROUP, Inc. (the "Company"), a Delaware corporation with an office at 555 Turnpike Street, Canton, Massachusetts 02021 ("DXLG", which term includes any affiliates and subsidiaries), and ROBERT A. BOGAN (the "Executive") having an address at [].

WITNESSETH:

WHEREAS, the Company desires that Executive work for the Company and Executive desires to be so employed by the Company as its Chief Technology Officer.

WHEREAS, Executive and the Company desire to set forth in writing the terms and conditions of the Executive's employment with the Company from the date hereof.

NOW, THEREFORE, in consideration of the promises and the mutual promises, representations and covenants herein contained, the parties hereto agree as follows:

1. EMPLOYMENT

The Company hereby employs Executive and Executive hereby accepts such employment, subject to the terms and conditions herein set forth.

2. TERM

The term of employment under this Agreement (the "Term of Employment") shall begin on the Effective Date and shall continue until terminated by either party as hereinafter set forth.

3. COMPENSATION

(a) During the Term of Employment, as compensation for the employment services to be rendered by Executive hereunder, the Company agrees to pay to Executive, and Executive agrees to accept, payable in equal bi-weekly installments in accordance with Company practice, an annual base salary of Four Hundred Thousand Dollars and 00/100 Cents (\$400,000.00) (the "Base Salary") as of the Effective Date. The Base Salary shall be reviewed at least annually to ascertain whether, in the judgment of the Company, such Base Salary should be adjusted. If so, the adjusted Base Salary shall be adjusted for all purposes of this Agreement.

(b) In addition to the Base Salary, during the Term of Employment, Executive is eligible to participate in the Company's Annual Incentive Plan. Such incentive shall be determined and payable in accordance with the Company's incentive program in effect at the time, subject to change from year to year in the Company's sole discretion. Executive will participate in the Company's incentive program and Executive's target bonus under such plan (if all individual and Company performance conditions are met) shall be 50% of Executive's actual annual base earnings (which shall be the total Base Salary as may be paid during the fiscal year ("Base

Earnings")). The actual award under the incentive program, if any, may be more or less than the target and will be based on Executive's performance and the performance of the Company and payment will be made in accordance with and subject to the terms and conditions of the incentive program then in effect.

(c) In addition, during the Term of Employment, Executive is eligible to participate in the Company's Long-Term Incentive Plan ("LTIP"). Such incentive shall be determined and distributable in accordance with and subject to the terms and conditions as described in the LTIP documents in effect at the time of the award, subject to change from year-to-year in the Compensation Committee's sole discretion. Executive will participate in the Company's LTIP at a target incentive rate of 70% of Executive's Base Salary in effect on the Executive's Effective Date of Participation, for the incentive period, based upon the Company's targeted performance as defined in the LTIP documents in effect at the time of the award.

(d) In consideration for the promises in Paragraph 10 below, the Company shall pay Executive a sign-on award consisting of \$100,000 cash payable as of December 15, 2023 (the "Sign-on Award") and a grant of \$150,000 of restricted stock units of the Common Stock of Destination XL Group, Inc. ("RSUs") effective November 27, 2023 (the "Stock Award"). The RSUs granted in the Stock Award shall be determined based on the close price of the Company's stock on Friday, November 24, 2023 and shall vest ratably over three (3) years on the anniversary of the date of grant. Details will be provided in a formal Stand-Alone Restricted Stock Unit Agreement. The Sign-on Award and Stock Award are subject to clawback as set forth in Paragraph 7(j).

4. EXPENSES

The Company shall pay or reimburse Executive, in accordance with the Company's policies and procedures and upon presentation of suitable vouchers, for all reasonable business and travel expenses, which may be incurred or paid by Executive during the Term of Employment in connection with his employment hereunder. Notwithstanding the foregoing, Executive shall bear the cost of travel to and from the Company's offices in Canton, Massachusetts twice per month and, during each 12-month period from the Effective Date, Executive is entitled to be reimbursed for expenses up to \$48,000 for such travel (e.g., airfare, taxi, ride share and/or rental car, hotel and meals). Executive shall comply with such restrictions and shall keep such records as the Company may reasonably deem necessary to meet the requirements of the Internal Revenue Code of 1986, as amended from time to time, and regulations promulgated thereunder.

5. OTHER BENEFITS

(a) During the Term of Employment, Executive shall be entitled to such vacations and to participate in and receive any other benefits customarily provided by the Company to its management (including any profit sharing, pension, 401(k), short and long-term disability insurance, medical and dental insurance and group life insurance plans in accordance with and subject to the terms of such plans, including, without limitation, any eligibility requirements contained therein), all as determined from time to time by the Compensation Committee of the Board of Directors in its discretion. In connection with medical benefits, the Company will bear the expense of Cobra to bridge Executive's medical benefits coverage if Executive elects it.

(b) Executive will be eligible to participate in the Company's annual performance appraisal process.

6. DUTIES

(a) Executive shall perform such duties and functions consistent with the position of Chief Technology Officer and/or as the Company shall from time to time determine and Executive shall comply in the performance of his duties with the policies of, and be subject to the direction of the Company.

(b) During the Term of Employment, Executive shall devote substantially all of his time and attention, vacation time and absences for sickness excepted, to the business of the Company, as necessary to fulfill his duties. Executive shall perform the duties assigned to him with fidelity and to the best of his ability. Notwithstanding anything herein to the contrary, and subject to the foregoing and review by the Company's Board of Directors, Executive shall not be prevented from accepting positions in outside organizations so long as such activities do not interfere with Executive's performance of his duties hereunder and do not violate paragraph 10 hereof.

(c) The principal location at which the Executive shall perform his duties hereunder shall be in Mooresville, North Carolina or at such other location as may be designated from time to time by the Company. Notwithstanding the foregoing, Executive shall perform such services at such other locations as may be required for the proper performance of his duties hereunder, and Executive recognizes that such duties may involve travel.

7. TERMINATION OF EMPLOYMENT; EFFECT OF TERMINATION

(a) The Term of Employment may be terminated by the Company at any time:

(i) upon the determination by the Company that Executive's performance of his duties has not been fully satisfactory for any reason which would not constitute justifiable cause (as hereinafter defined) or for other business reasons necessitating termination which do not constitute justifiable cause, in either case upon thirty (30) days' prior written notice to Executive; or

(ii) upon the determination of the Company that there is justifiable cause (as hereinafter defined) for such termination.

(b) The Term of Employment shall terminate upon:

(i) the death of Executive;

(ii) the date on which the Company elects to terminate the Term of Employment by reason of the "disability" of Executive (as hereinafter defined in subsection (c) herein) pursuant to subsection (g) hereof; or

(iii) Executive's resignation of employment.

(c) For the purposes of this Agreement, the term "disability" shall mean Executive is physically or mentally incapacitated so as to render Executive incapable of performing the essentials of Executive's job, even with reasonable accommodation, as reasonably determined by the Company, which determination shall be final and binding.

(d) For the purposes hereof, the term "justifiable cause" shall mean: any failure or refusal to perform any of the duties pursuant to this Agreement or any breach of this Agreement by the Executive; Executive's breach of any material written policies, rules or regulations which have been adopted by the Company; Executive's repeated failure to perform his duties in a satisfactory manner; Executive's performance of any act or his failure to act, as to which if Executive were prosecuted and convicted, a crime or offense involving money or property of the Company or its subsidiaries or affiliates, or a crime or offense constituting a felony in the jurisdiction involved, would have occurred; any unauthorized disclosure by Executive to any person, firm or corporation of any confidential information or trade secret of the Company or any of its subsidiaries or affiliates; any attempt by Executive to secure any personal profit in connection with the business of the Company or any of its subsidiaries and affiliates; or the engaging by Executive in any business other than the business of the Company and its subsidiaries and affiliates which interferes with the performance of his duties hereunder. Upon termination of Executive's employment for justifiable cause, Executive shall not be entitled to any amounts or benefits hereunder other than such portion of Executive's Base Salary and reimbursement of expenses pursuant to paragraph 4 hereof as have been accrued through the date of his termination of employment.

(e) If the Company terminates this Agreement without "justifiable cause" as provided in subsection 7(a)(i), the Company shall pay Executive his then current base salary for six months (that is, the one month notice period referenced in Paragraph 7(a)(i) and five months after the effectiveness of such termination), payable in equal payments in accordance with the Company's customary payroll practices commencing with the first payroll period that begins at least 30 days after the termination of the Executive's Term of Employment conditioned upon the Executive having provided the Company with an executed general release substantially in the form attached hereto as Exhibit A or such other form that is acceptable to the Company, in its sole discretion (the "General Release") and the time for Executive's revocation of the General Release having expired. Such payments shall be made in accordance with the Company's customary payroll practices until paid in full. Any payment pursuant to this paragraph 7(e) is contingent upon Executive's execution of the General Release within 21 days (or such longer period as may be authorized by the Company or otherwise required by applicable law) after termination of the Term of Employment (and the Executive's not revoking that General Release) and will be in lieu of payments to which Executive might have been entitled under any other severance plan of the Company.

(f) If Executive shall die during the term of his employment hereunder, this Agreement shall terminate immediately. In such event, the estate of Executive shall thereupon be entitled to receive such portion of Executive's base annual salary and reimbursement of expenses pursuant to paragraph 4 as have been accrued through the date of his death.

(g) Upon Executive's "disability", the Company shall have the right to terminate Executive's employment. Any termination pursuant to this subsection (g) shall be effective on the earlier of (i) the date 30 days after which Executive shall have received written notice of the

Company's election to terminate or (ii) the date he begins to receive long-term disability insurance benefits under the policy provided by the Company pursuant to paragraph 5 hereof.

(h) Upon the resignation of Executive in any capacity, that resignation will be deemed to be a resignation from all offices and positions that Executive holds with respect to the Company and any of its subsidiaries and affiliates. In the event of Executive's resignation, he shall be entitled only to receive such portion of his annual Base Salary and reimbursement of expenses pursuant to paragraph 4 as have been accrued through the date of his resignation.

(i) Change of Control. In the event the Term of Employment is terminated by the Company without justifiable cause (as defined herein) or Executive resigns with Good Reason (as defined herein) within one (1) year following a Change of Control of the Company has occurred, then, in such event, the Company shall pay Executive an amount equal to twelve (12) months of Base Salary in effect at the time of the termination. For the purposes of the foregoing, Change of Control shall have the meaning set forth in the Company's 2016 Incentive Compensation Plan (without regard to any subsequent amendments thereto). For purposes of the foregoing, "Good Reason" means the occurrence of any of the following: (i) a material diminution in the Executive's base compensation; (ii) a material diminution in the Executive's authority, duties, or responsibilities; (iii) a material change in the geographic location at which the Employee must perform the services under this Agreement; or (iv) any other action or inaction that constitutes a material breach by the Company of this Agreement. For purposes of this provision, Good Reason shall not be deemed to exist unless the Employee's termination of employment for Good Reason occurs within 2 years following the initial existence of one of the conditions specified in clauses (i) through (iv) above, the Employee provides the Company with written notice of the existence of such condition within 90 days after the initial existence of the condition, and the Company fails to remedy the condition within 30 days after its receipt of such notice. The Company shall pay the amount required under this paragraph 7(i) in a single payment thirty (30) days after termination of the Term of Employment, subject to and conditioned upon the Executive's execution of the General Release required pursuant to paragraph 7(k) hereof and such release becoming irrevocable. Any payments made pursuant to this paragraph 7(i) will be in lieu of payments to which Executive might have been entitled under paragraph 7(e) of this Agreement or under any other severance plan of the Company. The payments under this Agreement shall be reduced if and to the extent necessary to avoid any payments or benefits to Executive being treated as "excess parachute payments" within the meaning of Internal Revenue Code Section 280G(b)(i).

(j) Clawback of Certain Compensation and Benefits. If, after the termination of the Term of Employment for any reason other than by the Company for "justifiable cause":

A. it is determined in good faith by the Company within twelve (12) months after the termination of the Term of Employment (the "Termination Date") that the Executive's employment could have been terminated by the Company for justifiable cause under paragraph 7(d) hereof (unless the Company knew or should have known that as of the Termination Date, the Executive's employment could have been terminated for justifiable cause in accordance with paragraph 7(d) hereof); or

B. the Executive breaches any of the provisions of paragraph 10, then, in addition to any other remedy that may be available to the Company in law or equity and/or pursuant to any other provisions of this Agreement, the Executive's employment shall be deemed to have

been terminated for justifiable cause retroactively to the Termination Date and the Executive also shall be subject to the following provisions:

1)the Executive shall be required to pay to the Company, immediately upon written demand by the Company, all amounts paid to Executive by the Company, whether or not pursuant to this Agreement (other than such portion of Executive's Base Salary and reimbursement of expenses pursuant to paragraph 4 hereof as have been accrued through the date of the termination of the Term of Employment), on or after the Termination Date (including the pre-tax cost to the Company of any benefits that are in excess of the total amount that the Company would have been required to pay to the Executive if the Executive's employment with the Company had been terminated by the Company for justifiable cause in accordance with paragraph 7(d) above);

2) all vested and unvested Awards (as that term is defined in the 2016 Incentive Compensation Plan) then held by the Executive shall immediately expire; and

3)the Executive shall be required to pay to the Company, immediately upon written demand by the Company, an amount equal to any Gains resulting from the exercise or payment of any Awards (as that term is defined in the 2016 Incentive Compensation Plan) at any time on or after, or during the one-year period prior to, the Termination Date. For these purposes, the term "Gain" shall mean (i) in the case of each stock option or stock appreciation right ("SAR"), the difference between the fair market value per share of the Company's common stock underlying such option or SAR as of the date on which the Executive exercised the option or SAR, less the exercise price or grant price of the option or SAR; and (ii) in the case of any Award other than a stock option or SAR that is satisfied by the issuance of Common Stock of the Company, the value of such stock on the Termination Date, and (iii) in the case of any Award other than a stock option or SAR, that is satisfied in cash or any property other than Common Stock of the Company, the amount of cash and the value of the property on the payment date paid to satisfy the Award.

(k) Any payment pursuant to paragraph 7(e) or 7(i) shall be contingent upon Executive's execution of the General Release within 21 days after termination of the Term of Employment (or such longer time as may be authorized by the Company or otherwise required by applicable law), and the Executive's not revoking that release.

8. COMPLIANCE WITH SECTION 409A

(a) General. It is the intention of both the Company and the Executive that the benefits and rights to which the Executive could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If the Executive or the Company believes, at any time, that any such benefit or right that is subject to Section 409A does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the timing of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on the Executive).

(b) Distributions on Account of Separation from Service. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of the Executive's employment shall be made unless and until the Executive incurs a "separation from service" within the meaning of Section 409A.

(c) 6 Month Delay for "Specified Employees".

(i) If the Executive is a "specified employee", then no payment or benefit that is payable on account of the Executive's "separation from service", as that term is defined for purposes of Section 409A, shall be made before the date that is six months after the Executive's "separation from service" (or, if earlier, the date of the Executive's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule. There shall be added to any payments that are delayed pursuant to this provision interest at the prime rate as reported in the Wall Street Journal for the date of the Executive's separation from service. Such interest shall be calculated from the date on which the payment otherwise would have been made until the date on which the payment is made.

(ii) For purposes of this provision, the Executive shall be considered to be a "specified employee" if, at the time of his separation from service, the Executive is a "key employee", within the meaning of Section 416(i) of the Code, of the Company (or any person or entity with whom the Company would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.

(d) No Acceleration of Payments. Neither the Company nor the Executive, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

(e) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Executive is entitled under this Agreement shall be treated as a separate payment. In addition, to

the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(f) Taxable Reimbursements.

(i) Any reimbursements by the Company to the Executive of any eligible expenses under this Agreement that are not excludable from the Executive's income for Federal income tax purposes (the "Taxable Reimbursements") shall be made by no later than the earlier of the date on which they would be paid under the Company's normal policies and the last day of the taxable year of the Executive following the year in which the expense was incurred.

(ii) The amount of any Taxable Reimbursements to be provided to the Executive during any taxable year of the Executive shall not affect the expenses eligible for reimbursement to be provided in any other taxable year of the Executive.

(iii) The right to Taxable Reimbursements shall not be subject to liquidation or exchange for another benefit.

9. REPRESENTATION AND AGREEMENTS OF EXECUTIVE

(a) Executive represents and warrants that he is free to enter into this Agreement and to perform the duties required hereunder, and that there are no employment contracts or understandings, restrictive covenants or other restrictions, whether written or oral, preventing the performance of his duties hereunder.

(b) Executive agrees to submit to a medical examination and to cooperate and supply such other information and documents as may be required by any insurance company in connection with the Company's obtaining life insurance on the life of Executive, and any other type of insurance or fringe benefit as the Company shall determine from time to time to obtain.

(c) Executive represents and warrants that he has never been convicted of a felony and he has not been convicted or incarcerated for a misdemeanor within the past five years, other than a first conviction for drunkenness, simple assault, speeding, minor traffic violations, affray, or disturbance of the peace.

(d) Executive represents and warrants that he has never been a party to any judicial or administrative proceeding that resulted in a judgment, decree, or final order (i) enjoining him from future violations of, or prohibiting any violations of any federal or state securities law, or (ii) finding any violations of any federal or state securities law.

(e) Executive represents and warrants that he has never been accused of any impropriety in connection with any employment;

Any breach of any of the above representations and warranties is "justifiable cause" for termination under paragraph 7(d) of this Agreement.

10. NON-COMPETITION

(a) In consideration for the Sign-On Award, the Inducement Award referenced in Paragraph 3(d), the Advance referenced in paragraph 3(e) and the potential to receive additional compensation pursuant to paragraph 7(a)(i) and 7(e) above, Executive further covenants and agrees that during the Term of Employment and during the one (1) year period immediately following the Termination Date (the "Non-Competitive Period"), Executive shall not, directly or indirectly, as owner, partner, joint venturer, stockholder, employee, broker, agent, principal, trustee, corporate officer, director, licensor, or in any capacity whatsoever, engage in, become financially interested in, be employed by, render any consultation or business advice with respect to, accept any competitive business on behalf of, or have any connection with any business which is competitive with products or services of the Company or any subsidiaries and affiliates, in any geographic area in which the Executive provided services or had a material presence or influence on behalf of the Company, whether in the United States, Canada, Europe or elsewhere during the two years prior to Executive's separation from the Company; provided, however, that Executive may own any securities of any corporation which is engaged in such business and is publicly owned and traded but in an amount not to exceed at any one time one percent (1%) of any class of stock or securities of such corporation. In addition, Executive shall not, during the Non-Competitive Period, directly or indirectly: (1) request or cause any suppliers or customers with whom the Company or any of its subsidiaries or affiliates has a business relationship to cancel or terminate any such business relationship with the Company or any of its subsidiaries or affiliates or otherwise compromise the Company's good will; or (2) solicit, hire, interfere with or entice from the Company or any of its subsidiaries or affiliates any employee (or former employee who has been separated from service for less than 12 months) of the Company or any of its subsidiaries or affiliates.

(b) If any portion of the restrictions set forth in this paragraph 10 should, for any reason whatsoever, be declared invalid by a court of competent jurisdiction, the validity or enforceability of the remainder of such restrictions shall not thereby be adversely affected. For the purposes of this paragraph 10, a business competitive with the products and services of the Company (or such subsidiaries and affiliates) is limited to a specialty retailer which primarily distributes, sells or markets so-called "big and tall" apparel of any kind for men or which utilizes the "big and tall" retail or wholesale marketing concept as part of its business.

(c) Executive acknowledges that the Company conducts business throughout the world, that Executive's duties and responsibilities on behalf of the Company are of a worldwide nature, that its sales and marketing prospects are for continued expansion throughout the world and therefore, the territorial and time limitations set forth in this paragraph 10 are reasonable and properly required for the adequate protection of the business of the Company and its subsidiaries and affiliates. In the event any such territorial or time limitation is deemed to be unreasonable by a court of competent jurisdiction, Executive agrees to the reduction of the territorial or time limitation to the area or period which such court shall deem reasonable.

(d) The existence of any claim or cause of action (a claim or cause of action is defined as a claim or cause of action which results from a breach of the terms and provisions of this Agreement by the Company, regardless of whether the breach is material) by Executive against the Company or any subsidiary or affiliate shall not constitute a defense to the enforcement by the Company or any subsidiary or affiliate of the foregoing restrictive covenants, but such claim or cause of action shall be litigated separately.

11. INVENTIONS AND DISCOVERIES

(a) Upon execution of this Agreement and thereafter, Executive shall promptly and fully disclose to the Company, and with all necessary detail for a complete understanding of the same, all existing and future developments, know-how, discoveries, inventions, improvements, concepts, ideas, writings, formulae, processes and methods (whether copyrightable, patentable or otherwise) made, received, conceived, acquired or written during working hours, or otherwise, by Executive (whether or not at the request or upon the suggestion of the Company) during the period of his employment with, or rendering of advisory or consulting services to, the Company or any of its subsidiaries and affiliates, solely or jointly with others, in or relating to any activities of the Company or its subsidiaries and affiliates known to him as a consequence of his employment or the rendering of advisory and consulting services hereunder (collectively the "Subject Matter").

(b) Executive hereby assigns and transfers, and agrees to assign and transfer, to the Company, all his rights, title and interest in and to the Subject Matter, and Executive further agrees to deliver to the Company any and all drawings, notes, specifications and data relating to the Subject Matter, and to execute, acknowledge and deliver all such further papers, including applications for copyrights or patents, as may be necessary to obtain copyrights and patents for any thereof in any and all countries and to vest title thereto to the Company. Executive shall assist the Company in obtaining such copyrights or patents during the term of this Agreement, and at any time thereafter on reasonable notice and at mutually convenient times, and Executive agrees to testify in any prosecution or litigation involving any of the Subject Matter; provided, however, after the Term of Employment that Executive shall be compensated in a timely manner at the rate of \$250 per day (or portion thereof), plus out-of-pocket expenses incurred in rendering such assistance or giving or preparing to give such testimony if it is required after the termination of this Agreement.

12. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION

(a) Executive acknowledges that the Company possesses certain confidential and propriety information that has been or may be revealed to, or learned by, Executive during the course of Executive's employment with the Company and that it would be unfair to use that information or knowledge to compete with or to otherwise disadvantage the Company. Executive shall not, during the Term of Employment or at any time following the Term of Employment, directly or indirectly, disclose or permit to be known (other than as is required in the regular course of his duties (including without limitation disclosures to the Company's advisors and consultants), as required by law (in which case Executive shall give the Company prior written notice of such required disclosure) or with the prior written consent of the Board of Directors, to any person, firm, corporation, or other entity, any confidential information acquired by him during the course of, or as an incident to, his employment or the rendering of his advisory or consulting services hereunder, relating to the Company or any of its subsidiaries or affiliates, the directors of the Company or its subsidiaries or affiliates, any supplier or customer of the Company or any of their subsidiaries or affiliates, or any corporation, partnership or other entity owned or controlled, directly or indirectly, by any of the foregoing, or in which any of the foregoing has a beneficial interest, including, but not limited to, the business affairs of each of the foregoing. Such confidential information shall include, but shall not be limited to, proprietary technology, trade secrets, patented processes, research and development data,

know-how, market studies and forecasts, financial data, competitive analyses, pricing policies, employee lists, personnel policies, employee compensation and benefits information, the substance of agreements with customers, suppliers and others, marketing or dealership arrangements, servicing and training programs and arrangements, supplier lists, customer lists and any other documents embodying such confidential information. This confidentiality obligation shall not apply to any confidential information, which is or becomes publicly available other than pursuant to a breach of this paragraph 12(a) by Executive.

(b) All information and documents relating to the Company and its subsidiaries or affiliates as herein above described (or other business affairs) shall be the exclusive property of the Company, and Executive shall use commercially reasonable best efforts to prevent any publication or disclosure thereof. Upon termination of Executive's employment with the Company, all documents, records, reports, writings and other similar documents containing confidential information, including copies thereof then in Executive's possession or control shall be returned and left with the Company.

(c) In accordance with the Federal Defend Trade Secrets Act, Executive cannot be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed under seal in a lawsuit or other proceeding. Notwithstanding this immunity from liability, Executive may be held liable if Executive unlawfully accesses trade secrets by unauthorized means.

13. SPECIFIC PERFORMANCE

Executive agrees that if he breaches, or threatens to commit a breach of, any enforceable provision of paragraphs 10, 11 or 12 (the "Restrictive Covenants"), the Company shall have, in addition to, and not in lieu of, any other rights and remedies available to the Company under law and in equity, the right to have the Restrictive Covenants specifically enforced by a court of competent jurisdiction, it being agreed that any such breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Notwithstanding the foregoing, nothing herein shall constitute a waiver by Executive of his right to contest whether such a breach or threatened breach of any Restrictive Covenant has occurred. In the event of litigation between the parties to this Agreement regarding their respective rights and obligations under paragraphs 10, 11, or 12 hereof, the prevailing party shall be entitled to recover from the other all attorneys' fees and expenses reasonably incurred in obtaining a ruling in the prevailing party's favor. Any such damages, attorneys' fees and costs shall be in addition to and not in lieu of any injunctive relief that may be available to the Company.

14. AMENDMENT OR ALTERATION

No amendment or alteration of the terms of this Agreement shall be valid unless made in writing and signed by both of the parties hereto.

15. GOVERNING LAW

This Agreement shall be governed by, and construed and enforced in accordance with the substantive laws of the Commonwealth of Massachusetts, without regard to its principles of conflicts of laws.

16. SEVERABILITY

The holding of any provision of this Agreement to be invalid or unenforceable by a court of competent jurisdiction shall not affect any other provision of this Agreement, which shall remain in full force and effect.

17. NOTICES

Any notices required or permitted to be given hereunder shall be sufficient if in writing, and if delivered by hand or courier, or sent by certified mail, return receipt requested, to the addresses set forth above or such other address as either party may from time to time designate in writing to the other, and shall be deemed given as of the date of the delivery or of the placement of the notice in the mail.

18. WAIVER OF BREACH

It is agreed that a waiver by either party of a breach of any provision of this Agreement shall not operate, or be construed as a waiver of any subsequent breach by that same party.

19. ENTIRE AGREEMENT AND BINDING EFFECT

This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, heirs, distributors, successors and assigns and supersedes any and all prior agreements between the parties whether oral or written. This Agreement may not be modified except upon further written agreement executed by both parties. Executive agrees that the Company may in its sole discretion, during the term of Executive's employment with the Company and thereafter, provide copies of this Agreement (or excerpts of the Agreement) to others, including businesses or entities that may employ, do business with, or consider employing Executive in the future. Executive further agrees that any subsequent change or changes in his duties, compensation or areas of responsibility shall in no way affect the validity of this Agreement or otherwise render inapplicable any of the provisions of paragraphs 10 through 13 of this Agreement, which shall remain in full force and effect except as may be modified by a subsequent written agreement.

20. SURVIVAL

Except as otherwise expressly provided herein, the termination of Executive's employment hereunder or the expiration of this Agreement shall not affect the enforceability of paragraphs 7 through 26 hereof, which shall survive the termination or expiration.

21. RESOLUTION OF DISPUTES

Any and all disputes arising under or in connection with this Agreement shall be resolved in accordance with this paragraph 21 and paragraph 15.

The parties shall attempt to resolve any dispute, controversy or difference that may arise between them through good faith negotiations. In the event the parties fail to reach resolution of any such dispute within thirty (30) days after entering into negotiations, either party may proceed to institute action in any state or federal court located within the Commonwealth of Massachusetts, which courts shall have exclusive jurisdiction, and each party consents to the personal jurisdiction of any such state or federal court. Both parties waive their right to a trial by jury.

22. NON-DISPARAGEMENT

Executive agrees not to make disparaging, critical or otherwise detrimental comments to any person or entity concerning the Company, its officers, directors, trustees, and employees or the services or programs provided or to be provided by the Company and the Company agrees not to make any disparaging, critical or otherwise detrimental comments to any person or entity concerning Executive.

23. FURTHER ASSURANCES

The parties agree to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

24. SUBSIDIARIES AND AFFILIATES

For purposes of this Agreement:

(a) "affiliate" means any entity that controls, is controlled by, or is under common control with, the Company, and "control" means the power to exercise a controlling influence over the management or policies of an entity, unless such power is solely the result of an official position with such entity; and

(b) "subsidiary" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors (or similar governing body of a non-corporate entity) or in which the Company has the right to receive 50% or more of the distribution of profits or 50% or more of the assets on liquidation or dissolution.

25. HEADINGS

The paragraph headings appearing in this Agreement are for the purposes of easy reference and shall not be considered a part of this Agreement or in any way modify, amend or affect its provisions.

26. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, under seal, as of the date and year first above written.

DESTINATION XL GROUP, INC.

By: /s/ Harvey S. Kanter
Name: Harvey S. Kanter
Its: President, Chief Executive Officer
November 7, 2023

/s/ Robert A. Bogan
Robert A. Bogan
November 3, 2023

**EXHIBIT A
FORM OF RELEASE OF CLAIMS**

GENERAL RELEASE OF CLAIMS

1. Robert A. Bogan, ("Executive"), for himself and his family, heirs, executors, administrators, legal representatives and their respective successors and assigns, in exchange for good and valuable consideration to be paid after the date of Executive's termination as set forth in the Employment Agreement, to which a form of this release is attached as Exhibit A (the "Employment Agreement"), does hereby release and forever discharge, to the maximum extent permitted by law, Destination XL Group, Inc. (the "Company"), its subsidiaries, affiliated companies, successors and assigns, and their respective current or former directors, officers, employees, shareholders or agents in such capacities (collectively with the Company, the "Released Parties") from any and all actions, causes of action, suits, controversies, claims and demands whatsoever, for or by reason of any matter, cause or thing whatsoever, whether known or unknown including, but not limited to, the Employee Retirement Income Security Act of 1974, 29 U.S.C. §1001 et seq., the Civil Rights Act of 1964, 42 U.S.C. §2000e et seq., COBRA; the Equal Pay Act of 1963, 29 U.S.C. §206(d), the Civil Rights Act of 1991; the Age Discrimination in Employment Act (ADEA); the Americans with Disabilities Act, 42 U.S.C. §12101 et seq., the Family and Medical Leave Act (FMLA); the Civil Rights Act of 1866, 42 U.S.C. §1981 et seq., as amended, the Fair Credit Reporting Act, the Worker Adjustment and Retraining Notification Act, the Genetic Information Nondiscrimination Act of 2008, the Massachusetts Law Against Discrimination, G.L. c. 151B; the Massachusetts Privacy Statute, G.L. c. 214, § 1B, the Massachusetts Wage Payment Statute, G.L. c. 149, §§ 148, 148A, 148B, 149, 150, 150A-150C, 151, 152, 152A, et seq.; the Massachusetts Wage and hour laws, G.L. c. 151§1A et seq; the Massachusetts Sexual Harassment Statute, G.L. c. 214 §1C, the Massachusetts Consumer Protection Act, G.L. c. 93A, the Massachusetts Civil Rights Act, G.L. c. 12, § 11, the Massachusetts Equal Rights Act, G.L. c. 93, the Massachusetts Civil Rights Act, G.L. c. 12, § 11; the Massachusetts Equal Rights Act, G.L. c. 93; the Massachusetts AIDS Testing statute, G.L. c. 111, §70F; the Massachusetts Employment Leave for Victims and Family Members of Abuse, G.L. c. 149, §52E, as amended; the Massachusetts Earned Sick Time Law, M.G.L. c. 149, § 148C; the Massachusetts Small Necessities Leave Act; and all claims under any applicable laws arising under or in connection with Executive's employment or termination thereof, whether for tort, breach of express or implied employment contract, wrongful discharge, intentional infliction of emotional distress, or defamation or injuries incurred on the job or incurred as a result of loss of employment.

Executive acknowledges that Executive is specifically advised to consult with an attorney of Executive's choosing before signing this General Release of Claims, and through this General Release of Claims advises Executive to consult with his attorney with respect to possible claims, including but not limited to claims under the ADEA, and that Executive understands that the ADEA is a Federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefits and benefit plans. Without limiting the generality of the release provided above, Executive expressly waives any and all claims under ADEA that he may have as of the date hereof. Executive further understands that by signing this General Release of Claims he is in fact waiving, releasing and forever giving up any claim under the ADEA as well as all other laws within the scope of this paragraph 1 that may have existed on or prior to the date hereof. Notwithstanding anything in this paragraph 1 to the contrary, this General Release of

Claims shall not apply to (i) any rights to receive any payments pursuant to the Employment Agreement, or any accrued but unpaid benefits under any employee benefit plan maintained by the Company (ii) any rights or claims that may arise as a result of events occurring after this General Release of Claims is executed, (iii) any indemnification rights Executive may have as a former officer or director of the Company or its subsidiaries or affiliated companies, (iv) any claims for benefits under any directors' and officers' liability policy maintained by the Company or its subsidiaries or affiliated companies in accordance with the terms of such policy, (v) any rights as a holder of equity securities of the Company, and (vi) any rights or claims that, by law, may not be waived, including claims for unemployment compensation and workers' compensation.

2. Executive represents that he has not filed against the Released Parties any complaints, charges, or lawsuits arising out of his employment, or any other matter arising on or prior to the date of this General Release of Claims, and covenants and agrees that he will never individually or with any person file, or commence the filing of, any charges, lawsuits, complaints or proceedings with any governmental agency, or against the Released Parties with respect to any of the matters released by Executive pursuant to paragraph 1 hereof (a "Proceeding"); provided, however, Executive shall not have relinquished his right to commence a Proceeding to challenge whether Executive knowingly and voluntarily waived his rights under ADEA.

3. Nothing in this Agreement prohibits, prevents, or otherwise limits Employee from filing a charge or complaint with or participating, testifying, or assisting in any investigation, hearing, or other proceeding before any federal, state, or local government agency (e.g., EEOC, NLRB, SEC) or in any legislative or judicial proceeding nor does anything in this Agreement preclude, prohibit or otherwise limit, in any way, Employee's rights and abilities to contact, communicate with or report unlawful conduct, or provide documents, to federal, state, or local officials for investigation or participate in any whistleblower program administered by any such agencies. In addition, nothing in this Agreement, including but not limited to the release of claims nor the confidentiality, non-disparagement, affirmations, liquidated damages, cooperation, and/or return of property clauses, prohibits Employee from: (1) reporting possible violations of federal or other law or regulations, including any possible securities laws violations, to any governmental agency or entity, including but not limited to the U.S. Department of Justice, the U.S. Securities and Exchange Commission, the Commodity Futures Trading Commission, the U.S. Congress, or any agency Inspector General; (2) making any other disclosures that are protected under the whistleblower provisions of federal or other law or regulations; or (3) filing a charge or complaint or otherwise fully participating in any governmental whistleblower programs, including but not limited to any such programs managed or administered by the U.S. Securities and Exchange Commission, the Commodity Futures Trading Commission and/or the Occupational Safety and Health Administration. Employee is not required to notify or obtain permission from Employer when filing a governmental whistleblower charge or complaint or engaging or participating in protected whistleblower activity. Moreover, nothing in this Agreement prohibits or prevents Employee from receiving individual monetary awards or other individual relief by virtue of participating in such governmental whistleblower programs.

4. Non-Competition.

(a) In consideration for the consideration set forth in the Employment Agreement and the payment of severance benefits set forth in Section 7 of the Employment Agreement, Executive

further covenants and agrees that during the Term of Employment and during the one (1) year period immediately following the Termination Date (the "Non-Competitive Period"), Executive shall not, directly or indirectly, as owner, partner, joint venturer, stockholder, employee, broker, agent, principal, trustee, corporate officer, director, licensor, or in any capacity whatsoever, engage in, become financially interested in, be employed by, render any consultation or business advice with respect to, accept any competitive business on behalf of, or have any connection with any business which is competitive with products or services of the Company or any subsidiaries and affiliates, in any geographic area in which the Executive provided services or had a material presence or influence on behalf of the Company, whether in the United States, Canada, Europe or elsewhere during the two years prior to Executive's separation from the Company; provided, however, that Executive may own any securities of any corporation which is engaged in such business and is publicly owned and traded but in an amount not to exceed at any one time one percent (1%) of any class of stock or securities of such corporation. In addition, Executive shall not, during the Non-Competitive Period, directly or indirectly: (1) request or cause any suppliers or customers with whom the Company or any of its subsidiaries or affiliates has a business relationship to cancel or terminate any such business relationship with the Company or any of its subsidiaries or affiliates or otherwise compromise the Company's good will; or (2) solicit, hire, interfere with or entice from the Company or any of its subsidiaries or affiliates any employee (or former employee who has been separated from service for less than 12 months) of the Company or any of its subsidiaries or affiliates.

(b) If any portion of the restrictions set forth in this paragraph 3 should, for any reason whatsoever, be declared invalid by a court of competent jurisdiction, the validity or enforceability of the remainder of such restrictions shall not thereby be adversely affected. For the purposes of this paragraph 3, a business competitive with the products and services of the Company (or such subsidiaries and affiliates) is limited to a specialty retailer which primarily distributes, sells or markets so-called "big and tall" apparel of any kind for men or which utilizes the "big and tall" retail or wholesale marketing concept as part of its business.

(c) Executive acknowledges that the Company conducts business throughout the world, that Executive's duties and responsibilities on behalf of the Company are of a worldwide nature, that its sales and marketing prospects are for continued expansion throughout the world and therefore, the territorial and time limitations set forth in this paragraph 3 are reasonable and properly required for the adequate protection of the business of the Company and its subsidiaries and affiliates. In the event any such territorial or time limitation is deemed to be unreasonable by a court of competent jurisdiction, Executive agrees to the reduction of the territorial or time limitation to the area or period which such court shall deem reasonable.

(d) The existence of any claim or cause of action (a claim or cause of action is defined as a claim or cause of action which results from a breach of the terms and provisions of this Agreement by the Company, regardless of whether the breach is material) by Executive against the Company or any subsidiary or affiliate shall not constitute a defense to the enforcement by the Company or any subsidiary or affiliate of the foregoing restrictive covenants, but such claim or cause of action shall be litigated separately.

5. Inventions and Discoveries.

(a) Upon execution of this General Release of Claims and thereafter, Executive shall promptly and fully disclose to the Company, and with all necessary detail for a complete understanding of the same, all existing and future developments, know-how, discoveries, inventions, improvements, concepts, ideas, writings, formulae, processes and methods (whether copyrightable, patentable or otherwise) made, received, conceived, acquired or written during working hours, or otherwise, by Executive (whether or not at the request or upon the suggestion of the Company) during the period of his employment with, or rendering of advisory or consulting services to, the Company or any of its subsidiaries and affiliates, solely or jointly with others, in or relating to any activities of the Company or its subsidiaries and affiliates known to him as a consequence of his employment or the rendering of advisory and consulting services hereunder (collectively the "Subject Matter").

(b) Executive hereby assigns and transfers, and agrees to assign and transfer, to the Company, all his rights, title and interest in and to the Subject Matter, and Executive further agrees to deliver to the Company any and all drawings, notes, specifications and data relating to the Subject Matter, and to execute, acknowledge and deliver all such further papers, including applications for copyrights or patents, as may be necessary to obtain copyrights and patents for any thereof in any and all countries and to vest title thereto to the Company. Executive shall assist the Company in obtaining such copyrights or patents during the term of this General Release Of Claims, and at any time thereafter on reasonable notice and at mutually convenient times, and Executive agrees to testify in any prosecution or litigation involving any of the Subject Matter; provided, however, that Executive shall be compensated in a timely manner at the rate of \$250 per day (or portion thereof), plus out-of-pocket expenses incurred in rendering such assistance or giving or preparing to give such testimony.

6. Non-Disclosure of Confidential Information.

(a) Executive acknowledges that the Company possesses certain confidential and propriety information that has been revealed to him or learned by Executive during the course of Executive's employment with the Company and that it would be unfair to use that information or knowledge to compete with or to otherwise disadvantage the Company. Executive shall not, at any time following the end of Executive's employment with the Company, directly or indirectly, disclose or permit to be known (other than as is required in the regular course of his duties (including without limitation disclosures to the Company's advisors and consultants), as required by law (in which case Executive shall give the Company prior written notice of such required disclosure) or with the prior written consent of the Board of Directors, to any person, firm, corporation, or other entity, any confidential information acquired by him during the course of, or as an incident to, his employment or the rendering of his advisory or consulting services hereunder, relating to the Company or any of its subsidiaries or affiliates, the directors of the Company or its subsidiaries or affiliates, any supplier or customer of the Company or any of their subsidiaries or affiliates, or any corporation, partnership or other entity owned or controlled, directly or indirectly, by any of the foregoing, or in which any of the foregoing has a beneficial interest, including, but not limited to, the business affairs of each of the foregoing. Such confidential information shall include, but shall not be limited to, proprietary technology, trade secrets, patented processes, research and development data, know-how, market studies and forecasts, financial data, competitive analyses, pricing policies, employee lists, personnel policies, the substance of agreements with customers, suppliers and others, marketing or dealership arrangements, servicing and training programs and arrangements, supplier lists, customer lists and any other documents

embodying such confidential information. This confidentiality obligation shall not apply to any confidential information, which is or becomes publicly available other than pursuant to a breach of this paragraph 5(a) by Executive.

(b) All information and documents relating to the Company and its subsidiaries or affiliates as herein above described (or other business affairs) shall be the exclusive property of the Company, and Executive shall use commercially reasonable best efforts to prevent any publication or disclosure thereof. Upon termination of Executive's employment with the Company, all documents, records, reports, writings and other similar documents containing confidential information, including copies thereof then in Executive's possession or control shall be returned and left with the Company.

(c) In accordance with the Federal Defend Trade Secrets Act, Executive cannot be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed under seal in a lawsuit or other proceeding. Notwithstanding this immunity from liability, Executive may be held liable if Executive unlawfully accesses trade secrets by unauthorized means.

7. **Specific Performance.** Executive agrees that if he breaches, or threatens to commit a breach of, any enforceable provision of paragraphs 3, 4 or 5 (the "Restrictive Covenants"), the Company shall have, in addition to, and not in lieu of, any other rights and remedies available to the Company under law and in equity, the right to have the Restrictive Covenants specifically enforced by a court of competent jurisdiction, it being agreed that any such breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Notwithstanding the foregoing, nothing herein shall constitute a waiver by Executive of his right to contest whether such a breach or threatened breach of any Restrictive Covenant has occurred. Any such damages, attorneys' fees and costs shall be in addition to and not in lieu of any injunctive relief that may be available to the Company.

8. Executive is advised that Executive has up to twenty-one (21) calendar days to consider this General Release before signing it. Executive may knowingly and voluntarily waive that up to twenty-one (21) day period by signing this General Release of Claims earlier. However, in the event Executive's employment terminated as part of a group termination within the meaning of the Older Workers Benefits Protection Act, the up to twenty-one (21) day consideration period shall be enlarged to up to forty-five (45) calendar days, and Executive shall be provided with additional disclosures required by the Older Workers Benefit Protection Act prior to the start of the up to forty-five (45) calendar day consideration period. In either case, Executive also shall have seven (7) business days following the date on which Executive signs this General Release of Claims within which to revoke it by providing a written notice of his revocation to the Company. Any such revocation shall be directed to the HR Director, Associate Relations & Compliance and must be delivered to the HR Director, Associate Relations & Compliance within that seven (7) day revocation period, or mailed to Destination XL Group, Inc., Attn: HR Director, Associate Relations & Compliance, 555 Turnpike Street, Canton, MA 02021 and postmarked within the seven (7) day revocation period.

9. Executive acknowledges that this General Release of Claims will be governed by and construed and enforced in accordance with the internal laws of the Commonwealth of Massachusetts applicable to contracts made and to be performed entirely within the Commonwealth.

10. Executive acknowledges that he has read this General Release of Claims, has been advised that he should consult with an attorney before executing this general release of claims, and that he understands all of its terms and executes it voluntarily and with full knowledge of its significance and the consequences thereof.

11. This General Release of Claims shall take effect on the eighth business day following Executive's execution of this General Release of Claims unless Executive's written revocation is delivered to the Company within seven (7) business days after such execution.

Robert A. Bogan

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DESTINATION XL GROUP, INC.
Wholly-owned unless otherwise indicated

Subsidiary:	Place of Incorporation:
Casual Male Retail Store, LLC (f/k/a Designs CMAL Retail Store Inc.)	Delaware
Casual Male Direct, LLC (f/k/a Designs CMAL TBD Inc.)	Delaware
CMRG Apparel Management, Inc.	Delaware
CMRG Holdco, LLC	Delaware
CMXL Apparel, LP (a)	Delaware
CMRG Apparel, LLC (f/k/a Designs Apparel, Inc.) (b)	Delaware
Casual Male Store, LLC (f/k/a Designs CMAL Store Inc.)	Delaware
Capture, LLC (c)	Virginia
Casual Male RBT, LLC	Delaware
Casual Male RBT (U.K.) LLC (d)	Delaware
DXLG Wholesale, LLC (e)	Delaware
DXL Canada, Inc. (f/k/a Casual Male Canada Inc.)	Ontario, Canada
Casual Male (EUROPE) LLC	Delaware
Think Big Products LLC	Delaware
Canton PL Liquidating Corp. (f/k/a LP Innovations, Inc.)	Nevada
CMRG Hong Kong Limited	Hong Kong

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- (a) A limited partnership in which CMRG Apparel Management, Inc. is a General Partner owning 1% and CMRG Holdco, LLC is a Limited Partner owning 99%. (Both partners are wholly-owned subsidiaries of Destination XL Group, Inc.)
- (b) 100% owned by CMXL Apparel, LP (a wholly-owned subsidiary of Destination XL Group, Inc.)
- (c) 100% owned by Casual Male Store, LLC (a wholly-owned subsidiary of Destination XL Group, Inc.)
- (d) 100% owned by Casual Male RBT, LLC (a wholly-owned subsidiary of Destination XL Group, Inc.)
- (e) 100% owned by Destination XL Group, Inc.
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Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-256990) on Form S-3 and the registration statements (Nos. 333-136890, 333-163245, 333-164618, 333-170708, 333-170764, 333-194627, 333-213311, 333-233496, 333-248439, 333-250756, 333-261215, and 333-268437) on Form S-8 of our reports dated March 21, 2024, with respect to the consolidated financial statements of Destination XL Group, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Boston, Massachusetts
March 21, 2024

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

I, Harvey S. Kanter, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 21, 2024

/s/ Harvey S. Kanter
Harvey S. Kanter
President and Chief Executive Officer

PRINCIPAL FINANCIAL OFFICER CERTIFICATION

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

1. I have reviewed this Annual Report on Form 10-K 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 the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 21, 2024

/s/ Peter H. Stratton, Jr.
Peter H. Stratton, Jr.
Executive Vice President and Chief Financial Officer

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

In connection with the Annual Report on Form 10-K of Destination XL Group, Inc. (the "Company") for the period ended February 3, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harvey S. Kanter, President and 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.

Dated: March 21, 2024

/s/ Harvey S. Kanter
Harvey S. Kanter
President and 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 Annual Report on Form 10-K of Destination XL Group, Inc. (the "Company") for the period ended February 3, 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.

Dated: March 21, 2024

/s/ Peter H. Stratton, Jr.

Peter H. Stratton, Jr.
Executive Vice President and 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.



Executive Officer Clawback Policy

Approved by the Board of Directors on November 2, 2023 (the "**Adoption Date**")

I. Purpose

This Executive Officer Clawback Policy describes the circumstances under which Covered Persons of Destination XL Group, Inc. and any of its subsidiaries (the "**Company**") will be required to repay or return Erroneously-Awarded Compensation to the Company.

This Policy and any terms used in this Policy will be construed in accordance with any SEC regulations promulgated to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules adopted by Nasdaq.

Each Covered Person of the Company will sign an Acknowledgement and Agreement in the form attached as Exhibit A as a condition to his or her participation in any of the Company's incentive-based compensation programs.

II. Definitions

For purposes of this Policy, capitalized terms used in the Policy have the meanings given such terms below:

(a) "**Accounting Restatement**" means an accounting restatement (i) due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial restatements that is material to the previously issued financial statements (a "Big R" restatement), or (ii) that corrects an error that is not material to previously issued financial statements, but would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "little r" restatement).

(b) "**Board**" means the Board of Directors of Destination XL Group, Inc.

(c) "**Clawback-Eligible Incentive Compensation**" means, in connection with an Accounting Restatement, any Incentive-Based Compensation Received by a Covered Person (regardless of whether such Covered Person was serving at the time that Erroneously-Awarded Compensation is required to be repaid) (i) on or after the Effective Date, (ii) after beginning service as a Covered Person, (iii) while the Company has a class of securities listed on a national securities exchange or national securities association and (iv) during the Clawback Period.

(d) "**Clawback Period**" means, with respect to any Accounting Restatement, the three completed fiscal years immediately preceding the Restatement Date and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years.

(e) "**Committee**" means the Compensation Committee of the Board or with respect to the Chief Executive Officer, the majority of the independent directors of the Board.

(f) "**Covered Person**" means any person who is, or was at any time, during the Clawback Period, an Executive Officer of the Company. For the avoidance of doubt, Covered Person may include a former Executive Officer that left the Company, retired or transitioned to an employee role (including after serving as an Executive Officer in an interim capacity) during the Clawback Period.

(g) "**Effective Date**" means October 2, 2023.

(h) "**Erroneously-Awarded Compensation**" means the amount of Clawback-Eligible Incentive Compensation that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the restated amounts. This amount must be computed without regard to any taxes paid.

(i) "**Executive Officer**" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (including an officer of the Company's subsidiaries) who performs similar policy-making functions for the Company. For the sake of clarity, at a minimum, all persons who would be executive officers pursuant to Rule 401(b) under Regulation S-K shall be deemed "Executive Officers" for purposes of this Policy.

(j) "**Financial Reporting Measures**" means measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and all other measures that are derived wholly or in part from such measures. For purposes of this Policy, Financial Reporting Measures shall include stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return).

(k) "**Incentive-Based Compensation**" has the meaning set forth in Section III.

(l) "**Nasdaq**" means The Nasdaq Stock Market, LLC.

(m) "**Policy**" means this Executive Officer Clawback Policy, as the same may be amended or restated from time to time.

(n) "**Received**" means Incentive-Based Compensation received, or deemed to be received, in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation is attained, even if the payment or grant occurs after the fiscal period.

(o) "**Repayment Agreement**" has the meaning set forth in Section V.

(p) "**Restatement Date**" means the earlier of (i) the date that the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or

(ii) the date that a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

(q) "**SEC**" means the U.S. Securities and Exchange Commission.

III. Incentive-Based Compensation

"Incentive-Based Compensation" means any compensation that is granted, earned or vested, wholly or in part, upon the attainment of a Financial Reporting Measure.

For purposes of this Policy, specific examples of Incentive-Based Compensation include, but are not limited to:

- non-equity incentive plan awards that are earned, wholly or in part, based on satisfaction of a Financial Reporting Measure performance goal;
- bonuses paid from a "bonus pool," the size of which is determined, wholly or in part, based on satisfaction of a Financial Reporting Measure performance goal;
- other cash awards based on satisfaction of a Financial Reporting Measure performance goal;
- restricted stock, restricted stock units, performance share units, stock options and stock appreciation rights that are granted or become vested, wholly or in part, on satisfaction of a Financial Reporting Measure performance goal; and
- proceeds received upon the sale of shares acquired through an incentive plan that were granted or vested based, wholly or in part, on satisfaction of a Financial Reporting Measure performance goal.

For purposes of this Policy, Incentive-Based Compensation excludes:

- any base salaries (except with respect to any salary increases earned, wholly or in part, based on satisfaction of a Financial Reporting Measure performance goal);
- bonuses paid solely at the discretion of the Committee or Board that are not paid from a "bonus pool" that is determined by satisfying a Financial Reporting Measure performance goal;
- bonuses paid solely upon satisfying one or more subjective standards or completion of a specified employment period;
- non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures; and
- equity awards that vest solely based on the passage of time or satisfaction of one or more strategic measures or operational measures (and not any Financial Reporting Measures).

IV. Determination and Calculation of Erroneously-Awarded Compensation

In the event of an Accounting Restatement, the Committee shall promptly (and in all events within ninety (90) days after the Restatement Date) determine the amount of any Erroneously-Awarded Compensation for each Executive Officer in connection with such Accounting Restatement and shall promptly thereafter provide each Executive Officer with a written notice containing the amount of Erroneously-Awarded Compensation and a demand for repayment or return, as applicable.

(a) **Cash Awards.** With respect to cash awards, the Erroneously-Awarded Compensation is the difference between (i) the amount of the cash award (whether payable as a lump sum or over time) that was

Received and (ii) the amount that should have been received applying the restated Financial Reporting Measure.

(b) Cash Awards Paid From Bonus Pools. With respect to cash awards paid from bonus pools, the Erroneously-Awarded Compensation is the pro rata portion of any deficiency that results from the aggregate bonus pool that is reduced based on applying the restated Financial Reporting Measure.

(c) Equity Awards. With respect to equity awards, if the shares, options or stock appreciation rights are still held at the time of recovery, the Erroneously-Awarded Compensation is the number of such securities Received in excess of the number that should have been received applying the restated Financial Reporting Measure (or the value in excess of that number). If the options or stock appreciation rights have been exercised, but the underlying shares have not been sold, the Erroneously-Awarded Compensation is the number of shares underlying the excess options or stock appreciation rights (or the value thereof). If the underlying shares have already been sold, then the Committee shall determine the amount which most reasonably estimates the Erroneously-Awarded Compensation.

(d) Compensation Based on Stock Price or Total Shareholder Return. For Incentive-Based Compensation based on (or derived from) stock price or total shareholder return, where the amount of Erroneously-Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received (in which case, the Committee shall maintain documentation of such determination of that reasonable estimate and provide such documentation to Nasdaq in accordance with applicable listing standards).

V. Recovery of Erroneously-Awarded Compensation

Once the Committee has determined the amount of Erroneously-Awarded Compensation recoverable from the applicable Covered Person, the Committee shall take all necessary actions to recover the Erroneously-Awarded Compensation. Unless otherwise determined by the Committee, the Committee shall pursue the recovery of Erroneously-Awarded Compensation in accordance with the below:

(a) Cash Awards. With respect to cash awards, the Committee shall either (i) require the Covered Person to repay the Erroneously-Awarded Compensation in a lump sum in cash (or such property as the Committee agrees to accept with a value equal to such Erroneously-Awarded Compensation) reasonably promptly following the Restatement Date or (ii) if approved by the Committee, offer to enter into a Repayment Agreement. If the Covered Person accepts such offer and signs the Repayment Agreement within a reasonable time as determined by the Committee, the Company shall countersign such Repayment Agreement.

(b) Unvested Equity Awards. With respect to those equity awards that have not yet vested, the Committee shall take all necessary action to cancel, or otherwise cause to be forfeited, the awards in the amount of the Erroneously-Awarded Compensation.

(c) Vested Equity Awards. With respect to those equity awards that have vested and the underlying shares have not been sold, the Committee shall take all necessary action to cause the Covered Person to deliver and surrender the underlying shares in the amount of the Erroneously-Awarded Compensation.

In the event that the Covered Person has sold the underlying shares, the Committee shall either (i) require the Covered Person to repay the Erroneously-Awarded Compensation in a lump sum in cash (or

such property as the Committee agrees to accept with a value equal to such Erroneously-Awarded Compensation) reasonably promptly following the Restatement Date or (ii) if approved by the Committee, offer to enter into a Repayment Agreement. If the Covered Person accepts such offer and signs the Repayment Agreement within a reasonable time as determined by the Committee, the Company shall countersign such Repayment Agreement.

(d) Repayment Agreement. “**Repayment Agreement**” shall mean an agreement (in a form reasonably acceptable to the Committee) with the Covered Person for the repayment of the Erroneously-Awarded Compensation as promptly as possible without unreasonable economic hardship to the Covered Person.

(e) Effect of Non-Repayment. To the extent that a Covered Person fails to repay all Erroneously-Awarded Compensation to the Company when due (as determined in accordance with this Policy), the Company shall, or shall cause one or more other members of the Company to, take all actions reasonable and appropriate to recover such Erroneously-Awarded Compensation from the applicable Covered Person. The applicable Covered Person shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously-Awarded Compensation in accordance with the immediately preceding sentence.

The Committee shall have broad discretion to determine the appropriate means of recovery of Erroneously-Awarded Compensation based on all applicable facts and circumstances and taking into account the time value of money and the cost to shareholders of delaying recovery. However, in no event may the Company accept an amount that is less than the amount of Erroneously-Awarded Compensation in satisfaction of a Covered Person's obligations hereunder.

VI. Discretionary Recovery

Notwithstanding anything herein to the contrary, the Company shall not be required to take action to recover Erroneously-Awarded Compensation if any one of the following conditions are met and the Committee determines that recovery would be impracticable:

- (i) the direct expenses paid to a third party to assist in enforcing this Policy against a Covered Person would exceed the amount to be recovered, after the Company has made a reasonable attempt to recover the applicable Erroneously-Awarded Compensation, documented such attempts and provided such documentation to Nasdaq;
- (ii) recovery would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recover any amount of Erroneously-Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation and a copy of the opinion is provided to Nasdaq; or
- (iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

VII. Reporting and Disclosure Requirements

The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws.

VIII. Effective Date

This Policy shall apply to any Incentive-Based Compensation Received on or after the Effective Date.

IX. No Indemnification

The Company shall not indemnify any Covered Person against the loss of Erroneously-Awarded Compensation and shall not pay, or reimburse any Covered Persons for premiums, for any insurance policy to fund such Covered Person's potential recovery obligations.

X. Administration

The Committee has the sole discretion to administer this Policy and ensure compliance with Nasdaq rules and any other applicable law, regulation, rule or interpretation of the SEC or Nasdaq promulgated or issued in connection therewith. Actions of the Committee pursuant to this Policy shall be taken by the vote of a majority of its members. The Committee shall, subject to the provisions of this Policy, make such determinations and interpretations and take such actions as it deems necessary, appropriate or advisable. All determinations and interpretations made by the Committee shall be final, binding and conclusive.

XI. Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including as and when it determines that it is legally required by any federal securities laws or the rules of Nasdaq or any national securities exchange or national securities association on which the Company's securities are then listed. The Board may terminate this Policy at any time. Notwithstanding anything in this Section XI to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws or the rules of Nasdaq or any national securities exchange or national securities association on which the Company's securities are then listed.

XII. Other Recoupment Rights; No Additional Payments

The Board intends that this Policy will be applied to the fullest extent of the law. The Committee or the Board may require that any employment agreement, equity award agreement or any other agreement entered into on or after the Adoption Date shall, as a condition to the grant of any benefit thereunder, require a Covered Person to agree to abide by the terms of this Policy. This Policy replaces and supersedes the Company's Executive Incentive Pay Clawback Policy originally adopted in August 2018. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other rights under applicable law, regulation or rule or pursuant to the terms of, or any similar policy in, any employment agreement, equity plan, equity award agreement or similar arrangement and any other legal remedies available to the Company. However, this Policy shall not provide for recovery of Incentive-Based Compensation that the Company has already recovered pursuant to Section 304 of the Sarbanes-Oxley Act or other recovery obligations.

XIII. Successors

This Policy shall be binding and enforceable against all Covered Persons and their beneficiaries, heirs, executors, administrators or other legal representatives.

Exhibit A

**ACKNOWLEDGEMENT AND AGREEMENT
TO THE
EXECUTIVE OFFICER CLAWBACK POLICY
OF
DESTINATION XL GROUP, INC.**

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Company's Executive Officer Clawback Policy (the "Policy"). Capitalized terms used but not otherwise defined in this Acknowledgement and Agreement (this "Acknowledgement") shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy for any period of time during which the undersigned is or was an Executive Officer of the Company and that the Policy will apply both during and after the undersigned's employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously-Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner permitted by, the Policy.

Signature

Name

Date

