

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended August 1, 2020

OR

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

Commission File Number: 01-34219

**DESTINATION XL GROUP, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

555 Turnpike Street

Canton, MA

(Address of principal executive offices)

**04-2623104**

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

**02021**

(Zip Code)

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

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	DXLG	NASDAQ Stock Market LLC

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of August 15, 2020, the registrant had 51,554,917 shares of common stock, \$0.01 par value per share, outstanding.

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

	August 1, 2020 (Fiscal 2020)	February 1, 2020 (Fiscal 2019)
<b>ASSETS</b>		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 20,414	\$ 4,338
Accounts receivable	2,574	6,219
Inventories	87,388	102,420
Prepaid expenses and other current assets	9,908	10,883
<b>Total current assets</b>	<b>120,284</b>	<b>123,860</b>
<i>Non-current assets:</i>		
Property and equipment, net of accumulated depreciation and amortization	65,258	78,279
Operating lease right-of-use assets	157,095	186,413
Intangible assets	1,150	1,150
Other assets	593	1,215
<b>Total assets</b>	<b>\$ 344,380</b>	<b>\$ 390,917</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Current liabilities:</i>		
Accounts payable	\$ 18,533	\$ 31,763
Accrued expenses and other current liabilities	20,899	18,123
Operating leases, current	45,626	41,176
Borrowings under credit facility	66,545	39,301
<b>Total current liabilities</b>	<b>151,603</b>	<b>130,363</b>
<i>Long-term liabilities:</i>		
Long-term debt	14,841	14,813
Operating leases, non-current	165,310	182,051
Other long-term liabilities	5,241	5,267
<b>Total long-term liabilities</b>	<b>185,392</b>	<b>202,131</b>
Commitments and contingencies		
<i>Stockholders' equity:</i>		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value, 100,000,000 shares authorized, 63,840,794 and 63,297,598 shares issued at August 1, 2020 and February 1, 2020, respectively	638	633
Additional paid-in capital	313,874	312,933
Treasury stock at cost, 12,755,873 shares at August 1, 2020 and February 1, 2020	(92,658)	(92,658)
Accumulated deficit	(208,494)	(156,054)
Accumulated other comprehensive loss	(5,975)	(6,431)
<b>Total stockholders' equity</b>	<b>7,385</b>	<b>58,423</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 344,380</b>	<b>\$ 390,917</b>

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

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

	For the Three Months Ended		For the Six Months Ended	
	August 1, 2020 (Fiscal 2020)	August 3, 2019 (Fiscal 2019)	August 1, 2020 (Fiscal 2020)	August 3, 2019 (Fiscal 2019)
Sales	\$ 76,442	\$ 123,245	\$ 133,669	\$ 236,218
Cost of goods sold including occupancy costs	54,945	68,676	98,958	132,236
Gross profit	21,497	54,569	34,711	103,982
<b>Expenses:</b>				
Selling, general and administrative	25,795	47,478	57,907	92,089
CEO transition costs	—	—	—	702
Impairment of assets	—	—	16,335	—
Depreciation and amortization	5,340	6,210	11,072	12,548
Total expenses	31,135	53,688	85,314	105,339
Operating income (loss)	(9,638)	881	(50,603)	(1,357)
Interest expense, net	(1,052)	(851)	(1,793)	(1,715)
Income (loss) before provision (benefit) for income taxes	(10,690)	30	(52,396)	(3,072)
Provision (benefit) for income taxes	24	(8)	44	(29)
Net income (loss)	\$ (10,714)	\$ 38	\$ (52,440)	\$ (3,043)
Net income (loss) per share - basic and diluted	\$ (0.21)	\$ 0.00	\$ (1.03)	\$ (0.06)
<b>Weighted-average number of common shares outstanding:</b>				
Basic	51,078	49,867	50,918	49,734
Diluted	51,078	50,175	50,918	49,734

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

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

	For the Three Months Ended		For the Six Months Ended	
	August 1, 2020 (Fiscal 2020)	August 3, 2019 (Fiscal 2019)	August 1, 2020 (Fiscal 2020)	August 3, 2019 (Fiscal 2019)
Net income (loss)	\$ (10,714)	\$ 38	\$ (52,440)	\$ (3,043)
Other comprehensive income before taxes:				
Foreign currency translation	(5)	(59)	(39)	(83)
Pension plans	253	191	495	392
Other comprehensive income before taxes	248	132	456	309
Tax provision related to items of other comprehensive income	—	(30)	—	(81)
Other comprehensive income, net of tax	248	102	456	228
Comprehensive income (loss)	<u>\$ (10,466)</u>	<u>\$ 140</u>	<u>\$ (51,984)</u>	<u>\$ (2,815)</u>

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

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

	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amounts		Shares	Amounts			
Balance at February 1, 2020	63,297	\$ 633	\$ 312,933	(12,755)	\$ (92,658)	\$ (156,054)	\$ (6,431)	\$ 58,423
Board of directors compensation	93	1	148					149
Stock compensation expense			452					452
Issuance of common stock, upon RSUs release	437	4	(4)					—
Deferred stock vested	6	—	—					—
Accumulated other comprehensive income (loss):								
Pension plan, net of taxes							242	242
Foreign currency, net of taxes							(34)	(34)
Net loss						(41,726)		(41,726)
Balance at May 2, 2020	63,833	\$ 638	\$ 313,529	(12,755)	\$ (92,658)	\$ (197,780)	\$ (6,223)	\$ 17,506
Stock compensation expense			345					345
Deferred stock vested	8	—	—					—
Accumulated other comprehensive income (loss):								
Pension plan, net of taxes							253	253
Foreign currency, net of taxes							(5)	(5)
Net loss						(10,714)		(10,714)
Balance at August 1, 2020	63,841	\$ 638	\$ 313,874	(12,755)	\$ (92,658)	\$ (208,494)	\$ (5,975)	\$ 7,385

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

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

	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amounts		Shares	Amounts			
Balance at February 2, 2019	62,242	\$ 622	\$ 310,393	(12,755)	\$ (92,658)	\$ (153,534)	\$ (6,183)	\$ 58,640
Board of directors compensation	36	—	142					142
Stock compensation expense			414					414
RSUs granted for achievement of performance-based compensation, reclassified from liability to equity			304					304
Issuance of common stock, upon RSUs release	374	4	(4)					—
Shares withheld for taxes related to net share settlement of RSUs	(78)	—	(192)					(192)
Deferred stock vested	2	—	—					—
Change in accounting principle due to adoption of ASC 842						5,276		5,276
Accumulated other comprehensive income (loss):								
Pension plan, net of taxes							150	150
Foreign currency, net of taxes							(24)	(24)
Net loss						(3,081)		(3,081)
Balance at May 4, 2019	62,576	\$ 626	\$ 311,057	(12,755)	\$ (92,658)	\$ (151,339)	\$ (6,057)	\$ 61,629
Board of directors compensation	45	—	142					142
Stock compensation expense			514					514
Issuance of common stock, upon RSUs release	67	1	(1)					—
Shares withheld for taxes related to net share settlement of RSUs	(3)	—	(6)					(6)
Cancellation of restricted stock	(20)	—	—					—
Deferred stock vested	3	—	—					—
Accumulated other comprehensive income (loss):								
Pension plan, net of taxes							142	142
Foreign currency, net of taxes							(40)	(40)
Net income						38		38
Balance at August 3, 2019	62,668	\$ 627	\$ 311,706	(12,755)	\$ (92,658)	\$ (151,301)	\$ (5,955)	\$ 62,419

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

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

	August 1, 2020 (Fiscal 2020)	For the Six Months Ended August 3, 2019 (Fiscal 2019)
<b>Cash flows from operating activities:</b>		
Net loss	\$ (52,440)	\$ (3,043)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Amortization of deferred debt issuance costs	72	69
Impairment of assets	16,335	—
Depreciation and amortization	11,072	12,548
Stock compensation expense	797	928
Board of directors stock compensation	149	284
Changes in operating assets and liabilities:		
Accounts receivable	3,645	23
Inventories	15,032	(3,537)
Prepaid expenses and other current assets	975	(889)
Other assets	622	(441)
Accounts payable	(13,230)	2,511
Operating leases, net	4,487	(2,115)
Accrued expenses and other liabilities	3,488	(5,420)
Net cash provided by (used for) operating activities	<u>(8,996)</u>	<u>918</u>
<b>Cash flows from investing activities:</b>		
Additions to property and equipment, net	(2,128)	(7,597)
Net cash used for investing activities	<u>(2,128)</u>	<u>(7,597)</u>
<b>Cash flows from financing activities:</b>		
Net borrowings under credit facility	27,225	7,502
Debt issuance costs associated with credit facility amendment	(25)	—
Tax withholdings paid related to net share settlements of RSUs	—	(198)
Net cash provided by financing activities	<u>27,200</u>	<u>7,304</u>
Net increase in cash and cash equivalents	16,076	625
<b>Cash and cash equivalents:</b>		
Beginning of period	4,338	4,868
End of period	<u>\$ 20,414</u>	<u>\$ 5,493</u>

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

DESTINATION XL GROUP, INC.  
Notes to Consolidated Financial Statements  
(Unaudited)

**1. Basis of Presentation**

In the opinion of management of Destination XL Group, Inc., a Delaware corporation (collectively with its subsidiaries, referred to as the “Company”), the accompanying unaudited Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim financial statements. These financial statements do not include all disclosures associated with annual financial statements and, accordingly, should be read in conjunction with the notes to the Company’s audited Consolidated Financial Statements for the fiscal year ended February 1, 2020 included in the Company’s Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on March 19, 2020.

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

The Company’s fiscal year is a 52- or 53- week period ending on the Saturday closest to January 31. Fiscal 2020 and fiscal 2019 are 52-week periods ending on January 30, 2021 and February 1, 2020, respectively.

**Impact of COVID-19 Pandemic on Business**

On March 11, 2020, the World Health Organization declared the current outbreak of a novel coronavirus disease (“COVID-19”) as a global pandemic. The COVID-19 pandemic has had an adverse effect on the Company’s operations, employees, distribution and logistics, its vendors and customers. All of the Company’s store locations were closed temporarily on March 17, 2020. The Company began reopening stores in late April and by the end of June 2020 all retail stores had been reopened. While all of our stores are open, they are operating with reduced operating hours and it has been and may continue to be necessary to close and re-open stores in response to any ongoing COVID concerns.

In response to the uncertainty that exists relating to the COVID-19 pandemic, the Company has taken significant precautionary measures to reduce expenses, preserve liquidity, and mitigate the adverse impact of the pandemic to the Company. The majority of the Company’s workforce was furloughed in March 2020 and 34 employees were laid-off in May 2020. As store locations were reopened, employees were gradually brought back, however, due to the reduced store traffic and sales, 430 store associates were laid-off in July. For the safety of its employees, employees at the Company’s headquarters will continue to work from home, where possible, until at least January 2021. For store personnel and roles that require employees to be on-site, such as its distribution center, the Company is providing protective equipment, practicing social distancing and has increased sanitizing standards. The management team (director-level and above) took a temporary salary reduction ranging from 10%-20% during the period April 5, 2020 through August 2, 2020 and the Company’s non-employee directors suspended their second quarter fiscal 2020 compensation.

In March 2020, as a proactive measure, the Company drew \$30.0 million under its revolving facility in order to increase the Company’s cash position and preserve financial flexibility. In addition, in April 2020 the Company entered into an amendment to its credit facility to, among other things, increase its borrowing base availability and permit the Company the ability to enter into promissory notes with its merchandise vendors. See Note 3, *Debt*, for a discussion of the amendment. During the second quarter of fiscal 2020, the Company entered into rent concessions with the majority of its landlords, in the form of rent abatements, rent deferrals and, to a lesser extent, lease term extensions. See Note 4, *Leases*, for more discussion. Further, since early March, the Company has taken proactive steps to manage cash by substantially eliminating capital spend, negotiating deferred payment terms with vendors and, in limited cases, entering into short term notes, reducing operating expenses and cancelling purchase orders for merchandise, where possible. The Company intends to proceed cautiously and continue to take proactive steps to manage its liquidity.

**Segment Information**

The Company has three principal operating segments: its stores, direct and wholesales businesses. The Company considers its stores and direct operating segments to be similar in terms of economic characteristics, production processes and operations, and has therefore aggregated them into one reportable segment, retail segment, consistent with its omni-channel business approach. Due to the immateriality of the wholesale segment’s revenues, profits and assets, its operating results are aggregated with the retail segment for both periods.



### **Intangibles**

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. Due to the significant impact of the COVID-19 pandemic on the Company’s business during the first six months of fiscal 2020, the Company performed a qualitative review of the domain name as of May 2, 2020 and August 1, 2020, and concluded that it was more likely than not that the intangible asset was not impaired and therefore no quantitative assessment was required. As a result of the ongoing uncertainty surrounding the impact of the COVID-19 pandemic on the Company’s operations, it may be necessary to perform similar qualitative reviews at various points throughout the remainder of fiscal 2020.

### **Accounts Payable**

During the first six months of fiscal 2020, the Company received extended payment terms with certain of its merchandise vendors, by entering into short-term notes. The short-term notes, totaling \$3.5 million, have terms of less than one-year and accrue interest at an annual rate of 4.0%, with payments due monthly. At August 1, 2020, the outstanding balance of the notes was \$2.0 million and is included in Accounts Payable on the Consolidated Balance Sheet.

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

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

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

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

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

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

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

The fair value of long-term debt is classified within Level 2 of the valuation hierarchy. At August 1, 2020, the fair value approximated the carrying amount based upon terms available to the Company for borrowings with similar arrangements and remaining maturities.

The fair value of the “dxl.com” domain name, an indefinite-lived asset, is measured on a non-recurring basis in connection with the Company’s annual impairment test and is classified within Level 3 of the valuation hierarchy. See Intangibles above.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and short-term borrowings approximate fair value because of the short maturity of these instruments.

**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 the three and six months ended August 1, 2020 and August 3, 2019, respectively, were as follows:

	August 1, 2020			August 3, 2019		
	(in thousands)					
	Pension Plans	Foreign Currency	Total	Pension Plans	Foreign Currency	Total
<i>For the three months ended:</i>						
Balance at beginning of the quarter	\$ (6,236)	\$ 13	\$ (6,223)	\$ (5,371)	\$ (686)	\$ (6,057)
Other comprehensive income (loss) before reclassifications, net of taxes	77	(5)	72	27	(40)	(13)
Amounts reclassified from accumulated other comprehensive income, net of taxes <sup>(1)</sup>	176	—	176	115	—	115
Other comprehensive income (loss) for the period	253	(5)	248	142	(40)	102
Balance at end of quarter	\$ (5,983)	\$ 8	\$ (5,975)	\$ (5,229)	\$ (726)	\$ (5,955)
<i>For the six months ended:</i>						
Balance at beginning of fiscal year	\$ (6,478)	\$ 47	\$ (6,431)	\$ (5,521)	\$ (662)	\$ (6,183)
Other comprehensive income (loss) before reclassifications, net of taxes	154	(39)	115	55	(64)	(9)
Amounts reclassified from accumulated other comprehensive income, net of taxes <sup>(1)</sup>	341	—	341	237	—	237
Other comprehensive income (loss) for the period	495	(39)	456	292	(64)	228
Balance at end of quarter	\$ (5,983)	\$ 8	\$ (5,975)	\$ (5,229)	\$ (726)	\$ (5,955)

(1) Includes the amortization of the unrecognized loss on pension 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, before tax, was \$176,000 and \$156,000 for the three-month period ended August 1, 2020 and August 3, 2019, respectively, and \$341,000 and \$321,000 for the six-month period ended August 1, 2020 and August 3, 2019, respectively. As a result of the adoption of ASU 2019-12, as discussed below, there was no tax provision for the second quarter and first six months of fiscal 2020. The tax effect for the second quarter and first six months of fiscal 2019 was \$41,000 and \$84,000, respectively.

### Stock-based Compensation

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

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model based on the assumptions in the table below as it relates to stock options granted during the first six months of fiscal 2020. There were no grants of stock options during the first six months of fiscal 2019.

	August 1, 2020
Expected volatility	82.3% - 87.8%
Risk-free interest rate	0.22% - 0.27%
Expected life	3.0 - 4.0 yrs.
Dividend rate	—
Weighted average fair value of options granted	\$0.32

The Company has outstanding performance stock units (PSUs) with a market condition. The respective grant-date fair value and derived service periods assigned to the PSUs were determined using a Monte Carlo model. The valuation included assumptions with respect to the Company's historical volatility, risk-free rate and cost of equity.

### Impairment of Long-Lived Assets

The Company reviews its long-lived assets for events or changes in circumstances that might indicate the carrying amount of the assets may not be recoverable. The Company 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 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.

As a result of the significant impact of the COVID-19 pandemic on the Company's business during the first quarter of fiscal 2020 and the continued uncertainty, the Company reassessed the recoverability of the carrying value for its long-lived assets as of May 2, 2020, assuming that its stores would gradually open throughout the second quarter of fiscal 2020 but that consumer retail spending will remain substantially curtailed for a period of time. Due to uncertainty around the duration and extent of the pandemic's impact on future cash flows, the Company's projections were based on multiple probability-weighted scenarios. Based on the results of that assessment, the Company recorded an impairment charge of \$16.3 million in the first quarter of fiscal 2020. The impairment charge included approximately \$12.5 million for the write-down of certain right-of-use assets and \$3.8 million for the write-down of property and equipment, related to stores where the carrying value exceeded fair value.

There was no material impairment of long-lived assets in the second quarter of fiscal 2020 or for first six months of fiscal 2019.

### Leases

The Company adopted ASU 2016-02, "Leases (Topic 842)" in the first quarter of fiscal 2019 on a modified retrospective basis and applied the new standard to all leases through a cumulative-effect adjustment to beginning accumulated deficit.

Under ASC 842, 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 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 right-of use 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 August 1, 2020, the Company has 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 stores leases with an initial term of 5 years, the Company evaluates each lease independently and, only when the Company considers it reasonably certain that it will exercise an option to extend, will the associated payment of that option be included in the measurement of the right-of-use 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 right-of-use assets and lease liabilities. Tenant allowances are included as an offset to the right-of-use asset and amortized as reductions to rent expense over the associated lease term.

See Note 4 "Leases" for additional information.

#### **Recently Adopted Accounting Pronouncements**

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, "Financial Instruments — Credit Losses (Topic 326) — Measurement of Credit Losses on Financial Instruments." This guidance amends several aspects of the measurement of credit losses on financial instruments, including trade receivables. Topic 326 replaces the existing incurred credit loss model with an impairment model (known as the current expected credit loss ("CECL") model), which is based on expected losses rather than incurred losses. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company adopted this standard in the first quarter of fiscal 2020 and it did not have a material impact on the Company's Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement." This guidance modifies the disclosure requirements on fair value measurements in Topic 820 by removing disclosures regarding transfers between Level 1 and Level 2 of the fair value hierarchy, by modifying the measurement uncertainty disclosure, and by requiring additional disclosures for Level 3 fair value measurements, among others. The Company adopted this standard in the first quarter of fiscal 2020 with new disclosures adopted on a prospective basis. The adoption of this standard did not have a material impact on the Company's Consolidated Financial Statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income Taxes." This standard simplifies the accounting for income taxes by removing certain exceptions to the general principles in ASC 740, *Income Taxes*, while also clarifying and amending existing guidance, including interim-period accounting for enacted changes in tax law. This standard is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. In the first quarter of fiscal 2020, the Company elected early adoption of ASU 2019-12. The provisions related to intra period tax allocation and interim recognition of enactment of tax laws are being adopted on a prospective basis. The effect of the adoption of ASU 2019-12 was not material to the Company's Consolidated Financial Statements.

#### **Recently Issued Accounting Pronouncements**

No new accounting pronouncements, issued or effective during the first six months of fiscal 2020, have had or are expected to have a significant impact on the Company's Consolidated Financial Statements.

## **2. Revenue Recognition**

The Company operates as a retailer of big and tall men's clothing, which includes stores, direct and wholesale. 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. Wholesale sales are 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.

- Revenue from the Company's store operations is recorded upon purchase of merchandise by customers, net of an allowance for sales returns, which is estimated based upon historical experience.
- Revenue from the Company's direct operations is recognized at the time a customer order is delivered, net of an allowance for sales returns, which is estimated based upon historical experience.

— Revenue from the Company's wholesale operations is recognized at the time the wholesale customer takes physical receipt of the merchandise, net of any identified discounts in accordance with each individual order. For the first six months of fiscal 2020 and fiscal 2019, chargebacks were immaterial.

**Unredeemed Gift Cards, Gift Certificates, and Credit Vouchers.** Upon issuance of a gift card, gift certificate, or credit voucher, a liability is established for its cash value. The liability is relieved and net sales are recorded upon redemption by the customer. Based on historical redemption patterns, the Company can reasonably estimate the amount of gift cards, gift certificates, and credit vouchers for which redemption is remote, which is referred to as "breakage". Breakage is recognized over two years in proportion to historical redemption trends and is recorded as sales in the Consolidated Statements of Operations. The gift card liability, net of breakage, was \$2.1 million and \$2.7 million at August 1, 2020 and February 1, 2020, respectively.

**Unredeemed Loyalty Coupons.** The Company offers a free loyalty program to its customers for which points accumulate based on the purchase of merchandise. Over 90% of the Company's customers participate in the loyalty program. Under ASC 606, *Revenue from Contracts with Customers*, these loyalty points provide the customer with a material right and a distinct performance obligation with revenue deferred and recognized when the points are expected to redeem or expire. The cycle of earning and redeeming loyalty points is generally under one year in duration. The loyalty accrual, net of breakage, was \$1.0 million and \$1.0 million at August 1, 2020 and February 1, 2020, respectively.

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

#### Disaggregation of Revenue

As noted above under *Segment Information* in Note 1, the Company's business consists of one reportable segment, its retail segment. Substantially all of the Company's revenue is generated from its stores and direct businesses. The operating results from the wholesale segment, which were immaterial, have been aggregated with this reportable segment, but the revenues are separately reported below. 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:

<i>(in thousands)</i>	For the three months ended				For the six months ended			
	August 1, 2020		August 3, 2019		August 1, 2020		August 3, 2019	
Store sales	\$ 38,465	53.9%	\$ 95,119	78.9%	\$ 70,792	55.9%	\$ 181,834	78.7%
Direct sales	\$ 32,959	46.1%	\$ 25,406	21.1%	\$ 55,841	44.1%	\$ 49,239	21.3%
Retail segment	\$ 71,424		\$ 120,525		\$ 126,633		\$ 231,073	
Wholesale segment	\$ 5,018		\$ 2,720		\$ 7,036		\$ 5,145	
Total Sales	\$ 76,442		\$ 123,245		\$ 133,669		\$ 236,218	

### 3. Debt

#### **Credit Agreement with Bank of America, N.A.**

On May 24, 2018, the Company entered into the Seventh Amended and Restated Credit Agreement, as amended, with Bank of America, N.A., as agent, providing for a secured \$140.0 million credit facility. On April 15, 2020, the Company entered into a Third Amendment to the Seventh Amended and Restated Credit Facility, as amended (the "Third Amendment"). The Third Amendment, among other things, (i) extended the current advance rate of 10%, under the "first-in, last out" (FILO) term facility (the "FILO loan"), from May 24, 2020 to December 31, 2020, at which time it will step-down to 7.5%; (ii) lowered the Loan Cap, as described below, and eliminated the springing financial covenant, (iii) increased the Applicable Margins under the FILO and Revolving Facility (defined below) by 150 basis points and (iv) permitted the Company to enter into promissory notes with vendors in satisfaction of outstanding payables for existing goods, in an aggregate amount not to exceed \$15.0 million (as amended, the "Credit Facility").

The Credit Facility provides maximum committed borrowings of \$125.0 million in revolver loans, with the ability, pursuant to an accordion feature, to increase the Credit Facility by an additional \$50.0 million upon the request of the Company and the agreement of the lender(s) participating in the increase (the "Revolving Facility"). The Revolving Facility provides for a sublimit of \$20.0 million for commercial and standby letters of credit and up to \$15.0 million for swingline loans. The Company's ability to borrow under the Revolving Facility (the "Loan Cap") is determined using an availability formula based on eligible assets. Pursuant to the Third Amendment, the excess availability under the Credit Facility cannot be less than the greater of (i) 10% of the Revolving Loan Cap (calculated without giving effect to the FILO (first-in, last-out) Push Down Reserve) or (ii) \$10.0 million. The maturity date of the Credit Facility is May 24, 2023. The Company's obligations under the Credit Facility are secured by a lien on substantially all of its assets.

To help manage its near-term liquidity in light of the uncertainty related to COVID-19 and provide financial flexibility, the Company drew \$30.0 million under its secured revolving credit facility in March 2020. At August 1, 2020, the Company had outstanding borrowings under the Revolving Facility of \$66.8 million, before unamortized debt issuance costs of \$0.3 million. At August 1, 2020, outstanding standby letters of credit were \$2.8 million and outstanding documentary letters of credit were \$0.6 million. Unused excess availability was \$12.4 million at August 1, 2020. Average monthly borrowings outstanding under the Revolving Facility during the first six months of fiscal 2020 were \$69.2 million, resulting in an average unused excess availability of approximately \$23.2 million. The Company's ability to borrow under the Revolving Facility was determined using an availability formula based on eligible assets, with increased advance rates based on seasonality.

Borrowings made pursuant to the Revolving Facility bear interest, calculated under either the Federal Funds rate or the LIBOR rate, at a rate equal to the following: (a) the Federal Funds rate plus a varying percentage based on the Company's excess availability, of either 1.75% or 2.00%, or (b) the LIBOR rate (the Company being able to select interest periods of 1 week, 1 month, 2 months, 3 months or 6 months) plus a varying percentage based on the Company's excess availability, of either 2.75% or 3.00%. The Company was also subject to an unused line fee of 0.25%. At August 1, 2020, the Company's prime-based interest rate was 5.25%. At August 1, 2020, the Company had approximately \$62.0 million of its outstanding borrowings in LIBOR-based contracts with an interest rate of 4.00%. The LIBOR-based contracts expired on August 3, 2020. When a LIBOR-based borrowing expires, the borrowings revert back to prime-based borrowings unless the Company enters into a new LIBOR-based borrowing arrangement.

Borrowings and repayments under the Revolving Facility for the six months ended August 1, 2020 and August 3, 2019 were as follows:

<i>(in thousands)</i>	For the six months ended	
	August 1, 2020	August 3, 2019
Borrowings	\$ 53,471	\$ 72,384
Repayments	(26,246)	(64,882)
Net borrowings (repayments)	<u>\$ 27,225</u>	<u>\$ 7,502</u>

The fair value of the amount outstanding under the Revolving Facility at August 1, 2020 approximated the carrying value.

#### Long-Term Debt

Long-term debt at August 1, 2020 and February 1, 2020 is as follows:

<i>(in thousands)</i>	August 1, 2020		February 1, 2020	
FILO Loan	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Less: unamortized debt issuance costs	(159)	(159)	(187)	(187)
Total long-term debt	<u>14,841</u>	<u>14,841</u>	<u>14,813</u>	<u>14,813</u>
Less: current portion of long-term debt	—	—	—	—
Long-term debt, net of current portion	<u>\$ 14,841</u>	<u>\$ 14,841</u>	<u>\$ 14,813</u>	<u>\$ 14,813</u>

The total borrowing capacity under the FILO loan is based on a borrowing base, generally defined as a specified percentage of the value of eligible accounts (including certain trade names) that step down over time, plus a specified percentage of the value of eligible inventory that steps down over time. The Third Amendment to the Credit Facility extended these advance rates by approximately seven months before they begin to step down. The FILO loan can be repaid, in whole or in part, subject to certain payment conditions. The term loan expires on May 24, 2023, if not repaid in full prior to that date.

As a result of extending the advance rates under the FILO loan, the applicable margin rates for borrowings were increased by approximately 150 basis points. Accordingly, borrowings made under the FILO loan will bear interest, calculated under either the Federal Funds rate or the LIBOR rate, at a rate equal to the following: (a) the Federal Funds rate plus a carrying percentage based on the Company's excess availability, of either 3.75% or 4.00% until May 24, 2021 or 3.25% or 3.50% after May 24, 2021 or (b) the LIBOR rate (the Company being able to select interest periods of 1 week, 1 month, 2 months, 3 months or 6 months) plus a varying percentage based on the Company's excess availability of either 4.75% or 5.00% until May 24, 2021, or 4.25% or 4.50% after May 24, 2021. At August 1, 2020, the outstanding balance of \$15.0 million was in a 6-month LIBOR-based contract with an interest rate of 6.00%. The LIBOR-based contract expired on November 15, 2020. When a LIBOR-based contract expires, the borrowings revert back to prime-based borrowings unless the Company enters into a new LIBOR-based borrowing arrangement.

The Company paid interest and fees totaling \$1.6 million and \$1.8 million for the six months ended August 1, 2020 and August 3, 2019, respectively.

#### 4. Leases

The Company leases all of its store locations and its corporate headquarters, which also includes its distribution center, under operating leases. The store leases typically have initial terms of 5 years to 10 years, with options that usually permit renewal for additional five-year periods. The initial term of the lease for the corporate headquarter was for 20 years, with the opportunity to extend for six additional successive 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.

Due to the COVID-19 pandemic and all stores having to close temporarily, the Company held rent payments for the period of April through June 2020. During the second quarter of fiscal 2020, the Company received concessions with the majority of its landlords in the form of rent deferrals, abatements and, to a lesser extent, lease extensions. For the remainder of the leases, the outstanding lease payments were paid and the leases remain in good standing. 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. In April 2020, the FASB issued guidance allowing entities to make a policy election to account for lease concessions related to the COVID-19 pandemic as though enforceable rights and obligations for those concessions existed. The election applies to any lessor-provided lease concession related to the impact of the COVID-19 pandemic, provided the concession does not result in a substantial increase in the rights of the lessor or in the obligations of the lessee. The Company has opted not to elect this practical expedient and instead account for these rent concessions as lease modifications during the second quarter of fiscal 2020 in accordance with ASC 842. As of August 1, 2020, no material amounts related to leases remain in Accounts Payable, and the Company's operating leases liabilities represent the present value of the remaining future minimum lease payments updated based on second quarter concessions and lease modifications.

The following table is a summary of the Company's components of net lease cost for the second quarter and first six months ended August 1, 2020 and August 3, 2019:

	For the three months ended		For the six months ended	
	August 1, 2020	August 3, 2019	August 1, 2020	August 3, 2019
<i>(in thousands)</i>				
Operating lease cost	\$ 11,300	\$ 13,215	\$ 23,932	\$ 26,468
Variable lease costs <sup>(1)</sup>	3,266	3,954	7,069	7,999
Total lease costs	<u>\$ 14,566</u>	<u>\$ 17,169</u>	<u>\$ 31,001</u>	<u>\$ 34,467</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 the first six months ended August 1, 2020 and August 3, 2019 is as follows:

	For the six months ended	
	August 1, 2020	August 3, 2019
<i>(dollars in thousands)</i>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases <sup>(1)</sup>	\$ 18,527	\$ 29,221
Non-cash operating activities:		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 559	\$ 3,053
Net decrease in right-of-use assets due to lease modifications associated with rent concessions during the second quarter of fiscal 2020	\$ (578)	-
Weighted average remaining lease term	5.0 yrs.	5.6 yrs.
Weighted average discount rate	6.48%	7.10%

(1) This decrease in cash payments for the first six months of fiscal 2020 as compared to the prior year is primarily due to rent abatements and deferments negotiated during the second quarter of fiscal 2020 for rent obligations due while stores were closed.

The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the operating lease liabilities recorded on the Consolidated Balance Sheet as of August 1, 2020:

<i>(in thousands)</i>		
2020 (remaining)	\$	27,978
2021		58,166
2022		49,959
2023		41,321
2024		31,031
Thereafter		38,509
Total minimum lease payments	\$	246,964
Less: amount of lease payments representing interest		36,028
Present value of future minimum lease payments	\$	210,936
Less: current obligations under leases		45,626
Long-term lease obligations	\$	165,310

#### 5. Long-Term Incentive Plans

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

At August 1, 2020, the Company has three active LTIPs: 2018-2020 LTIP, 2019-2021 LTIP and 2020-2022 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. All time-based awards under the 2018-2020 LTIP were granted in restricted stock units (RSUs) and the time-based awards for the 2019-2021 LTIP were granted in a combination of 50% RSUs and 50% cash. For the 2020-2022 LTIP, the time-based awards were granted in a combination of 50% stock options and 50% cash.

Performance targets for the 2018-2020 LTIP, 2019-2021 LTIP and 2020-2022 LTIP were established and approved by the Compensation Committee on October 24, 2018, August 7, 2019, and June 11, 2020, 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, 2021, August 31, 2022 and August, 31, 2023, respectively. The time-based awards under the 2018-2020 LTIP, 2019-2021 LTIP and 2020-2022 LTIP vest in four equal installments through April 1, 2022, April 1, 2023 and April 1, 2024, respectively. Assuming that the Company achieves the performance targets at target levels and all time-based awards vest, the compensation expense associated with the 2018-2020 LTIP, 2019-2021 LTIP and 2020-2022 LTIP is estimated to be approximately \$3.7 million, \$3.8 million and \$3.8 million, respectively. Approximately half of the compensation expense for each LTIP relates to the time-based awards, which are being expensed straight-line over 41 months, 44 months and 46 months, respectively.

Through the end of the second quarter of fiscal 2020, the Company has accrued \$0.2 million for performance awards under the 2018-2020 LTIP and \$0.1 million for performance awards under the 2020-2022 LTIP. There was no accrual at August 1, 2020 for performance awards under the 2019-2021 LTIP.

#### 6. Stock-Based Compensation

The Company has one active stock-based compensation plan: the 2016 Incentive Compensation Plan (the "2016 Plan"). The initial share reserve under the 2016 Plan was 5,725,538 shares of common stock. 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. On August 8, 2019, the Company's shareholders approved an amendment to increase the share reserve by an additional 2,800,000 shares. At August 1, 2020, the Company had 842,466 shares available under the 2016 Plan. Subsequent to the end of the second quarter of fiscal 2020, the Company's shareholders approved an amendment to increase the share reserve by an additional 1,740,000 shares.

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 August 1, 2020, 464,016 stock options remained outstanding under the 2006 Plan.

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

The following tables summarize the share activity and stock option activity for the Company's 2006 Plan, 2016 Plan and inducement awards, on a combined basis, for the first six months of fiscal 2020:

Shares	RSUs (1)	Deferred shares (2)	Fully-vested shares (3)	Performance Share Units (4)	Total number of shares	Weighted-average grant-date fair value
Outstanding non-vested shares at beginning of year	1,420,803	295,604	—	720,000	2,436,407	\$ 1.95
Shares granted	—	45,714	69,440	—	115,154	\$ 1.08
Shares vested/issued	(436,839)	(13,936)	(69,440)	—	(520,215)	\$ 2.20
Shares canceled	(17,443)	—	—	—	(17,443)	\$ 2.11
Outstanding non-vested shares at end of quarter	966,521	327,382	—	720,000	2,013,903	\$ 1.84

- (1) During the first six months of fiscal 2020, the vesting of RSUs was primarily related to the time-based awards under the Company's LTIP plans, see Note 5, *Long-Term Incentive Plans*.
- (2) The 45,714 shares of deferred stock, with a grant date fair value of \$49,371, represent compensation to certain directors in lieu of cash, in accordance with their irrevocable elections. The shares of deferred stock will vest three years from the date of grant or at separation of service, based on the irrevocable election of each director pursuant to the Company's Fourth Amended and Restated Non-Employee Director Compensation Plan ("Non-Employee Director Compensation Plan")
- (3) During the first six months of fiscal 2020, the Company granted 69,440 shares of stock, with a fair value of approximately \$74,995, to certain directors as compensation in lieu of cash, in accordance with their irrevocable elections. Directors are required to elect 50% of their quarterly retainer in equity. Any shares in excess of the minimum required election are issued from the Non-Employee Director Compensation Plan.
- (4) The 720,000 shares of performance stock units ("PSUs"), with a fair value of \$1.0 million, represent a sign-on grant to Mr. Kanter. The PSUs vest in installments when the following milestones are met: one-third of the PSUs vest when the trailing 90-day volume-weighted average closing stock price ("VWAP") is \$4.00, one-third of the PSUs vest when the VWAP is \$6.00 and one-third when the VWAP is \$8.00. All PSUs will expire on April 1, 2023 if no performance metric is achieved. The \$1.0 million is being expensed over the respective derived service periods of each tranche of 16 months, 25 months and 30 months, respectively. The respective fair value and derived service periods assigned to the PSUs were determined using a Monte Carlo model based on: the Company's historical volatility of 55.9%, a term of 4.1 years, stock price on the date of grant of \$2.50 per share, a risk-free rate of 2.5% and a cost of equity of 9.5%.

Stock Options	Number of shares	Weighted-average exercise price per option	Weighted-average remaining contractual term	Aggregate intrinsic value (in 000's)
Outstanding options at beginning of year	754,833	\$ 4.84	2.6 years	\$ —
Options granted (1)	3,185,542	\$ 0.55	—	2
Options expired and canceled	(264,146)	\$ 4.85	—	—
Options exercised	—	—	—	—
Outstanding options at end of quarter	3,676,229	\$ 1.12	9.0 years	\$ —
Options exercisable at end of quarter	490,687	\$ 4.83	3.1 years	\$ —

- (1) In the second quarter of fiscal 2020, the Company granted to Mr. Kanter a stock option to purchase 450,000 shares of the Company's common stock, at an exercise price of \$0.64 per share, which will vest over 34 months. The Company also granted stock options to purchase an aggregate of 2,735,542 shares of the Company's common stock, at an exercise price of \$0.53 per share, in connection with the time-based grant of awards under its 2020-2022 LTIP, see Note 5, *Long-Term Incentive Plans*.

For the first six months of fiscal 2020, the Company granted stock options to purchase an aggregate of 3,185,542 shares of common stock and 45,714 shares of deferred stock. For the first six months of fiscal 2019, the Company granted 720,000 PSUs, 390,299 RSUs and 43,455 shares of deferred stock. The Company's non-employee directors voted to suspend their compensation for the second quarter of fiscal 2020. Subsequently, such compensation resumed in the third quarter of fiscal 2020.

#### Non-Employee Director Compensation Plan

The Company granted 23,148 shares of common stock, with a fair value of approximately \$24,999, to certain of its non-employee directors as compensation in lieu of cash in the first six months of fiscal 2020. As mentioned above, the non-employee directors voted to suspend their second quarter compensation.

#### Stock Compensation Expense

The Company recognized total stock-based compensation expense of \$0.8 million and \$0.9 million for the first six months of fiscal 2020 and fiscal 2019, respectively. The total compensation cost related to time-vested stock options, RSU and PSU awards not yet recognized as of August 1, 2020 was approximately \$2.7 million, net of estimated forfeitures, which will be expensed over a weighted average remaining life of 32 months.

#### **7. Earnings per Share**

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

(in thousands)	For the three months ended		For the six months ended	
	August 1, 2020	August 3, 2019	August 1, 2020	August 3, 2019
Common stock outstanding:				
Basic weighted average common shares outstanding	51,078	49,867	50,918	49,734
Common stock equivalents – stock options and restricted stock (1)	—	308	—	—
Diluted weighted average common shares outstanding	51,078	50,175	50,918	49,734

- (1) Common stock equivalents of 178 shares and 206 shares for the three and six months ended August 1, 2020, respectively, and 415 shares for the six months ended August 3, 2019, were excluded due to the net loss in each period.

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

(in thousands, except exercise prices)	For the three months ended		For the six months ended	
	August 1, 2020	August 3, 2019	August 1, 2020	August 3, 2019
Stock options	3,676	865	3,676	850
Restricted stock units	963	1,056	963	1,040
Restricted and deferred stock	160	85	160	63
Range of exercise prices of such options	\$0.53 - \$7.02	\$1.85 - \$7.02	\$0.53 - \$7.02	\$2.00 - \$7.02

The above options, which were outstanding at August 1, 2020, expire from January 31, 2021 to June 11, 2030.

Excluded from the computation of basic and diluted earnings per share for both periods were 720,000 shares 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, 327,382 shares and 242,040 shares of deferred stock at August 1, 2020 and August 3, 2019, respectively, 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.

#### **8. Income Taxes**

Since the end of fiscal 2014, the Company has maintained a full valuation allowance against its deferred tax assets. While the Company has projected it will return to profitability, generate taxable income and ultimately emerge from a three-year cumulative loss, the Company believes that a full valuation allowance remains appropriate at this time, based on the Company's forecast for fiscal 2020. Realization of the Company's deferred tax assets is dependent on generating sufficient taxable income in the near term. At August 1, 2020, the Company had total deferred tax assets of \$107.4 million, total deferred tax liabilities of \$47.4 million and a valuation allowance of \$60.0 million.

As of August 1, 2020, for federal income tax purposes, the Company has net operating loss carryforwards of \$158.2 million, which will expire from fiscal 2022 through fiscal 2036 and net operating loss carryforwards of \$34.0 million that are not subject to expiration. For state income tax purposes, the Company has \$112.2 million of net operating losses that are available to offset future taxable income, which will expire from fiscal 2020 through fiscal 2040. Additionally, the Company has \$3.9 million of net operating loss carryforwards related to the Company's operations in Canada, which will expire from fiscal 2025 through fiscal 2040.

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 liability for unrecognized tax benefits at August 1, 2020 was approximately \$2.0 million and was 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 has been presented as a reduction in the reported amounts of the Company's federal and state net operating losses carryforwards. No penalties or interest have been accrued on this liability because the carryforwards have not yet been utilized. The reversal of this liability would result in a tax benefit being recognized in the period in which the Company determines the liability is no longer necessary.

In March 2020, the Coronavirus Aid, Relief and Economic Security Act, ("CARES Act") was signed into law. This law includes several taxpayer favorable provisions which may impact the Company including relaxed interest expense limitations, a carryback of net operating losses, permitted accelerated depreciation on certain store build out costs and allowance for the deferral of employer FICA taxes. The CARES Act also included an Employee Retention Credit, which provided the Company with a \$1.2 million refundable tax credit in the second quarter of fiscal 2020. The refundable tax credit allowed eligible employers to receive a 50% tax credit for each employee up to \$10,000 in wages and other eligible expenses. This credit only impacts payroll taxes, which are recorded in pre-tax income and has no impact on the income tax provision. In addition, it provided for the accelerated payment of any refundable alternative minimum tax credit ("AMT"). Accordingly, during the second quarter of fiscal 2020, the Company received \$1.1 million for its refundable AMT receivable.

The discrete tax rate method was used for calculating tax expense for the second quarter and first six months of fiscal 2020 and fiscal 2019. The net tax provision for the second quarter and first six months of fiscal 2020, primarily related to certain states' margin tax. The Company's net tax benefit for the second quarter and first six months of fiscal 2019 was the result of the deferred tax impact of \$30,000 and \$81,000, respectively, in other comprehensive income (loss), which resulted in a corresponding decrease in valuation allowance. This income tax benefit was partially offset by tax expense, primarily for certain states' margin tax.

#### **9. CEO Transition Costs**

Results for the first six months of fiscal 2019, included \$0.7 million related to CEO search costs, Acting CEO consulting costs, housing allowance and legal fees.

#### **10. Nasdaq Notification of Non-Compliance**

The Company's common stock is publicly traded and listed on The Nasdaq Global Select Market ("Nasdaq") under the symbol "DXLG." Nasdaq has continued listing standards that the Company must maintain to avoid delisting, including, among others, a minimum bid price requirement of \$1.00 per share. On April 9, 2020, the Company received a letter from the Listing Qualifications staff of Nasdaq notifying the Company that, based upon the closing bid price of its common stock for the last 30 consecutive trading days, the Company was not in compliance with Nasdaq Listing Rule 5450(a)(1), as the minimum bid price for the Company's common stock was less than \$1.00 per share for the previous 30 consecutive trading days. At that time, the Company was granted a 180 calendar-day grace period to regain compliance with the minimum bid price requirement. On April 17, 2020, the Company received a follow-up letter from the Listing Qualifications staff notifying the Company that Nasdaq had determined to toll all

compliance periods through June 30, 2020. Accordingly, the Company's 180 calendar-day grace period to regain compliance with the minimum bid price requirement was extended to December 21, 2020.

The Notice does not result in the immediate delisting of the Company's common stock from the Nasdaq Global Select Market. The Company intends to monitor the closing bid price of the Company's common stock to allow a reasonable period for the price to rebound from its recent decline but will continue to consider its available options to regain compliance. Subsequent to the end of the second quarter of fiscal 2020, on August 12, 2020, the Company received approval from its shareholders to effect a reverse stock split of the Company's issued and outstanding common stock at a ratio of not less than 1-for-2 and not more than 1-for-5, such ratio, and the timing and implementation of such reverse stock split, to be determined in the sole discretion of the Company's Board of Directors. There can be no assurance that the Company will be able to regain compliance with the minimum bid price requirement or maintain compliance with the other listing requirements.

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

### FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "may," "will," "estimate," "intend," "plan," "continue," "believe," "expect" or "anticipate" or the negatives thereof, variations thereon or similar terminology. The forward-looking statements contained in this Quarterly Report are generally located in the material set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations," but may be found in other locations as well, and include statements regarding our ability to withstand the impact of the COVID-19 pandemic on our business and results in fiscal 2020 and to manage through the pandemic, our efforts to restructure and reduce costs, expected inventory levels in the second half of 2020, the impact of direct sales on results in fiscal 2020, the ability to keep some or all of our reopened stores open and operating during more normalized hours, and our expected liquidity for the next 12 months. These forward-looking statements generally relate to plans and objectives for future operations and are based upon management's reasonable estimates of future results or trends. The forward-looking statements in this Quarterly Report should not be regarded as a representation by us or any other person that our objectives or plans will be achieved. The following discussion of our financial condition and results of operations should be read in conjunction with the unaudited Consolidated Financial Statements and notes to those statements included elsewhere in this Quarterly Report and our audited Consolidated Financial Statements for the year ended February 1, 2020, included in our Annual Report on Form 10-K for the year ended February 1, 2020, as filed with the Securities and Exchange Commission on March 19, 2020 (our "Fiscal 2019 Annual Report").

Numerous factors could cause our actual results to differ materially from such forward-looking statements. We encourage readers to refer to our "Risk Factors" found in Part II, Item 1A of this Quarterly Report, which supplements our discussion of "Risk Factors" found in Part I, Item 1A of our Fiscal 2019 Annual Report. This discussion set forth certain risks and uncertainties that may have an impact on future results and direction of our Company, including, without limitation, risks relating to the COVID-19 pandemic, the execution of our corporate strategy, and our ability to grow our wholesale segment, predict customer tastes and fashion trends, forecast sales growth trends, maintain and build our brand awareness and compete successfully in our market.

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

### BUSINESS SUMMARY

Destination XL Group, Inc., together with our consolidated subsidiaries (the "Company"), is the largest specialty retailer of big and tall men's clothing with retail, wholesale and direct operations in the United States and Toronto, Canada. We operate under the trade names of Destination XL®, DXL®, DXL Outlets, Casual Male XL® and Casual Male XL Outlets. At August 1, 2020, we operated 228 Destination XL stores, 17 DXL outlet stores, 49 Casual Male XL retail stores, 23 Casual Male XL outlet stores. Our e-commerce site, dxl.com, supports our stores, brands and product extensions.

Unless the context indicates otherwise, all references to "we," "our," "us" and "the Company" refer to Destination XL Group, Inc. and our consolidated subsidiaries. We refer to our fiscal years, which end on January 30, 2021 and February 1, 2020 as "fiscal 2020" and "fiscal 2019," respectively. Both fiscal 2020 and fiscal 2019 are 52-week periods.

### SEGMENT REPORTING

We have three principal operating segments: our stores, direct business and our wholesale business. We consider our stores and direct business segments to be similar in terms of economic characteristics, production processes and operations, and have therefore aggregated them into one reportable segment, retail segment, consistent with our omni-channel business approach. Due to the immateriality of the wholesale segment's revenues, profits and assets, its operating results have been aggregated with the retail segment for both periods.

### DIRECT SALES

Our customer's shopping experience continues to evolve across multiple channels and we are continually adapting to meet our guests' 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 and, more recently due to the COVID-19 pandemic, pick-up at curbside. As we continue to invest in building our e-commerce platform, bringing a heightened digital focus to our Company, additional disclosure on our e-commerce

growth as it relates to our current initiatives is important. 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 or through a third-party marketplace.

## COMPARABLE SALES

Due to the fact that our stores were closed temporarily during much of the second quarter and first six months of fiscal 2020 and continue to operate with reduced hours due to the COVID-19 pandemic, we have not included a discussion of comparable sales for the second quarter and first six months of fiscal 2020 as we do not believe it provides a meaningful metric of our performance during the period.

## RESULTS OF OPERATIONS

### *Impact of COVID-19 Pandemic on Our Business*

On March 11, 2020, the World Health Organization declared COVID-19 as a global pandemic. The COVID-19 pandemic has negatively affected the global economy, disrupted global supply chains, and created significant disruption of the financial and retail markets, including a disruption in consumer demand for men's clothing and accessories. While the pandemic has had, and will likely continue to have, a significant adverse effect on our business, financial condition, and results of operations, we moved early and decisively over the past several months to preserve our financial flexibility and position ourselves to withstand the short-term impact of the pandemic and its impact on the consumer. We continue to communicate consistently and transparently with our employees, suppliers, landlords and banks and believe this direct and active communication has meaningfully enhanced the level of partnership and trust to support the plans we have in place to manage through the pandemic.

We closed all of our retail stores on March 17, 2020 and, beginning at the end of April 2020 and continuing into the second quarter of fiscal 2020, we started to gradually reopen stores. As of the end of June, all stores had been reopened although all operating at reduced hours. Since the reopening, some stores have had to close for periods of time. Store sales were gradually improving in the early weeks of the second quarter, but we started to see some dips as certain key areas of the country began experiencing a resurgence of the virus. We expect that this uncertainty will continue for the remainder of fiscal 2020 and we may have to close and reopen certain store locations to protect our associates and customers, in response to state and local guidelines. Accelerating the trend that we saw in the first quarter of fiscal 2020, sales from our direct business increase by \$7.6 million, and accounted for approximately 46.1% of our retail sales compared to 21.1% for last year's second quarter and it is playing a vital role as we are seeing our customers' shopping preferences shift to online. Given the increased demand, we have been very fortunate that our distribution center has been able to operate without any business disruption. As we previously announced, we began selling protective masks through our wholesale business in the second quarter of fiscal 2020. The sale of protective masks to wholesale accounts accounted for \$4.1 million of our \$5.0 million in wholesale sales.

We believe that managing and preserving our liquidity is our top priority to navigate through the pandemic. We have been proactive and decisive in managing our cash obligations. We proactively worked with our leasing partners to mitigate cash burn from short-term lease obligations while our stores were closed. Over the past two quarters, we have worked with our vendors on extended payment terms, including entering into short-term promissory terms with vendors. During the second quarter, we negotiated short term rent relief agreements, primarily through rent abatements and rent deferrals, with the majority of our landlords. As a result of lease modifications, the Company has reduced rent payments by approximately \$10.0 million for fiscal 2020. As of the end of the second quarter, all store leases were current and in good standing.

We have restructured our business, where possible, to reduce operating costs to align with expected sales levels. All of our store associates and approximately 60% of our corporate office had been on furlough since March 2020. As we reopened stores in the second quarter, we gradually brought many of these associates back, doing our best to extend benefits to others remaining on furlough. However, given our current sales expectations in light of the continuing impact of the pandemic on consumer spending, there were approximately 34 corporate associates in May 2020 and 430 store associates in July 2020 that were terminated and not brought back from furlough. In addition to the furlough, our corporate management team (director level and above) also took a temporary salary reduction, ranging from 10% to 20%, from April 5, 2020 until the end of the second quarter and our non-employee members of board of directors suspended their compensation for the second quarter as well. We also eliminated much of our advertising expense during the second quarter, focusing our marketing spend on digital advertising.

In the first quarter of fiscal 2020, we drew \$30.0 million under our revolving credit facility to preserve our access to cash and we also amended our credit facility to improve our excess availability under our revolver. At August 1, 2020, we had \$20.4 million in cash, total debt outstanding, net of debt issuance costs, of \$81.4 million and remaining availability under our credit facility of \$12.4 million.

Total debt, net of cash, for the second quarter of fiscal 2020 was \$61.0 million, as compared to \$58.7 million in the second quarter of fiscal 2019. At August 1, 2020, our accounts payable balance of \$18.5 million, which included \$2.0 million of promissory notes payable through April 2021, compared to an accounts payable balance of \$36.9 million at August 3, 2019. As we previously mentioned, we cancelled approximately \$148 million, at retail, in merchandise receipts for fiscal 2020, and have been focused on keeping our current inventory healthy. At August 1, 2020, our inventory was at \$87.4 million, down from \$110.4 million at the end of the second quarter last year. While we expect our inventory to increase in the third quarter as we prepare for the fall season, this lower level of inventory negatively impacts our availability under the credit facility. Our access to liquidity will remain our primary objective for the balance of fiscal 2020 and we do believe that we have sufficient liquidity to meet our working capital requirements over the next twelve months, given no further significant shutdowns of the economy.

As we head into the second half of fiscal 2020, we are cautiously optimistic. Prior to the COVID-19 pandemic, our key objective was to grow our direct business, and with the current pandemic, those initiatives have just been accelerated and we are working to meet the changing shopping behaviors of our customers. We are working towards becoming a "digital first" retailer, because the vast majority of consumers begin their shopping experience, whether it be online or in a store, with their digital phones. With the current disruption in the retail landscape, we also see potential opportunity to attract a new customer base to our business.

### Financial Summary

The following is a summary of results for the second quarter and the first six months of fiscal 2020 as compared to the prior year, including adjusted EBITDA, which is a non-GAAP measure. Please see "Non-GAAP Financial Measures" below for a reconciliation of net loss to adjusted EBITDA.

(in millions, except per share data)	For the three months ended		For the six months ended	
	August 1, 2020	August 3, 2019	August 1, 2020	August 3, 2019
Net income (loss)	\$ (10.7)	\$ 0.0	\$ (52.4)	\$ (3.0)
Adjusted EBITDA (Non-GAAP basis)	\$ (4.3)	\$ 7.1	\$ (23.2)	\$ 11.9
<b>Per diluted share:</b>				
Net income (loss)	\$ (0.21)	\$ 0.00	\$ (1.03)	\$ (0.06)
Adjusted net income (loss) (Non-GAAP basis)	\$ (0.15)	\$ 0.00	\$ (0.52)	\$ (0.04)

### Sales

(in thousands)	For the three months ended		For the six months ended	
	August 1, 2020	August 3, 2019	August 1, 2020	August 3, 2019
Store sales	\$ 38,465	\$ 95,119	\$ 70,792	\$ 181,834
Direct sales	\$ 32,959	\$ 25,406	\$ 55,841	\$ 49,239
Retail segment	\$ 71,424	\$ 120,525	\$ 126,633	\$ 231,073
Wholesale segment	\$ 5,018	\$ 2,720	\$ 7,036	\$ 5,145
Total Sales	\$ 76,442	\$ 123,245	\$ 133,669	\$ 236,218

Total sales for the second quarter of fiscal 2020 decreased 38.0% to \$76.4 million from \$123.2 million in the second quarter of fiscal 2019. We were able to open our stores sooner than expected during the second quarter, and by the end of June, all locations had been reopened. However, with the resurgence of the virus in certain key areas of the country, we started to experience a slowdown in sales from stores in those impacted geographies as July progressed. We continued to see a shift to online shopping during the second quarter and expect to see a similar trend through the remainder of fiscal 2020. Sales from direct business were driven by sales from our DXL.com website, which increased 69% over the prior year second quarter. The strong growth in our direct business, is a direct outcome of the digital strategies we have implemented and the customers' shift in shopping preferences further grow in response to COVID-19. Our wholesale business contributed \$5.0 million in sales during the second quarter, as compared to \$2.7 million in the prior year, driven primarily by the sale of \$4.1 million in protective masks.

Total sales for the first six months of fiscal 2020 decreased 43.4% to \$133.7 million from \$236.2 million for the first six months of fiscal 2019. This decrease was principally due to the closing of all of our store locations on March 17, 2020 as well as the decrease in consumer spending as a direct result of the COVID-19 pandemic. With increasing unemployment and the continued uncertainty surrounding the pandemic, we expect to continue to market to our customers primarily through digital and direct means, in an effort to drive traffic to both our website and stores.

### Gross Margin Rate

For the second quarter of fiscal 2020, our gross margin rate, inclusive of occupancy costs, was 28.1% as compared to a gross margin rate of 44.3% for the second quarter of fiscal 2019. The decrease of 16.2% was comprised of a decline of 5.1% from the deleveraging

in occupancy costs, due to the decreased sales base, and a decrease of 11.1% in merchandise margins. Although merchandise margins were down in the second quarter, they were better than expected. We remained highly promotional during the first half of the second quarter in order to reduce inventories and drive our on-line business, but began to scale back after Father's Day. Our gross margin improved significantly post Father's Day, where we saw a merchandise margin improvement of 1260 basis points for the month of July, as compared to May. Because of the growth in our direct channel and free shipping promotions, shipping costs for the second quarter increased over the prior year. Because of the growth in our direct channel and free shipping promotions, shipping costs for the second quarter increased over the prior year.

For the first six months of fiscal 2020, our gross margin, inclusive of occupancy costs, was 26.0% as compared to 44.0% for the first six months of fiscal 2019. The decrease of 18.1% was comprised of a decline of 8.6% from the deleveraging in occupancy costs, due to the store closures and overall reduced sales base, and a decrease of 9.5% in merchandise margins. The decrease in merchandise margins reflects the increased promotional posture we took in response to COVID-19 and an increase in our inventory reserves of approximately \$0.7 million in the first quarter of fiscal 2020. We have been highly promotional since our stores closed to encourage our customers to shop online and to mitigate a build-up of seasonal inventory.

Although by its nature, margins from our wholesale business are lower than our retail business, the gross margin rate in the second quarter and first six months of fiscal 2020 for wholesale significantly improved over the prior year.

#### *Selling, General and Administrative Expenses*

As a percentage of sales, SG&A expenses for the second quarter of fiscal 2020 were 33.7% as compared to 38.5% for the second quarter of fiscal 2019. On a dollar basis, SG&A decreased by \$21.7 million, or 45.7%, for the second quarter of fiscal 2020 as compared to the prior year. For the first six months of fiscal 2020, SG&A expenses were 43.3% as compared to 39.0% for the first six months of fiscal 2019. On a dollar basis, SG&A expense decreased \$34.2 million or 37.1%.

We took several steps to reduce our operating costs while our stores were closed, including the furlough of both our store associates and certain corporate associates, a reduction in marketing costs, a temporary salary reduction of 10-20% for management and the suspension of non-employee director compensation for the second quarter. As we reopened stores during the second quarter, our operating costs were realigned with the expected sales levels and associates were brought back on a staggered schedule. We continue to assess and rationalize our entire SG&A cost structure. Given the changes to our business as a result of this pandemic, we are restructuring various areas to ensure that we can operate most efficiently. This included the elimination of approximately 34 corporate positions in the first quarter of fiscal 2020 and an additional 430 store associates in the second quarter. With the reduced sales levels and store traffic, our stores are operating at minimal staffing levels and we did not see an opportunity, at this time, to bring back certain positions from furlough, such as tailors and wardrobe consultants.

SG&A expenses are managed through two primary cost centers: Customer Facing Costs and Corporate Supporting Costs. Customer Facing Costs, which include store payroll, marketing, and other store operating costs, represented 20.0% of sales for the first six months of fiscal 2020 as compared to 23.3% of sales for the first six months of last year. Corporate Supporting Costs, which include the distribution center, support, and other corporate overhead costs, represented 23.3% of sales for the first six months of fiscal 2020 compared to 15.7% of sales for the first six months of last year.

#### *Impairment of Assets*

We regularly review assets for impairment indicators at the individual store level, as this represents the lowest level of identifiable cash flows. When indicators of impairment are present, a recoverability analysis is performed. Based on the indicators present in the first quarter of fiscal 2020, we completed a recoverability analysis, which included the impact of the COVID-19 pandemic on the operations of our stores and we used projections that were based on multiple probability-weighted scenarios, assuming that our stores gradually open throughout the second quarter of fiscal 2020 but that consumer retail spending will remain substantially curtailed for a period of time. As a result of that analysis, in the first quarter of fiscal 2020 we recorded an impairment charge of \$16.3 million. The impairment charge included approximately \$12.5 million for the write-down of certain right-of-use assets, related to leases where the carrying value exceeded fair value, and \$3.8 million for the write-down of property and equipment, related to stores where the carrying value exceeded fair value. No impairment charge was recorded in the second quarter of fiscal 2020, however, as discussed above, there remains uncertainty regarding the impact of the COVID-19 pandemic on our future results of operations, which could result in additional impairments.

#### *Depreciation and Amortization*

Depreciation and amortization for the second quarter and first six months of fiscal 2020 of \$5.3 million and \$11.1 million, respectively, decreased from \$6.2 million and \$12.5 million for the second quarter and first six months of fiscal 2019.

#### *Interest Expense, Net*

Net interest expense for the second quarter and first six months of fiscal 2020 increased to \$1.1 million and \$1.8 million, respectively, as compared to \$0.9 million and \$1.7 million, respectively, for the second quarter and first six months of fiscal 2019 due to an increase in average borrowings, and an increase in the effective borrowing rates. As a result of our recent amendment to our Credit Facility in



April 2020, our interest rates under our Credit Facility, which includes our FILO loan, increased by approximately 150 basis points, which will increase our interest costs on a go-forward basis for the remainder of fiscal 2020. In addition, as discussed above, on March 20, 2020, we drew approximately \$30.0 million against our revolving credit facility. This action was taken to provide the Company with flexibility to manage its cash flow during this uncertain time.

#### *Income Taxes*

We established a full valuation allowance against our deferred tax assets at the end of fiscal 2013. Based on our forecast for fiscal 2020, we believe that a full valuation allowance continues to remain appropriate at this time.

The discrete tax rate method was used for calculating tax expense. Due to current period losses, our current tax provision for the first six months of fiscal 2020 and fiscal 2019 was primarily due to current state margin tax, based on gross receipts less certain deductions. The total income tax benefit for the second quarter and first six months of fiscal 2019 also included a deferred tax impact of \$30,000 and \$81,000, respectively, in other comprehensive income (loss), which resulted in a tax benefit on the Consolidated Statement of Operations related to the corresponding decrease in valuation allowance.

#### *Net Loss*

For the second quarter of fiscal 2020, we had a net loss of \$(10.7) million, or \$(0.21) per diluted share, compared with net income of \$0.0 million, or \$0.00 per diluted share, for the second quarter of fiscal 2019. For the first six months of fiscal 2020, we had a net loss of \$(52.4) million, or \$(1.03) per diluted share, as compared to a net loss of \$(3.0) million, or \$(0.06) per diluted share.

On a non-GAAP basis, before asset impairment costs and CEO transition costs and assuming a normalized tax rate of 26% for all periods, adjusted net loss per share for the second quarter and first six months of fiscal 2020 was \$(0.15) per diluted share and \$(0.52) per shares, respectively, as compared to adjusted net income (loss) of \$0.00 per diluted share and \$(0.04) per diluted share, respectively, for the second quarter and first six months of 2019.

#### *Inventory*

Our inventory on August 1, 2020, decreased approximately \$23.0 million to \$87.4 million, as compared to \$110.4 million at August 3, 2019. We began reacting to the pandemic with respect to inventory in early March by ultimately cancelling approximately \$148 million, at retail, of open orders for fiscal 2020. With respect to the remainder of fiscal 2020, we expect to be responsive to business changes, but expect that our fall inventory buys will be below fiscal 2019 levels. Our objective is to maintain a healthy inventory, which will include narrowing our assortment while also continuing to manage clearance levels. At August 1, 2020, our clearance inventory decreased by \$2.2 million and represented 11.3% of our total inventory, as compared to 10.9% at August 3, 2019.

#### **SEASONALITY**

Historically, and consistent with the retail industry, we have experienced seasonal fluctuations as it relates to our operating income and net income. Traditionally, a significant portion of our operating income and net income is generated in the fourth quarter, as a result of the "Holiday" season.

#### **LIQUIDITY AND CAPITAL RESOURCES**

Our primary sources of liquidity are cash generated from operations and availability under our credit facility with Bank of America, N.A., which was most recently amended in April 2020 ("Credit Facility"). Although our cash flows from operations has been significantly impacted by the lost revenue as of result of the COVID-19 pandemic, we believe that we have taken sufficient steps to manage our available cash flow for the foreseeable future. During the first six months of fiscal 2020, we amended our Credit Facility to increase our borrowing base, negotiated extended payment terms with vendors, cancelled inventory purchase orders, reduced operating costs and reduced capital spending. Based on our current projections, we believe our cash on hand, availability under our Credit Facility, ongoing cash generated from our direct business, wholesale business and from the our retail operations, although they are operating on reduced hours, will be sufficient to cover our working capital requirements and limited capital expenditures for the next 12 months. However, the extent to which the COVID-19 pandemic will impact our financial results will depend on future developments, which are highly uncertain and cannot be precisely predicted at this time.

For the first six months of fiscal 2020, cash flow from operations decreased by approximately \$9.9 million to \$(9.0) million as compared to \$0.9 million for the first six months of fiscal 2019. Free cash flow, a non-GAAP measure, decreased by \$4.4 million to \$(11.1) million for the first six months of fiscal 2020 as compared to \$(6.7) million for the first six months of fiscal 2019. The primary reason for this decrease in free cash flow was due to a decrease in earnings offset by a decrease in capital expenditures. Cash flow from financing activities increased \$19.9 million to \$27.2 million for the first six months of fiscal 2020 as compared \$7.3 million for the first six months of fiscal 2019, due to the \$30.0 million draw-down on our Credit Facility in March 2020 to provide the Company with financial flexibility during the pandemic.

The following is a summary of our total debt outstanding at August 1, 2020 with the associated unamortized debt issuance costs:

<i>(in thousands)</i>	Gross Debt Outstanding		Less Debt Issuance Costs		Net Debt Outstanding	
Credit facility	\$	66,803	\$	(258)	\$	66,545
FILO Loan		15,000		(159)		14,841
Total debt	\$	81,803	\$	(417)	\$	81,386

Our Credit Facility provides for a maximum committed borrowing of \$125.0 million, which, pursuant to an accordion feature, may be increased to \$175.0 million upon our request and the agreement of the lender(s) participating in the increase (the "Revolving 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. Borrowings made pursuant to the Revolving Facility under the Credit Facility bear interest, calculated under either the Federal Funds rate or the LIBOR rate, at a rate equal to the following: (a) the Federal Funds rate plus a varying percentage based on the Company's excess availability, of either 1.75% or 2.00%, or (b) the LIBOR rate (the Company being able to select interest periods of 1 week, 1 month, 2 months, 3 months or 6 months) plus a varying percentage based on the Company's excess availability, of either 2.75% or 3.00%. The current maturity date is May 24, 2023.

We had outstanding borrowings of \$66.8 million under the Credit Facility at August 1, 2020. At August 1, 2020, outstanding standby letters of credit were \$2.8 million and outstanding documentary letters of credit were \$0.6 million. The average monthly borrowing outstanding under the Credit Facility during the first six months ended August 1, 2020 was approximately \$69.2 million, resulting in an average unused excess availability of approximately \$23.2 million. Unused excess availability at August 1, 2020 was \$12.4 million.

#### **FILO Loan**

The Credit Facility also includes a FILO loan for \$15.0 million. The total borrowing capacity under the FILO loan is based on a borrowing base, generally defined as a specified percentage of the value of eligible accounts, including certain trade names, that steps down over time, plus a specified percentage of the value of eligible inventory that steps down over time. During the first quarter of fiscal 2020, we entered into an amendment that extended these advance rates to December 2020 before they begin to step down.

As a result of extending the advance rates under the FILO loan, the applicable margin rates for borrowings were increased by approximately 150 basis points. Accordingly, current borrowings made under the FILO loan bear interest, calculated under either the Federal Funds rate or the LIBOR rate, at a rate equal to the following: (a) the Federal Funds rate plus a varying percentage based on the Company's excess availability, of either 3.75% or 4.00% or (b) the LIBOR rate (the Company being able to select interest periods of 1 week, 1 month, 2 months, 3 months or 6 months) plus a varying percentage based on the Company's excess availability, of either 4.75% or 5.00%. At August 1, 2020, the outstanding balance of \$15.0 million was in a 6-month LIBOR-based contract with an interest rate of 6.00%.

#### **Capital Expenditures**

The following table sets forth the open stores and related square footage at August 1, 2020 and August 3, 2019, respectively:

Store Concept	August 1, 2020		August 3, 2019	
	Number of Stores	Square Footage	Number of Stores	Square Footage
<i>(square footage in thousands)</i>				
DXL Retail	228	1,729	220	1,697
DXL Outlets	17	82	16	82
Casual Male XL Retail	49	160	60	200
Casual Male Outlets	23	69	29	88
Rochester Clothing	-	-	3	36
Total Stores	317	2,040	328	2,103

In our efforts to preserve our liquidity, we have reduced the majority of our capital spending, unless such spending is necessary to our immediate business needs. Our capital expenditures for the first six months of fiscal 2020 were \$2.1 million as compared to \$7.6 million for the first six months of fiscal 2019. During the first six months of fiscal 2020, we closed five Casual Male XL outlets and one Casual Male XL retail store.

## CRITICAL ACCOUNTING POLICIES

There have been no material changes to the critical accounting policies and estimates disclosed in our Form 10-K for the year ending February 1, 2020. See Note 1 to the Consolidated Financial Statements included in this report for information on recent accounting pronouncements and changes in accounting principles.

### Non-GAAP Financial Measures

Adjusted net income (loss), adjusted net income (loss) per diluted share, free cash flow and Adjusted EBITDA are non-GAAP measures. These non-GAAP measures are not presented in accordance with GAAP and should not be considered superior to or as a substitute for net loss or cash flows from operating activities or any other measure of performance derived in accordance with GAAP. In addition, all companies do not calculate non-GAAP financial measures in the same manner and, accordingly, the non-GAAP measures presented in this Quarterly Report may not be comparable to similar measures used by other companies. We believe that inclusion of these non-GAAP measures helps investors gain a better understanding of our performance, especially when comparing such results to previous periods and that they are useful as an additional means for investors to evaluate our operating results, when reviewed in conjunction with our GAAP financial statements. Reconciliations of these non-GAAP measures are presented in the following tables (*certain columns may not foot due to rounding*):

**Adjusted net income (loss) and adjusted net income (loss) per diluted share.** Adjusted net income (loss) and adjusted net income (loss) per share reflect an adjustment assuming a normal tax rate of 26% and the add-back of CEO transition and impairment of assets. We have fully reserved against our deferred tax assets and, therefore, net income (loss) is not reflective of earnings assuming a "normal" tax position. Adjusted net loss provides investors with a useful indication of the financial performance of the business, on a comparative basis, assuming a normalized tax rate of 26%.

	For the three months ended				For the six months ended			
	August 1, 2020		August 3, 2019		August 1, 2020		August 3, 2019	
	\$	Per diluted share	\$	Per diluted share	\$	Per diluted share	\$	Per diluted share
<i>(in thousands, except per share data)</i>								
Net income (loss) (GAAP basis)	\$ (10,714)	\$ (0.21)	\$ 38	\$ 0.00	\$ (52,440)	\$ (1.03)	\$ (3,043)	\$ (0.06)
<b>Adjust:</b>								
CEO transition costs	-	-	-	-	-	-	702	-
Impairment of assets	-	-	-	-	16,335	-	-	-
Add back actual income tax provision (benefit)	24	-	(8)	-	44	-	(29)	-
Add income tax (provision) benefit, assuming a normal tax rate of 26%	2,779	-	(8)	-	9,376	-	616	-
Adjusted net income (loss) (non-GAAP basis)	\$ (7,911)	\$ (0.15)	\$ 22	\$ 0.00	\$ (26,685)	\$ (0.52)	\$ (1,754)	\$ (0.04)
Weighted average number of common shares outstanding on a diluted basis		51,078		50,175		50,918		49,734

**Free Cash Flow.** We define free cash flow as cash flow from operating activities less capital expenditures. Free cash flow excludes the mandatory and discretionary repayment of debt. Free cash flow is a metric that management uses to monitor liquidity. We expect to fund our ongoing capital expenditures with cash flow from operations.

The following table reconciles free cash flow:

	For the six months ended	
	August 1, 2020	August 3, 2019
<i>(in millions)</i>		
Cash flow from operating activities (GAAP basis)	\$ (9.0)	\$ 0.9
Capital expenditures, infrastructure projects	(1.4)	(5.2)
Capital expenditures for DXL stores	(0.7)	(2.4)
Free Cash Flow (non-GAAP basis)	\$ (11.1)	\$ (6.7)

**Adjusted EBITDA.** Adjusted EBITDA is calculated as earnings before interest, taxes, depreciation and amortization and is before CEO transition costs and any impairment of assets. We believe that adjusted EBITDA is useful to investors in evaluating our performance.

	For the three months ended		For the six months ended	
	August 1, 2020	August 3, 2019	August 1, 2020	August 3, 2019
<i>(in millions)</i>				
Net income (loss) (GAAP basis)	\$ (10.7)	\$ 0.0	\$ (52.4)	\$ (3.0)
Add back:				
CEO transition costs	-	-	-	0.7
Impairment of assets	-	-	16.3	-
Provision (benefit) for income taxes	-	-	0.0	-
Interest expense	1.1	0.9	1.8	1.7
Depreciation and amortization	5.3	6.2	11.1	12.5
Adjusted EBITDA (non-GAAP basis)	\$ (4.3)	\$ 7.1	\$ (23.2)	\$ 11.9

### Item 3. Quantitative and Qualitative Disclosures about Market Risk.

In the normal course of business, our financial position and results of operations are routinely subject to a variety of risks, including market risk associated with interest rate movements on borrowings and foreign currency fluctuations. 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

We utilize cash from operations and from our Revolving Facility of our Credit Facility to fund our working capital needs. Our Credit Facility is not used for trading or speculative purposes. As part of our Credit Facility, we also have an outstanding \$15.0 million FILO loan. In addition, we have available letters of credit as sources of financing for our working capital requirements. Borrowings under the Credit Facility, which expires May 24, 2023, bear interest at variable rates based on Bank of America's prime rate or LIBOR.

At August 1, 2020, we had outstanding borrowings of approximately \$66.8 million, of which approximately \$62.0 million were in LIBOR-based contracts with an interest rate of approximately 4.00%. The remainder was prime-based borrowings, with a rate of 5.25%. At August 1, 2020, the \$15.0 million outstanding borrowings under the FILO loan were in a LIBOR-based contract with an interest rate of 6.00%.

Based upon a sensitivity analysis as of August 1, 2020, assuming average outstanding borrowing during the first six months of fiscal 2020 of \$69.2 million under our Credit Facility and \$15.0 million outstanding under our FILO loan, a 50 basis point increase in interest rates would have resulted in a potential increase in interest expense of approximately \$421,000 on an annualized basis.

#### Foreign Currency

Our two DXL stores located in Ontario, Canada conduct business in Canadian dollars. Both stores were closed temporarily on March 17, 2020 due to the COVID-19 pandemic and did not reopen until June 2, 2020 and June 16, 2020. Sales from these stores were immaterial to consolidated sales. As such, we believe that movement in foreign currency exchange rates will not have a material adverse effect on our financial position or results of operations.

### Item 4. Controls and Procedures.

#### Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of August 1, 2020. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of August 1, 2020, our disclosure controls and procedures were effective.

#### Changes in Internal Control over Financial Reporting

While the majority of our employees are working remotely during the COVID-19 pandemic, we have not experienced any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the first six months ended August 1, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings.

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

### Item 1A. Risk Factors.

Except as described below, there have been no material changes to the risk factors as previously disclosed in Part I, Item 1A of our Fiscal 2019 Annual Report.

*The global impact of the COVID-19 pandemic has had and, based on the current status and uncertainty, will likely continue to have a significant adverse effect on our business, financial results, liquidity, supply chain and workforce.*

On March 11, 2020, the World Health Organization declared the current outbreak of a novel coronavirus disease (“COVID-19”) a global pandemic. Federal, state and local agencies have mandated various restrictions including travel restrictions, restrictions on public gatherings, state of emergencies, stay-at-home orders and closure of all non-essential businesses, among others.

The COVID-19 pandemic has had, and will likely continue to have, a significant adverse effect on our business, financial results and liquidity. All of our stores were closed on March 17, 2020 and remained closed the end of April 2020, at which point we began to open our stores on a gradual basis through June 30, 2020. While our direct and wholesale businesses were operational, our total revenues for the first six months of fiscal 2020 decreased by approximately 43.4%. Based on the continuing uncertainty regarding the pandemic, we are unable, within reason, to estimate the impact to the remainder of fiscal 2020. As such, we are focused on mitigating the effects of the COVID-19 pandemic and preserving our liquidity. These efforts included, among other things, (i) the furloughing of substantially all of our associates while our stores remained closed, (ii) temporarily reducing, on a tiered basis, the salaries of all members of management through August 2, 2020, (iii) suspending merit increases, (iv) eliminating approximately 34 positions in May 2020 and an additional 430 store associates in July 2020, (v) suspending compensation for non-employee directors for the second quarter of fiscal 2020, (vi) eliminating capital expenditures and operating expenses, where possible, (vii) negotiating with vendors and landlords for extended payment terms, (viii) cancelling approximately \$148.0 million of on-order merchandise, at retail, (ix) drawing approximately \$30.0 million under our credit facility and amending that facility to increase our borrowing base availability by delaying the step-down of our advance rates and amending the agreement to permit the Company the ability to enter into an aggregate of up to \$15.0 million in promissory notes with merchandise vendors, and (x) pursuing all opportunities that may be available to us under the Coronavirus Aid, Relief and Economic Security Act, (“CARES Act”).

The above actions may not be successful in mitigating the effects of this pandemic, which is highly uncertain and difficult to predict, and the actions that we take may negatively impact or delay our strategic initiatives. For example, even though the majority of our stores have reopened, we cannot be assured that (i) consumer demand and, therefore, sales will return to levels experienced prior to the pandemic, (ii) new practices or protocols could impact our business and may continue and/or increase, such as, for example, occupancy limitations, (iii) our stores can remain open if there is a resurgence of the virus and therefore need to close again, or (iv) our associates will be willing to staff our stores, as a result of health concerns. Furthermore;

- we may not be able to effectively manage our operating costs on a lower sales base;
- we may not be able to effectively manage the availability under our Credit Facility;
- we cannot be assured that inventory costs will not increase or that inventory will be readily accessible from our vendors;  
and
- we cannot be assured that we will not have further impairments of our long-lived assets.

In addition to the specific risks to our business noted above, we will also be subject to the long-term effects the COVID-19 pandemic may have on the U.S. economy as a whole. The U.S. is experiencing unprecedented unemployment and a possible economic recession that would likely impact consumer discretionary spending, and therefore consumer demand for our products. The magnitude of the impact of the COVID-19 pandemic will be determined by the length of time that the pandemic continues, and while government authorities’ measures relating to the pandemic may be relaxed as the pandemic abates, these measures may be reinstated as the pandemic continues to evolve. In addition to the risks noted above, the COVID-19 pandemic may also heighten other risks described in our Fiscal 2019 Annual Report, including risks to our supply chain, the health and safety of our customers and employees, and our ability to maintain compliance with the financial covenants under our Credit Facility.

*We may not be able to maintain the listing of our common stock on NASDAQ.*

Our common stock currently trades on The Nasdaq Global Select Market (“Nasdaq”). Nasdaq has continued listing standards that the Company must maintain to avoid delisting, including, among others, a minimum bid price requirement of \$1.00 per share. On April 9, 2020, the Company received a letter from the Listing Qualifications staff of Nasdaq notifying the Company that, based upon the closing bid price of its common stock for the last 30 consecutive trading days, the Company was not in compliance with Nasdaq Listing Rule 5450(a)(1), as the minimum bid price for the Company’s common stock was less than \$1.00 per share for the previous 30 consecutive trading days. At that time, the Company was granted a 180 calendar-day grace period to regain compliance with the

minimum bid price requirement. On April 17, 2020, the Company received a follow-up letter from the Listing Qualifications staff notifying the Company that they had determined to toll all compliance periods through June 30, 2020. Accordingly, the Company's 180 calendar-day grace period to regain compliance with the minimum bid price requirement was extended to December 21, 2020.

The Notice does not result in the immediate delisting of the Company's common stock from the Nasdaq Global Select Market. The Company intends to monitor the closing bid price of the Company's common stock to allow a reasonable period for the price to rebound from its recent decline but will continue to consider its available options to regain compliance. There can be no assurance that the Company will be able to regain compliance with the minimum bid price requirement or maintain compliance with the other listing requirements.

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

None.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

2020 Annual Incentive Plan

On June 23, 2020, the Compensation Committee established the performance metrics for the 2020 Annual Incentive Plan ("AIP"), in which our Named Executive Officers participate. Our Named Executive Officers, as reported in the 2019 Proxy Statement are Messrs. Kanter, Stratton, Molloy, Chane and Gaeta. The potential payout for each performance metric is based on full-year results for fiscal 2020. A participant's payout under the AIP is based on earned wages, accordingly, each participant's earned wages for fiscal 2020 reflect a reduction in normal earnings due to either: (i) furlough or (ii) temporary pay reductions, ranging from 10% to 20%. Each of our Named Executive Officers took a temporary salary reduction of 20% for the period April 5, 2020 through August 2, 2020.

For fiscal 2020, Mr. Kanter, Mr. Stratton and Mr. Molloy will participate at 100%, 55% and 50% of their respective earned wages while Messrs. Chane and Gaeta will participate at 40% of their respective earned wages.

The following performance metrics and potential payouts levels are derived from the Company's annual operating plan and budget for fiscal 2020, as revised in March 2020 for the COVID-19 pandemic. These metrics are intended to be achievable, with an approximate 50% probability; however, given the uncertainty surrounding the COVID-19 pandemic and its impact on our financial results, there is an inherent risk that these metrics may not be attainable. Consistent with prior years, we will disclose the actual targets under the AIP once the performance period has ended.

Performance Metric	Weight	Potential Payout		
		Threshold (50% payout)	Target (100% payout)	Maximum (150% payout, except Kanter where payout is 200%)
Sales	40%	94.1%	100.0%	105.9%
Adjusted EBITDA	40%	89.1%	100.0%	110.9%
Personal Goals (1)	20%	-	100.0%	150.0%

(1) Personal goals are part of the Company's annual performance review. The personal goals are a combination of quantifiable and qualitative goals specific to their respective corporate function.

**Item 6. Exhibits.**

- 4.1 [Form of Indenture \(included as Exhibit 4.1 to the Company's Registration Statement on Form S-3 \(File No. 333-238929\) filed June 4, 2020 and incorporated herein by reference\).](#)
- 10.1 [Third Amended and Restated Long-Term Incentive Plan \(included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 12, 2020 and incorporated herein by reference\).](#)
- 10.2 [Amended Employment Agreement between the Company and Ujjwal Dhoot effective as of August 2, 2020.](#)
- 10.3 [Form of Non-Qualified Option Agreement for Associates \(pursuant to the Company's Long-Term Incentive Plan, as amended\).](#)
- 31.1 [Certification of the Chief Executive Officer of the Company pursuant to Rule 13a-14\(a\) under the Securities Exchange Act of 1934.](#)
- 31.2 [Certification of the Chief Financial Officer of the Company pursuant to Rule 13a-14\(a\) under the Securities Exchange Act of 1934.](#)
- 32.1 [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS [Inline XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.](#)
- 101.SCH [Inline XBRL Taxonomy Extension Schema Document.](#)
- 101.CAL [Inline XBRL Taxonomy Extension Calculation Linkbase Document.](#)
- 101.DEF [Inline XBRL Taxonomy Extension Definition Linkbase Document.](#)
- 101.LAB [Inline XBRL Taxonomy Extension Label Linkbase Document.](#)
- 101.PRE [Inline XBRL Taxonomy Extension Presentation Linkbase Document.](#)
- 104 [Cover Page Interactive Data File – The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DESTINATION XL GROUP, INC.

Date: August 27, 2020

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



AMENDED EMPLOYMENT AGREEMENT

The Employment Agreement made effective as of December 16, 2019 ("Agreement") is hereby amended (the "Amended Agreement") effective as of August 2, 2020 (the "Amendment Effective Date") between CMRG APPAREL, LLC, (the "Company"), a "Related Entity" as defined in the 2016 Incentive Compensation Plan (as amended), of Destination XL Group, Inc., a Delaware corporation with an office at 555 Turnpike Street, Canton, Massachusetts 02021 ("DXLG" which term includes any affiliates and subsidiaries), and Ujjwal Dhoot (the "Executive") having an address at 18 Johnson Avenue, Apartment 12, Quincy, Massachusetts, 02169.

WITNESSETH:

WHEREAS, the Company hired Executive to work for the Company and Executive agreed to be so employed by the Company as its Chief Digital Officer effective December 16, 2019.

WHEREAS, Executive and the Company desire to set forth in writing the amended terms and conditions of the Executive's employment with the Company as Chief Marketing Officer as of the Amendment Effective Date.

NOW, THEREFORE, in consideration of the promises and the mutual promises, representations and covenants herein contained, and provided that Executive signs this Amended Employment Agreement, the parties hereto agree as follows as of the Amendment Effective Date. All capitalized undefined terms used in this Amended Agreement shall have the meaning given them in the Agreement.

1. **Paragraph 1 is hereby deleted in its entirety and restated as follows:**

1. EMPLOYMENT

The Company hereby employs Executive and Executive hereby accepts such employment as the Company's Chief Marketing Officer, subject to the terms and conditions set forth in the Agreement, as amended.

2. **Paragraphs 3(a) and 3(b) are hereby deleted in their entirety and restated as follows:**

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 Three Hundred Eighty-Five Thousand Dollars and 00/100 Cents (\$385,000.00) (the "Base Salary") as of the Amendment 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.

3. **Paragraph 6(a) is hereby deleted in its entirety and restated as follows:**

6. DUTIES

(a) Executive shall perform such duties and functions consistent with the position of Chief Marketing 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.

4. **Paragraph 10 is hereby deleted in its entirety and restated as follows:**

10. NON-COMPETITION

(a) In consideration for the promotion to Chief Marketing Officer and the corresponding expansion of responsibilities and the \$85,000.00 gross salary increase, 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.

5. **Paragraph 12 is hereby deleted in its entirety and restated as follows:**

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.

**6. Exhibit A has been revised and restated as set forth in Exhibit A to this Amended Agreement.**

This Amended Agreement is subject to all terms and conditions of the Agreement. The provisions of this Amended Agreement, including the attached Exhibit A, will control over any inconsistent provisions of the Agreement. Except as specifically amended herein, the Agreement

will remain in full force and effect, and the parties hereby ratify the terms and conditions of the Agreement as amended herein. Executive is advised to consult with legal counsel before signing this Amended Agreement. This Amended Agreement may be executed by electronic signatures and in counterparts, each of which will be deemed an original, and all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Amended Employment Agreement, under seal, as of the date and year first above written.

CMRG APPAREL, LLC

By: /s/ Harvey S. Kanter      Date: 7/18/2020  
Name:      Harvey S. Kanter  
Its:      President, Chief Executive Officer

/s/ Ujjwal Dhoot      Date: 7/17/2020  
Ujjwal Dhoot

**EXHIBIT A  
FORM OF RELEASE OF CLAIMS**

**GENERAL RELEASE OF CLAIMS**

1. Ujjwal Dhoot, ("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, as amended, 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, CMRG Apparel, LLC (the "Company"), its parent and its parent's 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. Nothing contained in this Agreement prevents Executive from filing a charge, cooperating with or participating in any investigation or proceeding before any federal or state Fair Employment Practices Agency, including, without limitation, the Equal Employment Opportunity Commission, except that Executive acknowledges that he will not be able to recover any monetary benefits in connection with any such claim, charge or proceeding.

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. **Non-Competition.**

(a) In consideration for the consideration set forth in the Amended Employment Agreement and the payment of severance benefits set forth in Section 7 of the Employment Agreement, as amended, 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 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.

#### 4. **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.

5. **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.

6. **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.

7. 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 VP, Managing Director-Human Resources and must be delivered to the VP, Managing Director-Human Resources within that seven (7) day revocation period, or mailed to Destination XL Group, Inc., Attn: VP, Managing Director-Human Resources, 555 Turnpike Street, Canton, MA 02021 and postmarked within the seven (7) day revocation period.

8. 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.

9. 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.

10. 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.



DESTINATION XL GROUP, INC.  
2016 INCENTIVE COMPENSATION PLAN, AS AMENDED  
Pursuant to Destination XL Group, Inc.  
Long-Term Incentive Plan, as amended

NON-QUALIFIED STOCK OPTION AGREEMENT

FOR

[NAME]

1. **Grant of Option.** DESTINATION XL GROUP, INC., a Delaware corporation (the “Company”), hereby grants, as of \_\_\_\_\_ (“Date of Grant”), to \_\_\_\_\_ (the “Optionee”) an option (the “Option”) to purchase up to \_\_\_\_\_ shares of the Company’s common stock, \$.01 par value per share (the “Shares”), at an exercise price per share equal to \$\_\_\_\_\_ (the “Exercise Price”). The Option shall be subject to the terms and conditions set forth herein. The Option was issued pursuant to the Company’s 2016 Incentive Compensation Plan, as amended (the “Plan”) and the Company’s Third Amended and Restated Long-Term Incentive Plan (the “LTIP”) (a copy of which is attached as Exhibit “A”), which are incorporated herein for all purposes. The Option is a Non-Qualified Stock Option, and not an Incentive Stock Option. The Optionee hereby acknowledges receipt of a copy of the Plan and the LTIP and agrees to be bound by all of the terms and conditions hereof and thereof and all applicable laws and regulations.

2. **Definitions.** Unless otherwise provided herein, terms used herein that are defined in the Plan and not defined herein shall have the meanings attributed thereto in the Plan and the LTIP.

3. **Exercise Schedule.** Except as otherwise provided in Sections 6 or 9 of this Agreement, or in the Plan, the Option is exercisable in installments as provided below, which shall be cumulative. To the extent that the Option has become exercisable with respect to a percentage of Shares as provided below, the Option may thereafter be exercised by the Optionee, in whole or in part, at any time or from time to time prior to the expiration of the Option as provided herein. The following table indicates each date (the “Vesting Date”) upon which the Optionee shall be entitled to exercise the Option with respect to the percentage of the Option granted as indicated beside the date, provided that the Continuous Service of the Optionee continues through and on the applicable Vesting Date:

Vesting Date	Percentage of Option Becoming Available for Exercise	Cumulative Percentage Exercisable
June 11, 2021	25%	
April 1, 2022	25%	50%
April 1, 2023	25%	75%
April 1, 2024	25%	100%

updated June 2020

Except as otherwise specifically provided in Section 9, there shall be no proportionate or partial vesting in the periods prior to each Vesting Date, and all vesting shall occur only on the appropriate Vesting Date. Upon the termination of the Optionee's Continuous Service with the Company and its Related Entities, any unvested portion of the Option shall terminate and be null and void, except as may otherwise be determined by the Committee in writing in its sole discretion.

4. **Method of Exercise.** The vested portion of this Option shall be exercisable in whole or in part in accordance with the exercise schedule set forth in Section 3 hereof by written notice which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holder's investment intent with respect to such Shares as may be required by the Company pursuant to the provisions of the Plan. Such written notice shall be signed by the Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The written notice shall be accompanied by payment of the Exercise Price. This Option shall be deemed to be exercised after both (a) receipt by the Company of such written notice accompanied by the Exercise Price and (b) arrangements that are satisfactory to the Committee in its sole discretion have been made for Optionee's payment to the Company of the amount, if any, that is necessary to be withheld in accordance with applicable Federal or state withholding requirements. No Shares shall be issued pursuant to the Option unless and until such issuance and such exercise shall comply with all relevant provisions of applicable law, including the requirements of any stock exchange upon which the Shares then may be traded.

5. **Method of Payment.** Payment of the Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee: (a) cash; (b) check; (c) the withholding of Shares that otherwise would be delivered to the Optionee as a result of the exercise of the Option, (d) pursuant to a "cashless exercise" procedure, by delivery of a properly executed exercise notice together with such other documentation, and subject to such guidelines, as the Committee shall require to effect an exercise of the Option and delivery to the Company by a licensed broker acceptable to the Company of proceeds from the sale of Shares, (e) to the extent permitted by the Committee, with Shares owned by the Optionee, or (f) such other consideration or in such other manner as may be determined by the Committee in its absolute discretion.

6. **Termination of Option.**

(a) Any unexercised portion of the Option shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following:

(i) unless the Committee otherwise determines in writing in its sole discretion, three months after the date on which the Optionee's Continuous Service is terminated other than by reason of (A) by the Company or a Related Entity for Justifiable Cause, (B) a Disability of the Optionee as determined by a medical doctor satisfactory to the Committee, or (C) the death of the Optionee;

(ii) immediately upon the termination of the Optionee's Continuous Service by the Company or a Related Entity for Justifiable Cause;

(iii) twelve months after the date on which the Optionee's Continuous Service is terminated by reason of a Disability as determined by a medical doctor satisfactory to the Committee;

(iv) (A) twelve months after the date of termination of the Optionee's Continuous Service by reason of the death of the Optionee, or, if later, (B) three months after the date on which the Optionee shall die if such death shall occur during the twelve month period specified in Section 6(a)(iii) hereof; or

(v) the tenth anniversary of the date as of which the Option is granted.

(b) To the extent not previously exercised, (i) the Option shall terminate immediately in the event of (A) the liquidation or dissolution of the Company, or (B) any reorganization, merger, consolidation or other form of corporate transaction in which the Company does not survive or the Shares are exchanged for or converted into securities issued by another entity, or an affiliate of such successor or acquiring entity, unless the successor or acquiring entity, or an affiliate thereof, assumes the Option or substitutes an equivalent option or right pursuant to Section 11(c) of the Plan, and (ii) the Committee in its sole discretion may by written notice ("cancellation notice") cancel, effective upon the consummation of any corporate transaction described in Section 11(c) of the Plan, the Option (or portion thereof) that remains unexercised on such date. The Committee shall give written notice of any proposed transaction referred to in this Section 6(b) a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after approval of such transaction), in order that the Optionee may have a reasonable period of time prior to the closing date of such transaction within which to exercise the Option if and to the extent that it then is exercisable (including any portion of the Option that may become exercisable upon the closing date of such transaction). The Optionee may condition his or her exercise of the Option upon the consummation of a transaction referred to in this Section 6(b).

7. **Transferability.** The Option granted hereby is not transferable unless and until the Shares have been delivered to the Optionee in settlement of the Option in accordance with this Agreement, otherwise than by will or under the applicable laws of descent and distribution, except that the Option may be transferred to one or more Beneficiaries or other transferees during the lifetime of the Optionee, but only if and to the extent such transfers are permitted by the Committee (subject to any terms and conditions which the Committee may impose thereon), are by gift or pursuant to a domestic relations order, are to a "Permitted Assignee" that is a permissible transferee under the Securities and Exchange Commission for registration of shares of stock on a Form S-8 Registration Statement under the Securities Act of 1933, as amended (or any successor or, at the sole discretion of the Committee, other registration statement pursuant to which Awards, Shares, rights or interests under the Plan are then registered under such Act), if applicable. A Beneficiary, transferee, executor, administrator, heir, successor and assign of the Optionee or any other person claiming any rights with respect to the Option shall be subject to all terms and conditions of the Plan and this Agreement, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee. Except as otherwise permitted pursuant to the first sentence of this Section, any attempt to effect a Transfer of any Option prior to the date on which the Shares have been delivered to the Optionee in settlement of the Option shall be void ab initio. For purposes of this Agreement, "Transfer" shall mean any sale,

transfer, encumbrance, gift, donation, assignment, pledge, hypothecation, or other disposition, whether similar or dissimilar to those previously enumerated, whether voluntary or involuntary, and including, but not limited to, any disposition by operation of law, by court order, by judicial process, or by foreclosure, levy or attachment.

8. **No Rights of Stockholders.** Neither the Optionee nor any personal representative (or Beneficiary) shall be, or shall have any of the rights and privileges of, a stockholder of the Company with respect to any Shares purchasable or issuable upon the exercise of the Option, in whole or in part, prior to the date of exercise of the Option.

9. **Acceleration of Exercisability of Option.**

(a) **Acceleration of Vesting Upon Termination.** In the event that the Optionee's Continuous Service is terminated either by the Company without Justifiable Cause or by the Optionee for Good Reason, any acceleration of exercisability of this Option shall be in accordance with Sections 7(a)(ii)(C) and 7(b)(ii)(C) of the LTIP. Notwithstanding the foregoing, in the event that a Change in Control of the Company occurs, Section 7(e) of the LTIP shall apply.

(b) **Acceleration of Vesting Upon Death or Disability.** In the event that the Optionee's Continuous Service terminates by reason of the Optionee's Disability or death, any acceleration of exercisability of this Option shall be in accordance with Sections 7(a)(ii)(A) and 7(b)(ii)(A) of the LTIP. Notwithstanding the foregoing, in the event that a Change in Control of the Company occurs, Section 7(e) of the LTIP shall apply.

(c) **Acceleration of Vesting Upon Retirement.** In the event that the Optionee's Continuous Service terminates by reason of the Optionee's Retirement, any acceleration of exercisability of this Option shall be in accordance with Sections 7(a)(ii)(B) and 7(b)(ii)(B) of the LTIP.

(d) **Acceleration of Vesting at Company Discretion.** Nothing in this Agreement shall preclude the Committee from taking action, in its sole discretion, to accelerate the vesting of any Award in connection with or following an Optionee's death, Disability, termination of Continuous Service or the consummation of a Change in Control.

10. **Tax Matters.**

(a) **Withholding.** As a condition to the Company's obligations with respect to the Option hereunder, the Optionee shall make arrangements satisfactory to the Company to pay to the Company any federal, state, local or foreign taxes of any kind required to be withheld with respect to the delivery of Shares corresponding to the exercise of such Option.

(b) **Participant's Responsibilities for Tax Consequences.** The tax consequences to the Optionee (including without limitation federal, state, local and foreign income tax consequences) with respect to the Option (including without limitation the grant, vesting and/or delivery thereof) are the sole responsibility of the Optionee. The Optionee shall consult with his or her own personal accountant(s) and/or tax advisor(s) regarding these matters and the Optionee's filing, withholding and payment (or tax liability) obligations.

11. **Amendment, Modification & Assignment.** This Agreement may only be modified or amended in a writing signed by the parties hereto. No promises, assurances, commitments, agreements, undertakings or representations, whether oral, written, electronic or otherwise, and whether express or implied, with respect to the subject matter hereof, have been made by either party which are not set forth expressly in this Agreement. Unless otherwise consented to in writing by the Company, in its sole discretion, this Agreement (and Participant's rights hereunder) may not be assigned, and the obligations of Participant hereunder may not be delegated, in whole or in part. The rights and obligations created hereunder shall be binding on the Participant and his heirs and legal representatives and on the successors and assigns of the Company.

12. **Complete Agreement.** This Agreement (together with the Plan and those other agreements and documents expressly referred to herein, for the purposes referred to herein) embody the complete and entire agreement and understanding between the parties with respect to the subject matter hereof, and supersede any and all prior promises, assurances, commitments, agreements, undertakings or representations, whether oral, written, electronic or otherwise, and whether express or implied, which may relate to the subject matter hereof in any way.

13. **Miscellaneous.**

(a) **No Right to Continued Employment.** Neither the Option nor this Agreement shall confer upon the Optionee any right to continued employment or service with the Company.

No Limit on Other Compensation Arrangements

. Nothing contained in this Agreement shall preclude the Company or any Related Entity from adopting or continuing in effect other or additional compensation plans, agreements or arrangements, and any such plans, agreements and arrangements may be either generally applicable or applicable only in specific cases or to specific persons.

Severability

. If any term or provision of this Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or under any applicable law, rule or regulation, then such provision shall be construed or deemed amended to conform to applicable law (or if such provision cannot be so construed or deemed amended without materially altering the purpose or intent of this Agreement and the grant of the Option hereunder, such provision shall be stricken as to such jurisdiction and the remainder of this Agreement and the award hereunder shall remain in full force and effect).

No Trust or Fund Created

. Neither this Agreement nor the grant of Option hereunder shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Related Entity and the Participant or any other person. To the extent that the Participant or any other person acquires a right to receive payments from the Company or any Related Entity pursuant to this Agreement, such right shall be no greater than the right of any unsecured general creditor of the Company.



(e) **Law Governing.** This Agreement shall be governed in accordance with and governed by the internal laws of the State of Delaware (without reference to the conflict of laws rules or principles thereof).

(f) **Interpretation / Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan adopted by the Committee as may be in effect from time to time. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. The Optionee accepts the Option subject to all of the terms and provisions of the Plan and this Agreement. The undersigned Optionee hereby accepts as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan and this Agreement, unless shown to have been made in an arbitrary and capricious manner.

#### Headings

. Section, paragraph and other headings and captions are provided solely as a convenience to facilitate reference. Such headings and captions shall not be deemed in any way material or relevant to the construction, meaning or interpretation of this Agreement or any term or provision hereof.

(h) **Notices.** Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Company, to the Company's Secretary at 555 Turnpike Street, Canton, MA 02021, or if the Company should move its principal office, to such principal office, and, in the case of the Optionee, to the Optionee's last permanent address as shown on the Company's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**COMPANY:**

**DESTINATION XL GROUP, INC., a Delaware corporation**

By:

Name:

Title:

The Optionee acknowledges receipt of a copy of the Plan and represents that he or she has reviewed the provisions of the Plan and this Option Agreement in their entirety, is familiar with and understands their terms and provisions, and hereby accepts this Option subject to all of the terms and provisions of the Plan and the Option Agreement. The Optionee further represents that he or she has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement.

Dated:

**OPTIONEE:**

By:

[ ]

## CERTIFICATION

I, Harvey S. Kanter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Destination XL Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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: August 27, 2020

By: \_\_\_\_\_ /s/ Harvey S. Kanter  
Harvey S. Kanter  
Chief Executive Officer

## CERTIFICATION

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

1. I have reviewed this quarterly report on Form 10-Q of Destination XL Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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: August 27, 2020

By: \_\_\_\_\_ /s/ Peter H. Stratton, Jr.  
Peter H. Stratton, Jr.  
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 Quarterly Report on Form 10-Q of Destination XL Group, Inc. (the "Company") for the period ended August 1, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harvey S. Kanter, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 27, 2020

By: \_\_\_\_\_ /s/ Harvey S. Kanter  
Harvey S. Kanter  
Chief Executive Officer

*A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.*

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

In connection with the Quarterly Report on Form 10-Q of Destination XL Group, Inc. (the "Company") for the period ended August 1, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter H. Stratton, Jr., Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 27, 2020

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

*A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.*