

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 May 1, 2021

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
	DXLG	

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

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

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

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

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

As of May 14, 2021, the registrant had 63,526,601 shares of common stock, \$0.01 par value per share, outstanding.

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

	May 1, 2021 (Fiscal 2021)	January 30, 2021 (Fiscal 2020)
ASSETS		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 5,843	\$ 18,997
Accounts receivable	4,671	6,416
Inventories	88,390	85,028
Prepaid expenses and other current assets	6,381	3,689
Total current assets	<u>105,285</u>	<u>114,130</u>
<i>Non-current assets:</i>		
Property and equipment, net of accumulated depreciation and amortization	52,591	56,552
Operating lease right-of-use assets	130,061	134,321
Intangible assets	1,150	1,150
Other assets	598	602
Total assets	<u>\$ 289,685</u>	<u>\$ 306,755</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
<i>Current liabilities:</i>		
Current portion of long-term debt	\$ 74	\$ -
Accounts payable	31,639	27,091
Accrued expenses and other current liabilities	25,450	24,825
Operating leases, current	38,331	43,598
Borrowings under credit facility	33,371	59,521
Total current liabilities	<u>128,865</u>	<u>155,035</u>
<i>Long-term liabilities:</i>		
Long-term debt, net of current portion	16,669	14,869
Operating leases, non-current	129,856	135,819
Other long-term liabilities	4,811	5,109
Total long-term liabilities	<u>151,336</u>	<u>155,797</u>
Commitments and contingencies		
<i>Stockholders' equity (deficit):</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, 76,212,032 and 64,656,384 shares issued at May 1, 2021 and January 30, 2021, respectively	762	647
Additional paid-in capital	319,443	314,747
Treasury stock at cost, 12,755,873 shares at May 1, 2021 and January 30, 2021	(92,658)	(92,658)
Accumulated deficit	(211,895)	(220,592)
Accumulated other comprehensive loss	(6,168)	(6,221)
Total stockholders' equity (deficit)	<u>9,484</u>	<u>(4,077)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 289,685</u>	<u>\$ 306,755</u>

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)

	May 1, 2021 (Fiscal 2021)	For the Three Months Ended	May 2, 2020 (Fiscal 2020)
Sales	\$	111,494	\$ 57,227
Cost of goods sold including occupancy costs		60,661	44,013
Gross profit		50,833	13,214
Expenses:			
Selling, general and administrative		37,118	32,112
Impairment of assets		(652)	16,335
Depreciation and amortization		4,500	5,732
Total expenses		40,966	54,179
Operating income (loss)		9,867	(40,965)
Interest expense, net		(1,142)	(741)
Income (loss) before provision for income taxes		8,725	(41,706)
Provision for income taxes		28	20
Net income (loss)	\$	8,697	\$ (41,726)
Net income (loss) per share - basic and diluted	\$	0.14	\$ (0.82)
Weighted-average number of common shares outstanding:			
Basic		62,153	50,758
Diluted		63,000	50,758

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	
	May 1, 2021 (Fiscal 2021)	May 2, 2020 (Fiscal 2020)
Net income (loss)	\$ 8,697	\$ (41,726)
Other comprehensive income before taxes:		
Foreign currency translation	(25)	(34)
Pension plans	78	242
Other comprehensive income before taxes	53	208
Tax provision related to items of other comprehensive income	—	—
Other comprehensive income, net of tax	53	208
Comprehensive income (loss)	\$ 8,750	\$ (41,518)

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

DESTINATION XL GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(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 January 30, 2021	64,656	\$ 647	\$ 314,747	(12,755)	\$ (92,658)	\$ (220,592)	\$ (6,221)	\$ (4,077)
Issuance of common stock through private direct offering, net of offering costs	11,111	111	4,264					4,375
Board of directors compensation	137	1	108					109
Stock compensation expense			327					327
Issuance of common stock, upon RSUs release	308	3	(3)					—
Accumulated other comprehensive income (loss):								
Pension plan, net of taxes							78	78
Foreign currency, net of taxes							(25)	(25)
Net income						8,697		8,697
Balance at May 1, 2021	76,212	\$ 762	\$ 319,443	(12,755)	\$ (92,658)	\$ (211,895)	\$ (6,168)	\$ 9,484

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

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

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

	For the three months ended	
	May 1, 2021 (Fiscal 2021)	May 2, 2020 (Fiscal 2020)
Cash flows from operating activities:		
Net income (loss)	\$ 8,697	\$ (41,726)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Amortization of deferred debt issuance costs	215	35
Impairment of assets	(652)	16,335
Depreciation and amortization	4,500	5,732
Stock compensation expense	327	452
Board of directors stock compensation	109	149
Changes in operating assets and liabilities:		
Accounts receivable	1,745	4,281
Inventories	(3,362)	(5,905)
Prepaid expenses and other current assets	(2,692)	5,920
Other assets	4	606
Accounts payable	4,548	98
Operating leases, net	(6,318)	(1,327)
Accrued expenses and other liabilities	644	(1,461)
Net cash provided by (used for) operating activities	<u>7,765</u>	<u>(16,811)</u>
Cash flows from investing activities:		
Additions to property and equipment, net	(803)	(1,590)
Net cash used for investing activities	<u>(803)</u>	<u>(1,590)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock from private direct offering, net of offering costs	4,375	—
Repayment of existing FILO loan	(15,000)	—
Proceeds from new FILO loan	17,500	—
Net borrowings (repayments) under credit facility	(26,173)	40,214
Debt issuance costs	(818)	(4)
Net cash provided by (used for) financing activities	<u>(20,116)</u>	<u>40,210</u>
Net increase (decrease) in cash and cash equivalents	<u>(13,154)</u>	<u>21,809</u>
Cash and cash equivalents:		
Beginning of period	18,997	4,338
End of period	<u>\$ 5,843</u>	<u>\$ 26,147</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 January 30, 2021 included in the Company’s Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on March 19, 2021.

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 2021 and fiscal 2020 are 52-week periods ending on January 29, 2022 and January 30, 2021, respectively.

COVID-19 Pandemic and its impact on results and comparability of financial statements

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 had an adverse effect on the Company’s operations during fiscal 2020. All of the Company’s store locations were closed temporarily on March 17, 2020 and the majority of the Company’s workforce was furloughed in March 2020. The Company began reopening stores in late April and by the end of June 2020 all retail stores had been reopened but the majority with reduced operating hours. 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. 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. As a result of the impact of the pandemic on our business in fiscal 2020, including the closure of all of our stores in the first quarter of fiscal 2020, results for the first quarter fiscal of 2021 may not be comparable to the results for the first quarter of fiscal 2020.

While vaccines are being widely distributed and many areas where our stores are located are beginning to re-open with limited or no restrictions, the duration of the COVID-19 pandemic and its variants remain uncertain and could continue to have a material adverse impact on the Company’s results of operations, financial condition and cash flows.

Segment Information

The Company has three principal operating segments: its stores, direct and wholesale 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. During the first three months ended May 1, 2021, no event or circumstance occurred which would cause a reduction in the fair value of this intangible asset.

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 May 1, 2021, 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 months ended May 1, 2021 and May 2, 2020, respectively, were as follows:

For the three months ended:

	May 1, 2021			May 2, 2020		
	Pension Plans	Foreign Currency	Total	Pension Plans	Foreign Currency	Total
Balance at beginning of the quarter	\$ (6,224)	\$ 3	\$ (6,221)	\$ (6,478)	\$ 47	\$ (6,431)
Other comprehensive income (loss) before reclassifications, net of taxes	90	(25)	65	77	(34)	43
Amounts reclassified from accumulated other comprehensive income, net of taxes (1)	(12)	—	(12)	165	—	165
Other comprehensive income (loss) for the period	78	(25)	53	242	(34)	208
Balance at end of quarter	\$ (6,146)	\$ (22)	\$ (6,168)	\$ (6,236)	\$ 13	\$ (6,223)

(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 \$165,000 for the three-month period ended May 2, 2020. For the three months ended May 1, 2021, the Company recognized income of \$12,000 as a result of a change in amortization from average remaining future service to average remaining lifetime. There was no related tax effect for either period.

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 three months of fiscal 2021. There were no grants of stock options during the first three months of fiscal 2020.

	May 1, 2021
Expected volatility	97.4% - 104.9%
Risk-free interest rate	0.31% - 0.60%
Expected life	3.0 - 4.0
Dividend rate	-
Weighted average fair value of options granted	\$0.47

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 model for undiscounted future cash flows includes assumptions, at the individual store level, with respect to expectations for future sales and gross margin rates as well as an estimate for occupancy costs used to estimate the fair value of the respective store's operating lease right-of-use asset. The amount of impairment, if any, is measured based on projected discounted future cash flows using a discount rate reflecting the Company's average cost of funds.

For the first quarter of fiscal 2021, the Company recognized a non-cash gain of \$0.8 million, related to the Company's decision to close certain retail stores, which resulted in a revaluation of the existing lease liabilities. To the extent that such gain related to previously recorded impairment charges against the operating lease right-of-use asset, \$0.7 million of the gain was included as an offset to asset impairment charges with the remaining \$0.1 million of the gain included as a reduction in store occupancy costs.

In the first quarter of fiscal 2020, as a result of the significant impact of the COVID-19 pandemic on the Company's business and the continued uncertainty at that time, 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.

Leases

The Company adopted ASU 2016-02, "Leases (Topic 842)" in fiscal 2019. 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 May 1, 2021, the Company had no short-term leases.

The Company's store leases typically contain options that permit renewals for additional periods of up to five years each. In general, for store leases with an initial term of 10 years or more, the options to extend are not considered reasonably certain at lease commencement. For 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 Issued Accounting Pronouncements

No new accounting pronouncements, issued or effective during the first three months of fiscal 2021, 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 three months of fiscal 2021 and fiscal 2020, 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 \$2.2 million and \$2.8 million at May 1, 2021 and January 30, 2021, 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 May 1, 2021 and January 30, 2021, 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			
	May 1, 2021		May 2, 2020	
Store sales	\$ 74,880	69.1%	\$ 32,327	58.6%
Direct sales	33,542	30.9%	22,882	41.4%
Retail segment	\$ 108,422		\$ 55,209	
Wholesale segment	3,072		2,018	
Total Sales	\$ 111,494		\$ 57,227	

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 \$125.0 million revolver facility and a \$15.0 million "first-in, last-out" (FILO) term facility (the "existing FILO loan"). On March 16, 2021, the Company entered into the Fourth Amendment to the Seventh Amended and Restated Credit Facility, as amended (the "Fourth Amendment") to allow for the refinancing of the "existing FILO loan", which is discussed further under "Long-Term Debt" (as amended, the "Credit Facility"). The Fourth Amendment did not impact the terms to the Company's \$125.0 million revolver 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.

At May 1, 2021, the Company had outstanding borrowings under the Revolving Facility of \$33.6 million, before unamortized debt issuance costs of \$0.2 million. At May 1, 2021, outstanding standby letters of credit were \$2.7 million and there were no outstanding documentary letters. Unused excess availability was \$51.1 million at May 1, 2021. Average monthly borrowings outstanding under the Revolving Facility during the first three months of fiscal 2021 were \$51.2 million, resulting in an average unused excess availability of approximately \$24.3 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 May 1, 2021, the Company's prime-based interest rate was 5.25%. At May 1, 2021, the Company had approximately \$28.0 million of its outstanding borrowings in LIBOR-based contracts with an interest rate of 4.00%. The LIBOR-based contracts expired on May 3, 2021. 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 three months ended May 1, 2021 and May 2, 2020 were as follows:

<i>(in thousands)</i>	For the three months ended			
	May 1, 2021		May 2, 2020	
Borrowings	\$ 15,136		\$ 52,560	
Repayments	(41,309)		(12,346)	
Net borrowings (repayments)	\$ (26,173)		\$ 40,214	

The fair value of the amount outstanding under the Revolving Facility at May 1, 2021 approximated the carrying value.

Long-Term Debt

Long-term debt at May 1, 2021 and January 30, 2021 is as follows:

<i>(in thousands)</i>	May 1, 2021	January 30, 2021
FILO Loan –existing	—	\$ 15,000
FILO Loan – new	\$ 17,500	—
Less: unamortized debt issuance costs	(757)	(131)
Total long-term debt	16,743	14,869
Less: current portion of long-term debt, net of debt issuance costs	(74)	—
Long-term debt, net of current portion	<u>\$ 16,669</u>	<u>\$ 14,869</u>

On March 16, 2021, the Company refinanced its existing \$15.0 million FILO loan and entered into a new \$17.5 million FILO loan (the “new FILO loan”). The total borrowing capacity under the new 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 new FILO loan will be subject to quarterly principal repayments of \$218,750 beginning December 31, 2021. The new FILO loan is subject to a prepayment penalty, if any portion of the principal for the new FILO Loan is prepaid during the initial two-year period, equal to the greater of (i) the incremental interest that would have been incurred with respect to that principal repayment during the two year period and (ii) 3% of the principal prepayment, unless the prepayment occurs after March 16, 2022 in connection with the Company’s renegotiation of its Credit Agreement in which case the prepayment premium would be equal to 1% of the principal prepayment. The new FILO loan expires on May 24, 2023, but may be automatically extended in connection with any extension of the revolving facility under the Credit Agreement, but no later than March 16, 2026, without approval from the FILO lender.

Borrowings made under the new FILO loan will bear interest, at the LIBOR rate (with a LIBOR floor of 1.0%) plus an applicable margin rate of 7.50% through September 16, 2021. Thereafter, the applicable margin rate will be 7.50% for so long as the Company’s 12-month trailing consolidated EBITDA (as defined in the Credit Facility, as amended) measured as of the end of each month is less than \$18.0 million, or 7.00% when the 12-month trailing consolidated EBITDA is equal to or greater than \$18.0 million. Accordingly, the interest rate at May 1, 2021 was 8.5%.

The Company paid interest and fees totaling \$1.1 million and \$0.7 million for the three months ended May 1, 2021 and May 2, 2020, 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.

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 in accordance with ASC 842. As of May 1, 2021, the Company’s operating leases liabilities represent the present value of the remaining future minimum lease payments updated based on concessions and lease modifications.

The following table is a summary of the Company's components of net lease cost for the first quarter ended May 1, 2021 and May 2, 2020:

(in thousands)	For the three months ended			
		May 1, 2021		May 2, 2020
Operating lease cost	\$	11,126	\$	12,640
Variable lease costs(1)		3,774		3,800
Total lease costs	\$	<u>14,900</u>	\$	<u>16,440</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 three months ended May 1, 2021 and May 2, 2020 is as follows:

(dollars in thousands)	For the three months ended			
Cash paid for amounts included in the measurement of lease liabilities:		May 1, 2021		May 2, 2020
Operating cash flows for operating leases (1)	\$	17,112	\$	9,805
Non-cash operating activities:				
Right-of-use assets obtained in exchange for operating lease liabilities	\$	2,137	\$	559
Weighted average remaining lease term		4.4 yrs.		5.2 yrs.
Weighted average discount rate		6.72%		7.08%

(1) The cash paid for the first quarter of fiscal 2021 includes prepaid rent for May 2021 of \$3.8 million. There was no unpaid rent at May 1, 2021. Due to store closures in the first quarter of fiscal 2020, the Company did not make scheduled rent payments, due April 1, 2020, of \$4.2 million. This amount was included in the Accounts Payable at May 2, 2020. The Company also did not prepay May rent in the first quarter of fiscal 2020.

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 May 1, 2021:

(in thousands)		
2021 (remaining)	\$	35,609
2022		48,389
2023		40,987
2024		31,691
2025		23,102
Thereafter		15,787
Total minimum lease payments	\$	<u>195,565</u>
Less: amount of lease payments representing interest		27,378
Present value of future minimum lease payments	\$	<u>168,187</u>
Less: current obligations under leases		38,331
Long-term lease obligations	\$	<u>129,856</u>

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 May 1, 2021, the Company has three active LTIPs: 2019-2021 LTIP, 2020-2022 LTIP and the 2021-2023 LTIP. Each participant in the plan participates based on that participant's "Target Cash Value" which is defined as the participant's annual base salary (on the participant's effective date) multiplied by his or her LTIP percentage. Under each LTIP, 50% of each participant's Target Cash Value is subject to time-based vesting and 50% is subject to performance-based vesting. The time-based awards under the 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, and for the 2021-2023 LTIP the time-based awards were granted in a combination of 25% stock options and 75% cash.

Performance targets for the 2019-2021 LTIP, 2020-2022 LTIP and 2021-2023 LTIP were established and approved by the Compensation Committee on August 7, 2019, June 11, 2020, and March 8, 2021, 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, 2022, August 31, 2023 and August, 31, 2024, respectively. The time-based awards under the 2019-2021 LTIP, 2020-2022 LTIP and 2021-2023 LTIP vest in four equal installments through April 1, 2023, April 1, 2024 and April 1, 2025, respectively. Assuming that the Company achieves the performance targets at target levels and all time-based awards vest, the compensation expense associated with the 2019-2021 LTIP, 2020-2022 LTIP and 2021-2023 LTIP is estimated to be approximately \$3.8 million, \$3.8 million and \$4.0 million, respectively. Approximately half of the compensation expense for each LTIP relates to the time-based awards, which are being expensed straight-line over 44 months, 46 months and 49 months, respectively.

At May 1, 2021, the performance targets under the 2019-2021 LTIP was not deemed probable and, therefore, no accrual related to performance awards has been recorded. The Company has accrued \$0.3 million under the 2020-2022 LTIP and \$0.1 million under the 2021-2023 LTIP for the performance awards.

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. The Company's shareholders approved amendments to increase the share reserve by 2,800,000 shares on August 8, 2019 and by an additional 1,740,000 shares on August 12, 2020. At May 1, 2021, the Company had 22,901 shares available under the 2016 Plan.

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 May 1, 2021, 412,826 stock options remained outstanding under the 2006 Plan.

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

The following tables summarize the share activity and stock option activity for the first three months of fiscal 2021:

	RSUs (1)	Deferred shares (2)	Performance Share Units (3)	Total number of shares	Weighted-average grant-date fair value
Shares					
Outstanding non-vested shares at beginning of year	815,292	435,568	720,000	1,970,860	\$ 1.69
Shares granted	8,054	—	—	8,054	\$ 0.66
Shares vested/issued	(308,055)	—	—	(308,055)	\$ 2.22
Shares canceled	—	—	—	—	—
Outstanding non-vested shares at end of quarter	515,291	435,568	720,000	1,670,859	\$ 1.58

(1) During the first three months of fiscal 2021, 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) Represents compensation to certain directors in lieu of cash, in accordance with their irrevocable elections. Beginning in fiscal 2021, all equity issued to directors for compensation, in lieu of cash, is issued only from the Non-Employee Director Compensation Plan. The outstanding deferred shares will vest upon the director's separation from service.

- (3) 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
Outstanding options at beginning of year	3,647,581	\$ 1.09	8.5 years	\$ 810,596
Options granted (1)	1,518,154	\$ 0.71	—	—
Options expired and canceled	(22,542)	\$ 4.19	—	—
Options exercised	—	—	—	—
Outstanding options at end of quarter	5,143,193	\$ 0.96	8.8 years	\$ 4,434,327
Options exercisable at end of quarter	439,497	\$ 4.87	2.6 years	\$ —

- (1) Primarily represents the grant of stock options to purchase an aggregate of 1,078,913 shares of the Company’s common stock, at an exercise price of \$0.69 per share, in connection with the time-based grant of awards under its 2021-2023 LTIP, see Note 5, *Long-Term Incentive Plans*. In the first quarter of fiscal 2021, the Company also granted to active participants of the LTIP, a discretionary grant of stock options to purchase an aggregate 414,337 shares of the Company’s common stock, at an exercise price of \$0.75 per share, which will vest ratably over 3 years

For the first three months of fiscal 2021, the Company granted stock options to purchase an aggregate of 1,518,154 shares of common stock and 8,054 restricted stock units. For the first three months of fiscal 2020, the Company granted 45,714 shares of deferred stock.

Non-Employee Director Compensation Plan

The Company granted 136,482 shares of common stock, with a fair value of approximately \$109,186, to certain of its non-employee directors as compensation in lieu of cash in the first three months of fiscal 2021.

Stock Compensation Expense

The Company recognized total stock-based compensation expense of \$0.3 million and \$0.5 million for the first three months of fiscal 2021 and fiscal 2020, respectively. The total compensation cost related to time-vested stock options, RSU and PSU awards not yet recognized as of May 1, 2021 was approximately \$2.5 million, net of estimated forfeitures, which will be expensed over a weighted average remaining life of 30 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	
	May 1, 2021	May 2, 2020
Common stock outstanding:		
Basic weighted average common shares outstanding	62,153	50,758
Common stock equivalents – stock options, restricted stock units and deferred stock (1)	847	—
Diluted weighted average common shares outstanding	63,000	50,758

- (1) Common stock equivalents of 261 shares for the three months ended May 2, 2020 were excluded due to the net loss.

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

(in thousands, except exercise prices)	For the three months ended	
	May 1, 2021	May 2, 2020
Stock options	1,933	538
Restricted stock units	506	963
Deferred stock	102	160
Range of exercise prices of such options	\$0.69 - \$5.50	\$1.85 - \$7.02

The above options, which were outstanding at May 1, 2021, expire from January 31, 2023 to March 9, 2031.

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, 435,568 shares and 335,073 shares of deferred stock at May 1, 2021 and May 2, 2020, 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. Registered Direct Offering – Common Stock

On February 5, 2021, the Company sold, pursuant to a stock purchase agreement and through a registered direct offering, an aggregate of 11,111,111 shares of its common stock, for a gross purchase price of \$5.0 million, before payment of offering costs of \$0.6 million. The Company intends to use the net proceeds from the offering for working capital and other general corporate purposes.

9. Income Taxes

During the first quarter of fiscal 2021 and fiscal 2020, the Company recorded income tax expense of \$28,000 and \$20,000, respectively, related primarily to state margin tax. The Company's effective tax rate will generally differ from the U.S. federal statutory rate of 21% primarily due to the change in full valuation allowance recorded against its deferred tax assets, permanent items, and state 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 2021. Realization of the Company's deferred tax assets is dependent on generating sufficient taxable income in the near term.

For federal income tax purposes, at the end of fiscal 2020, the Company had net operating loss carryforwards of approximately \$158.2 million, which will expire from fiscal 2022 through fiscal 2037, and net operating loss carryforwards of \$43.1 million, that are not subject to expiration, available in the U.S. to reduce future taxable income. For state purposes, at the end of fiscal 2020, the Company had \$111.3 million of net operating losses that are available to offset future taxable income, the majority of which will expire from fiscal 2021 through fiscal 2041.

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 the continuing impact of the COVID-19 pandemic on our business and financial results, expected savings from our efforts to right size our lease structure, expected sales trends, expected marketing spend, potential freight cost and raw materials cost increases, and our liquidity expectations 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 January 30, 2021, included in our Annual Report on Form 10-K for the year ended January 30, 2021, as filed with the Securities and Exchange Commission on March 19, 2021 (our "Fiscal 2020 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 I, Item 1A of our Fiscal 2020 Annual Report. This discussion sets forth certain risks and uncertainties that may have an impact on future results and direction of our Company, including, without limitation, risks relating to the duration and continuing impact of the COVID-19 pandemic and its impact on the Company's results of operations, the execution of our corporate strategy, and our ability to grow our wholesale segment, predict customer tastes and fashion trends, forecast sales growth trends, grow market share 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 May 1, 2021, we operated 222 Destination XL stores, 17 DXL outlet stores, 42 Casual Male XL retail stores, 20 Casual Male XL outlet stores and a digital business, including an e-commerce site at dxl.com and a mobile site m.destinationXL.com and mobile app.

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 29, 2022, January 30, 2021 and February 1, 2020 as "fiscal 2021," "fiscal 2020" and "fiscal 2019," respectively. All fiscal years 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.

COMPARABLE SALES

Our customer's shopping experience continues to evolve across multiple channels and we are continually adapting to meet the guest's needs. The majority of our stores have the capability of fulfilling online orders if merchandise is not available in the warehouse. As a result, we continue to see more 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. 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.

Stores that have been open for 13 months are included in comparable sales. Stores that have been remodeled or re-located during the period are also included in our determination of comparable stores sales. Stores that have been expanded by more than 25% are considered non-comparable for the first 13 months. If a store becomes a clearance center, it is also removed from the calculation of comparable sales. The method of calculating comparable sales varies across the retail industry and, as a result, our calculation of comparable sales is not necessarily comparable to similarly titled measures reported by other retailers.

The Company has not carved-out prior year sales for periods where the stores were temporarily closed in fiscal 2020 due to the pandemic. However, because the Company's two stores in Canada were closed for much of the first quarter of fiscal 2021, we removed them from the current calculation of comparable sales.

RESULTS OF OPERATIONS

Continuing Impact of COVID-19 Pandemic on Our Business

On March 11, 2020, the World Health Organization declared COVID-19 as a global pandemic. While the pandemic had an adverse effect on our business, financial condition and result of operations in fiscal 2020, we are hopeful that the worst is behind us and we are on the road to recovery. Substantial uncertainty remains regarding the duration of the pandemic, the potential impact of new variants, and the long-term effect of the pandemic on the global economy and its supply chain, unemployment, and overall consumer demand and spending.

Executive Summary

The following review of our first quarter results for fiscal 2021 includes a discussion against the first quarter of fiscal 2019 in addition to the first quarter of fiscal 2020. Due to the COVID-19 pandemic and its impact on our results during the first quarter of fiscal 2020, we believe that the additional discussion against the first quarter of fiscal 2019 is a more meaningful comparison with respect to the progress the Company made through the end of the first quarter of fiscal 2021.

(in millions, except percentage of sales and per share data)	For the three months ended		
	May 1, 2021	May 2, 2020	May 4, 2019
Sales	\$ 111.5	\$ 57.2	\$ 113.0
Net income (loss)	\$ 8.7	\$ (41.7)	\$ (3.1)
Adjusted EBITDA (Non-GAAP basis)	\$ 13.7	\$ (18.9)	\$ 4.8
Gross Margin, as a percentage of sales	45.6%	23.1%	43.7%
SG&A expenses, as a percentage of sales	33.3%	56.1%	39.5%
Per diluted share:			
Net income (loss)	\$ 0.14	\$ (0.82)	\$ (0.06)
Adjusted net income (loss) (Non-GAAP basis)	\$ 0.09	\$ (0.37)	\$ (0.04)

Our financial results for the first quarter exceeded our expectations and we are very pleased by the sales trends we are seeing. We expected that sales would return gradually as vaccine distributions became more widely available and warm weather arrived. We saw a sharp acceleration mid-quarter, resulting in a first quarter comparable sales growth of 3.7% as compared to the first quarter of fiscal 2019, with our direct business increasing 40.7% and our stores down (6.7%). Regionally, our strongest performance was from our stores located in the southeast, south central and Midwest, as compared to our east and west coast stores, which were slower to rebound.

During fiscal 2020, we took many steps to reduce our cost structure and improve our operating leverage to position us for a greater recovery as we emerged from the pandemic. Those steps included the restructuring of our lease portfolio. Working with our landlord community, we have restructured 115 store leases, since the beginning of 2020, which we expect will result in savings of over \$16.1 million over the respective lease terms, including \$6.0 million of expected savings in fiscal 2021. We also took the difficult step of reducing our corporate workforce by approximately 29% and our field organization by approximately 54%. We also eliminated professional and service contracts where possible. We are seeing the results of these efforts in our SG&A costs for the first quarter of fiscal 2021, where we reduced SG&A costs by \$7.5 million, as compared to the first quarter of fiscal 2019.

Another key initiative we pursued in fiscal 2020 was to restructure our overall sales promotional strategy to improve our gross margins. Over the past six to nine months, we have been shifting from the broad-based, deep discounts that we took in the first few months of fiscal 2020 in response to the COVID-19 pandemic to more full-priced messaging, with a focus on differentiated product, and unique selling propositions. Our promotions in the first quarter of fiscal 2021 were fewer, more targeted and overall more

efficient than in prior years. This strategy drove significant savings in markdown dollars and an improvement in gross margin rate and we expect to maintain this promotional posture during fiscal 2021.

As a result of our sales performance and the steps taken to improve operating leverage, net income for the first quarter was \$0.14 per diluted share.

From a liquidity perspective, during the first quarter of fiscal 2021 we completed two transactions that further strengthened our liquidity: (i) we raised \$4.4 million, net of offering costs, in connection with a direct offering of 11.1 million shares of our common stock, and (ii) we amended our credit facility with Bank of America to allow us the ability to refinance our existing \$15.0 million FILO loan by entering into a new \$17.5 million FILO loan with higher advance rates and additional borrowing capacity of approximately \$5.0 to \$10.0 million. At May 1, 2021, our total debt, net of cash, was \$44.3 million, as compared to \$68.2 million at May 2, 2020 and \$72.3 million at May 4, 2019. Our borrowing availability at the end of the quarter was \$51.1 million as compared to \$16.8 million at May 2, 2020 and \$32.2 million at May 4, 2019.

Financial Summary

Sales

(in thousands)	May 1, 2021		For the three months ended May 2, 2020		May 4, 2019	
	\$	%	\$	%	\$	%
Store sales	74,880	69.1%	32,327	58.6%	86,715	78.4%
Direct sales	33,542	30.9%	22,882	41.4%	23,833	21.6%
Retail segment	108,422		55,209		110,548	
Wholesale segment	3,072		2,018		2,425	
Total Sales	111,494		57,227		112,973	

Total sales for the first quarter of fiscal 2021 were \$111.5 million, as compared to \$57.2 million in the first quarter of fiscal 2020 and \$113.0 million in the first quarter of fiscal 2019. At May 1, 2021, we had 301 stores as compared to 321 stores at May 2, 2020 and 328 stores at May 4, 2019.

As compared to the first quarter of fiscal 2020, comparable sales for the quarter were up 99.0%, with sales from our stores up 138.7% and the direct business up 46.6%.

As compared to the first quarter of fiscal 2019, comparable sales for the quarter were up 3.7% driven by our direct business, which was up 40.7%, partially offset by our stores, which were down (6.7)%. The increase in our direct business was principally due to our DXL.com e-commerce site, which had a sales increase of 55.8% as compared to the first quarter of fiscal 2019.

We started to see significant improvements beginning in mid-March due in part to stimulus checks, the vaccine rollout, the loosening of COVID-19-related restrictions in some parts of the country and the arrival of warm spring weather. While store traffic improved over the course of the quarter, it remained down as compared to fiscal 2019 levels, but our dollars per transaction and conversion rates were both higher than in fiscal 2019. Regionally, we saw the strongest sales improvement in the southeast, south central and mid-west regions, whereas stores in the northeast and west coast, where tighter restrictions were still in place, trailed approximately 800 basis points behind the rest of the chain.

Sales from our wholesale business increased to \$3.1 million for the first quarter, as compared to \$2.0 million in the first quarter of fiscal 2020 and \$2.4 million in the first quarter of 2019.

Gross Margin Rate

For the first quarter of fiscal 2021, our gross margin rate, inclusive of occupancy costs, was 45.6% as compared to a gross margin rate of 23.1% for first quarter of fiscal 2020 and 43.7% for the first quarter of fiscal 2019.

As compared to fiscal 2020, the 22.5% point improvement was due to a 7.0% improvement in merchandise margins, driven by lower promotional markdowns, and a 15.5% improvement in occupancy costs, due to the leveraging of sales and savings realized from the renegotiated lease reductions. In the first quarter of last year, we took deep markdowns in order to drive traffic and move spring inventory, due to our stores being closed for much of the quarter. During the first quarter of fiscal 2021, we had fewer promotions, focusing on promotional offers to targeted audiences. This strategy drove significant savings in markdown dollars and an improvement in gross margin rate. Partially offsetting this improvement is the continuing increase in the cost of freight due to shortage of containers and vessels for overseas product, which we expect will continue for the short-term. We are also starting to see an increase in the cost of certain raw materials, particularly cotton.

As compared to fiscal 2019, our gross margin rate improved by 1.9%, primarily driven by a 2.2% improvement in occupancy costs, partially offset by a decrease in merchandise margins of 0.3%. In fiscal 2020, we began working with our landlords to renegotiate our current lease agreements given the decrease in sales. Occupancy costs for the quarter decreased \$2.6 million from the first quarter of fiscal 2019. The slight decrease in merchandise margins is primarily due to the increase in direct sales penetration and related shipping expenses.

Selling, General and Administrative Expenses

As a percentage of sales, SG&A expenses for the first quarter of fiscal 2021 were 33.3% as compared to 56.1% for the first quarter of fiscal 2020 and 39.5% for the first quarter of fiscal 2019.

As compared to the first quarter of fiscal 2020, on a dollar basis, SG&A expenses increased by \$5.0 million, or 15.7%. The increase was primarily due to increases in store payroll and payroll-related costs associated with the corresponding increase in sales and increased advertising costs, which were partially offset by cost savings realized as a result of the cost reduction efforts taken in fiscal 2020 throughout all areas of our business.

SG&A expenses decreased by \$7.5 million, or (16.7%), as compared to the first quarter of fiscal 2019. The reduction in SG&A costs is the result of the cost reductions efforts that we took in fiscal 2020 to not only preserve liquidity at the time but to lower our operating cost structure long-term.

Management views SG&A expenses through two primary cost centers: Customer Facing Costs and Corporate Support Costs. Customer Facing Costs, which include store payroll, marketing and other store and direct operating costs, represented 17.9% of sales in the first quarter of fiscal 2021 as compared to 22.6% of sales in the first quarter of fiscal 2019. Corporate Support Costs, which include the distribution center and corporate overhead costs, represented 15.4% of sales in the first quarter of fiscal 2021 compared to 16.9% of sales in the first quarter of fiscal 2019. For the first quarter of fiscal 2020, Customer Facing Costs were 25.7% of sales and Corporate Support Costs were 30.4% of sales.

Impairment of Assets

During the first quarter of fiscal 2021, we recorded a non-cash gain of \$0.8 million on the reduction of our operating lease liability in connection with our decision to close certain retail stores, which resulted in a revaluation of the lease liability. Approximately \$0.7 million of the non-cash gain related to leases where the right-of-use assets had previously been impaired and was recorded as a reduction of the previously recorded impairment and included in the Impairment of Assets line of the Consolidated Statement of Operations for the three months ended May 1, 2021. The remainder of the non-cash gain of \$0.1 million was reflected as a reduction of occupancy costs.

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. 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.

Depreciation and Amortization

Depreciation and amortization for the first quarter of fiscal 2021 of \$4.5 million decreased from \$5.7 million for the first quarter of fiscal 2020. The decrease was due to a lower depreciable cost base, especially from our store assets.

Interest Expense, Net

Net interest expense for the first quarter of fiscal 2021 increased to \$1.1 million, as compared to \$0.7 million for the first quarter of fiscal 2020 due to an increase in the effective borrowing rates on both short-term and long-term borrowings.

Income Taxes

We established a full valuation allowance against our deferred tax assets at the end of fiscal 2014. Based on our forecast for fiscal 2020, we believe that a full valuation allowance remains appropriate at this time.

Our tax provision for the first three months of fiscal 2021 and fiscal 2020 was primarily due to state margin tax, based on gross receipts less certain deductions.

Net Income (Loss)

For the first quarter of fiscal 2021, we had net income of \$8.7 million, or \$0.14 per diluted share, compared with a net loss of \$(41.7) million, or \$(0.82) per diluted share, for the first quarter of fiscal 2020 and a net loss of \$(3.1) million, or \$(0.06) per diluted share, for the first quarter of fiscal 2019.

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 income for the first quarter of fiscal 2021 was \$0.09 per diluted share, as compared to an adjusted net loss of \$(0.37) per diluted share for the first quarter of fiscal 2020, and an adjusted net loss of \$(0.04) per diluted share for the first quarter of fiscal 2019.

Inventory

As of May 1, 2021, our inventory decreased approximately \$19.9 million to \$88.4 million, as compared to \$108.3 million at May 2, 2020. Since the first quarter of last year, we have been managing our inventory conservatively, narrowing our assortment, while driving meaningfully greater levels of exclusivity with national brands, and at the same time working to maintain our supply chain and logistics capabilities. At May 1, 2021, our clearance inventory decreased by approximately \$3.5 million, representing 10.1% of our total inventory, as compared to 11.5% at May 2, 2020. We continue to monitor supply chain disruptions across the globe that could delay inventory receipts flow in the second half of the year.

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 March 2021 ("Credit Facility"). We took several actions during fiscal 2020 to preserve our liquidity, and in the first quarter of fiscal 2021, we further strengthened our liquidity position by completing a direct offering of our common stock, which raised \$4.4 million, net of offering costs, and by amending our Credit Facility to allow for the refinancing of our \$15.0 million FILO loan, which increased our borrowing capability. Based on our current projections, we believe our cash on hand, availability under our Credit Facility, and ongoing cash generated from our operations will be sufficient to cover our working capital requirements and limited capital expenditures for the next 12 months. However, we remain cautiously optimistic regarding the duration of the pandemic and how it may continue to impact our financial results and liquidity.

For the first three months of fiscal 2021, cash flow from operations improved by approximately \$24.6 million to \$7.8 million as compared to \$(16.8) million for the first three months of fiscal 2020 and \$(16.5) million for the first three months of fiscal 2019. Free cash flow, a non-GAAP measure, improved by \$25.4 million to \$7.0 million for the first three months of fiscal 2021 as compared to \$(18.4) million for the first three months of fiscal 2020 and \$(20.2) million for the first three months of fiscal 2019. The improvement in free cash flow was primarily due to our improvement in earnings as well as faster inventory turn. Cash flow from financing activities decreased by \$(60.3) million as compared to fiscal 2020, primarily due to the repayment of amounts outstanding under our revolver, including the repayment of most of the \$30.0 million that we drew-down on our Credit Facility in March 2020 to provide the Company with financial flexibility during the pandemic partially offset by the decrease in working capital needs.

The following is a summary of our total debt outstanding at May 1, 2021 with the associated unamortized debt issuance costs:

<i>(in thousands)</i>	Gross Debt Outstanding	Less Debt Issuance Costs	Net Debt Outstanding
Credit facility	\$ 33,560	\$ (189)	\$ 33,371
FILO Loan	17,500	(757)	16,743
Total debt	\$ 51,060	\$ (946)	\$ 50,114

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 \$33.6 million under the Credit Facility at May 1, 2021. At May 1, 2021, outstanding standby letters of credit were \$2.7 million and there were no outstanding documentary letters of credit. The average monthly borrowing outstanding under the Credit Facility during the first three months ended May 1, 2021 was approximately \$51.2 million, resulting in an average unused excess availability of approximately \$24.3 million. Unused excess availability at May 1, 2021 was \$51.1 million.

FILO Loans

In March 2021, we refinanced our existing \$15.0 million FILO loan (the "existing FILO loan") and entered into a new \$17.5 million FILO loan (the "new FILO loan"). The new FILO loan has higher advance rates and additional borrowing capacity of approximately \$5.0 to \$10.0 million. The total borrowing capacity under the new 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 new FILO loan will be subject to quarterly principal repayments of \$218,750 beginning December 31, 2021.

The new FILO loan is subject to a prepayment penalty, if any portion of the principal for the new FILO Loan is prepaid during the initial two-year period, equal to the greater of (i) the incremental interest that would have been incurred with respect to that principal repayment during the two year period and (ii) 3% of the principal prepayment, unless the prepayment occurs after March 16, 2022 in connection with the Company's renegotiation of its Credit Agreement in which case the prepayment premium would be equal to 1% of the principal prepayment. The new FILO loan expires on May 24, 2023, but may be automatically extended in connection with any extension of the revolving facility under the Credit Agreement, but no later than March 16, 2026, without approval from the FILO lender.

Borrowings made under the new FILO loan will bear interest, at the LIBOR rate (with a LIBOR floor of 1.0%) plus an applicable margin rate of 7.50% during the first six months from March 16, 2021. Thereafter, the applicable margin rate will be 7.50% for so long as the Company's 12-month trailing consolidated EBITDA (as defined in the Fourth Amendment) measured as of the end of each month is less than \$18.0 million, or 7.00% when 12-month trailing consolidated EBITDA is equal to or greater than \$18.0 million. Accordingly, the interest rate at May 1, 2021 was 8.50%.

Capital Expenditures

The following table sets forth the open stores and related square footage at May 1, 2021, May 2, 2020 and May 4, 2019, respectively:

Store Concept <i>(square footage in thousands)</i>	May 1, 2021		May 2, 2020		May 4, 2019	
	Number of Stores	Square Footage	Number of Stores	Square Footage	Number of Stores	Square Footage
DXL Retail	222	1,691	228	1,729	220	1,697
DXL Outlets	17	82	17	82	16	82
Casual Male XL Retail	42	137	50	164	60	200
Casual Male Outlets	20	60	26	79	29	88
Rochester Clothing	-	-	-	-	3	36
Total Stores	301	1,970	321	2,054	328	2,103

We do not plan to open any new stores or rebrand any of our Casual Male XL stores during fiscal 2021. We have 155 stores that have leases with either a natural lease expiration or a kick-out option within the next two years. This provides us an opportunity to right size our store portfolio, through ongoing lease renegotiations or lease-term expirations, to ensure that we are optimizing our store profitability and omni-channel distribution. Since the beginning of fiscal 2020, we have renegotiated approximately 115 of our store leases, which we expect will result in over \$16.1 million of savings over the life of the leases, including \$6.0 million of expected savings in fiscal 2021. We will continue to work with our landlords on leases where our rents are not aligned with sales.

Our capital expenditures for the first three months of fiscal 2021 were \$0.8 million as compared to \$1.6 million for the first three months of fiscal 2020. During the first quarter of fiscal 2021, we closed 4 DXL retail stores, 4 Casual Male XL retail stores and 2 Casual Male XL outlets.

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 January 30, 2021. 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 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%.

	May 1, 2021		For the three months ended May 2, 2020		May 4, 2019	
	\$	Per diluted share	\$	Per diluted share	\$	Per diluted share
<i>(in thousands, except per share data)</i>						
Net income (loss) (GAAP basis)	\$ 8,697	\$ 0.14	\$ (41,726)	\$ (0.82)	\$ (3,081)	\$ (0.06)
Adjust:						
Impairment of assets	(652)		16,335		-	
CEO transition costs	-		-		702	
Add back actual income tax provision (benefit)	28		20		(21)	
Add income tax (provision) benefit, assuming a normal tax rate of 26%	(2,099)		6,596		624	
Adjusted net income (loss) (non-GAAP basis)	\$ 5,974	\$ 0.09	\$ (18,775)	\$ (0.37)	\$ (1,776)	\$ (0.04)
Weighted average number of common shares outstanding on a diluted basis		63,000		50,758		49,602

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:

<i>(in millions)</i>	May 1, 2021		For the three months ended May 2, 2020		May 4, 2019	
	\$		\$		\$	
Cash flow from operating activities (GAAP basis)	7.8		(16.8)		(16.5)	
Capital expenditures	(0.8)		(1.6)		(3.7)	
Free Cash Flow (non-GAAP basis)	\$ 7.0		\$ (18.4)		\$ (20.2)	

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

	May 1, 2021	For the three months ended	
		May 2, 2020	May 4, 2019
<i>(in millions)</i>			
Net income (loss) (GAAP basis)	\$ 8.7	\$ (41.7)	\$ (3.1)
Add back:			
Impairment of assets	(0.7)	16.3	-
CEO transition costs	-	-	0.7
Provision (benefit) for income taxes	-	-	-
Interest expense	1.1	0.7	0.9
Depreciation and amortization	4.5	5.7	6.3
Adjusted EBITDA (non-GAAP basis)	<u>\$ 13.7</u>	<u>\$ (18.9)</u>	<u>\$ 4.8</u>

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 \$17.5 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 May 1, 2021, we had outstanding borrowings under our Revolving Facility of \$33.6 million, of which \$28.0 million were in LIBOR-based contracts with an interest rate of 4.00%. The remainder was prime-based borrowings, with a rate of 5.25%. At May 1, 2021, the interest rate for the \$17.5 million outstanding under the FILO loan was 8.50%.

Based upon a sensitivity analysis as of May 1, 2021, assuming average outstanding borrowing during the first three months of fiscal 2021 of \$51.2 million under our Revolving Facility and \$17.5 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 \$344,000 on an annualized basis.

Foreign Currency

Our two DXL stores located in Ontario, Canada conduct business in Canadian dollars. 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 May 1, 2021. 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 May 1, 2021, 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 three months ended May 1, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

There have been no material changes to the risk factors as previously disclosed in Part I, Item 1A of our Fiscal 2020 Annual Report.

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.

None.

Item 6. Exhibits.

- 10.1 [Employment Agreement between the Company and Stacey Jones effective as of February 21, 2021.](#)
- 10.2 [Fourth Amendment to the Seventh Amended and Restated Credit Agreement dated March 16, 2021, by and among Bank of America, N.A., as Administrative Agent and Collateral Agent, the Lenders identified therein, PLC Agent LLC, as FILO Agent, the Company, as Lead Borrower, the Company and CMRG Apparel, LLC, as Borrowers, and the Guarantors identified therein \(included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 18, 2021, and incorporated herein by reference\).*](#)
- 10.3 [Form of Stock Purchase Agreement \(included as Exhibit 10.1 to the Company's Current Report on Form 8-K/A, filed on February 5, 2021, and incorporated herein by reference\).*](#)
- 10.4 [Placement Agency Agreement between the Company and D.A. Davidson & Co. \(included as Exhibit 10.2 to the Company's Current Report on Form 8-K/A, filed on February 5, 2021, and incorporated herein by reference\).*](#)
- 31.1 [Certification of the Chief Executive Officer of the Company pursuant to Rule 13a-14\(a\) under the Securities Exchange Act of 1934.](#)
- 31.2 [Certification of the Chief Financial Officer of the Company pursuant to Rule 13a-14\(a\) under the Securities Exchange Act of 1934.](#)
- 32.1 [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS [Inline XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.](#)
- 101.SCH [Inline XBRL Taxonomy Extension Schema Document.](#)
- 101.CAL [Inline XBRL Taxonomy Extension Calculation Linkbase Document.](#)
- 101.DEF [Inline XBRL Taxonomy Extension Definition Linkbase Document.](#)
- 101.LAB [Inline XBRL Taxonomy Extension Label Linkbase Document.](#)
- 101.PRE [Inline XBRL Taxonomy Extension Presentation 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.](#)

* Previously filed.

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: May 27, 2021

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)

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made effective as of February 21, 2021 (the "Effective Date") between DESTINATION XL GROUP, INC. (the "Company"), a Delaware corporation with an office at 555 Turnpike Street, Canton, Massachusetts 02021 ("DXLG" which term includes any affiliates and subsidiaries), and STACEY JONES (the "Executive") having an address at 67 High Plain Street, Walpole, MA 02081.

WITNESSETH:

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

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

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

1. EMPLOYMENT

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

2. TERM

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

3. COMPENSATION

(a) During the Term of Employment, as compensation for the employment services to be rendered by Executive hereunder, the Company agrees to pay to Executive, and Executive agrees to accept, payable in equal bi-weekly installments in accordance with Company practice, an annual base salary of Two Hundred Sixty-One Thousand One Hundred and Eighty-Eight Dollars and 00/100 Cents (\$261,188.00) (the "Base Salary") as of the Effective Date. The Base Salary shall be reviewed at least annually to ascertain whether, in the judgment of the Company, such Base Salary should be adjusted. If so, the adjusted Base Salary shall be adjusted for all purposes of this Agreement.

(b) In addition to the Base Salary, during the Term of Employment, Executive is eligible to participate in the Company's Annual Incentive Plan. Such incentive shall be determined and payable in accordance with the Company's incentive program in effect at the time, subject to change from year to year in the Company's sole discretion. Executive will participate in the Company's incentive program and Executive's target bonus under such plan (if all individual and Company performance conditions are met) shall be 40% of Executive's actual annual base earnings (which shall be the total Base Salary as may be paid during the fiscal year ("Base

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

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

4. EXPENSES

The Company shall pay or reimburse Executive, in accordance with the Company's policies and procedures and upon presentment of suitable vouchers, for all reasonable business and travel expenses, which may be incurred or paid by Executive during the Term of Employment in connection with her employment hereunder. Executive shall comply with such restrictions and shall keep such records as the Company may reasonably deem necessary to meet the requirements of the Internal Revenue Code of 1986, as amended from time to time, and regulations promulgated thereunder.

5. OTHER BENEFITS

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

(b) The Company will, during the Term of Employment, provide Executive with an automobile allowance in the total amount of Eight Thousand Four Hundred Dollars and 00/100 (\$8,400.00) annually, in equal bi-weekly payments in accordance with the Company's normal payroll practices. Executive shall pay and be responsible for all insurance, repairs and maintenance costs associated with operating the automobile. Executive is responsible for her gasoline, unless the gasoline expense is reimbursable under the Company's policies and procedures.

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

6. DUTIES

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

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

(c) The principal location at which the Executive shall perform her duties hereunder shall be at the Company's offices in Canton, Massachusetts or at such other location as may be temporarily designated from time to time by the Company. Notwithstanding the foregoing, Executive shall perform such services at such other locations as may be required for the proper performance of her duties hereunder, and Executive recognizes that such duties may involve travel.

7. TERMINATION OF EMPLOYMENT; EFFECT OF TERMINATION

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

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

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

(b) The Term of Employment shall terminate upon:

(i) the death of Executive;

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

(iii) Executive's resignation of employment.

(c) For the purposes of this Agreement, the term "disability" shall mean Executive is physically or mentally incapacitated so as to render Executive incapable of performing the

essentials of Executive's job, even with reasonable accommodation, as reasonably determined by the Company, which determination shall be final and binding.

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

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

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

(g) Upon Executive's "disability", the Company shall have the right to terminate Executive's employment. Any termination pursuant to this subsection (g) shall be effective on the earlier of (i) the date 30 days after which Executive shall have received written notice of the Company's election to terminate or (ii) the date she begins to receive long-term disability insurance benefits under the policy provided by the Company pursuant to paragraph 5 hereof.

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

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

(j) Clawback of Certain Compensation and Benefits

. If, after the termination of the Term of Employment for any reason other than by the Company for "justifiable cause":

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

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

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

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

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

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

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

8. COMPLIANCE WITH SECTION 409A

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

- (b) Distributions on Account of Separation from Service. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of the Executive's employment shall be made unless and until the Executive incurs a "separation from service" within the meaning of Section 409A.
- (c) 6 Month Delay for "Specified Employees".
- (i) If the Executive is a "specified employee", then no payment or benefit that is payable on account of the Executive's "separation from service", as that term is defined for purposes of Section 409A, shall be made before the date that is six months after the Executive's "separation from service" (or, if earlier, the date of the Executive's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule. There shall be added to any payments that are delayed pursuant to this provision interest at the prime rate as reported in the Wall Street Journal for the date of the Executive's separation from service. Such interest shall be calculated from the date on which the payment otherwise would have been made until the date on which the payment is made.
- (ii) For purposes of this provision, the Executive shall be considered to be a "specified employee" if, at the time of her separation from service, the Executive is a "key employee", within the meaning of Section 416(i) of the Code, of the Company (or any person or entity with whom the Company would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.
- (d) No Acceleration of Payments. Neither the Company nor the Executive, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.
- (e) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Executive is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.
- (f) Taxable Reimbursements.
- (i) Any reimbursements by the Company to the Executive of any eligible expenses under this Agreement that are not excludable from the Executive's income for Federal income tax purposes (the "Taxable Reimbursements") shall be made by no later than the earlier of the date on which they would be paid under the Company's normal policies and the last day of the taxable year of the Executive following the year in which the expense was incurred.

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

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

9. REPRESENTATION AND AGREEMENTS OF EXECUTIVE

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

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

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

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

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

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

10. NON-COMPETITION

(a) In consideration for: the promotion to Chief Human Resources Officer, the corresponding expansion of responsibilities, the \$30,000.00 gross salary increase, the increased bonus percentage participation and car allowance, Executive further covenants and agrees that during the Term of Employment and during the one (1) year period immediately following the Termination Date (the "Non-Competitive Period"), Executive shall not, directly or indirectly, as owner, partner, joint venturer, stockholder, employee, broker, agent, principal, trustee, corporate officer, director, licensor, or in any capacity whatsoever, engage in, become financially interested in, be employed by, render any consultation or business advice with respect to, accept any competitive business on behalf of, or have any connection with any business which is competitive with products or services of the Company or any subsidiaries and affiliates, in any

geographic area in which the Executive provided services or had a material presence or influence on behalf of the Company, whether in the United States, Canada, Europe or elsewhere during the two years prior to Executive's separation from the Company; provided, however, that Executive may own any securities of any corporation which is engaged in such business and is publicly owned and traded but in an amount not to exceed at any one time one percent (1%) of any class of stock or securities of such corporation. In addition, Executive shall not, during the Non-Competitive Period, directly or indirectly: (1) request or cause any suppliers or customers with whom the Company or any of its subsidiaries or affiliates has a business relationship to cancel or terminate any such business relationship with the Company or any of its subsidiaries or affiliates or otherwise compromise the Company's good will; or (2) solicit, hire, interfere with or entice from the Company or any of its subsidiaries or affiliates any employee (or former employee who has been separated from service for less than 12 months) of the Company or any of its subsidiaries or affiliates.

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

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

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

11. INVENTIONS AND DISCOVERIES

(a) Upon execution of this Agreement and thereafter, Executive shall promptly and fully disclose to the Company, and with all necessary detail for a complete understanding of the same, all existing and future developments, know-how, discoveries, inventions, improvements, concepts, ideas, writings, formulae, processes and methods (whether copyrightable, patentable or otherwise) made, received, conceived, acquired or written during working hours, or otherwise, by Executive (whether or not at the request or upon the suggestion of the Company) during the period of her 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 her as a consequence of her 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 her rights, title and interest in and to the Subject Matter, and Executive further agrees to deliver to the Company any and all drawings, notes, specifications and data relating to the Subject Matter, and to execute, acknowledge and deliver all such further papers, including applications for copyrights or patents, as may be necessary to obtain copyrights and patents for any thereof in any and all countries and to vest title thereto to the Company. Executive shall assist the Company in obtaining such copyrights or patents during the term of this Agreement, and at any time thereafter on reasonable notice and at mutually convenient times, and Executive agrees to testify in any prosecution or litigation involving any of the Subject Matter; provided, however, after the Term of Employment that Executive shall be compensated in a timely manner at the rate of \$250 per day (or portion thereof), plus out-of-pocket expenses incurred in rendering such assistance or giving or preparing to give such testimony if it is required after the termination of this Agreement.

12. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION

(a) Executive acknowledges that the Company possesses certain confidential and propriety information that has been or may be revealed to, or learned by, Executive during the course of Executive's employment with the Company and that it would be unfair to use that information or knowledge to compete with or to otherwise disadvantage the Company. Executive shall not, during the Term of Employment or at any time following the Term of Employment, directly or indirectly, disclose or permit to be known (other than as is required in the regular course of his duties (including without limitation disclosures to the Company's advisors and consultants), as required by law (in which case Executive shall give the Company prior written notice of such required disclosure) or with the prior written consent of the Board of Directors, to any person, firm, corporation, or other entity, any confidential information acquired by him during the course of, or as an incident to, his employment or the rendering of his advisory or consulting services hereunder, relating to the Company or any of its subsidiaries or affiliates, the directors of the Company or its subsidiaries or affiliates, any supplier or customer of the Company or any of their subsidiaries or affiliates, or any corporation, partnership or other entity owned or controlled, directly or indirectly, by any of the foregoing, or in which any of the foregoing has a beneficial interest, including, but not limited to, the business affairs of each of the foregoing. Such confidential information shall include, but shall not be limited to, proprietary technology, trade secrets, patented processes, research and development data, know-how, market studies and forecasts, financial data, competitive analyses, pricing policies, employee lists, personnel policies, employee compensation and benefits information, the substance of agreements with customers, suppliers and others, marketing or dealership arrangements, servicing and training programs and arrangements, supplier lists, customer lists and any other documents embodying such confidential information. This confidentiality obligation shall not apply to any confidential information, which is or becomes publicly available other than pursuant to a breach of this paragraph 12(a) by Executive.

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

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

13. SPECIFIC PERFORMANCE

Executive agrees that if she breaches, or threatens to commit a breach of, any enforceable provision of paragraphs 10, 11 or 12 (the "Restrictive Covenants"), the Company shall have, in addition to, and not in lieu of, any other rights and remedies available to the Company under law and in equity, the right to have the Restrictive Covenants specifically enforced by a court of competent jurisdiction, it being agreed that any such breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Notwithstanding the foregoing, nothing herein shall constitute a waiver by Executive of her right to contest whether such a breach or threatened breach of any Restrictive Covenant has occurred. In the event of litigation between the parties to this Agreement regarding their respective rights and obligations under paragraphs 10, 11, or 12 hereof, the prevailing party shall be entitled to recover from the other all attorneys' fees and expenses reasonably incurred in obtaining a ruling in the prevailing party's favor. Any such damages, attorneys' fees and costs shall be in addition to and not in lieu of any injunctive relief that may be available to the Company.

14. AMENDMENT OR ALTERATION

No amendment or alteration of the terms of this Agreement shall be valid unless made in writing and signed by both of the parties hereto.

15. GOVERNING LAW

This Agreement shall be governed by, and construed and enforced in accordance with the substantive laws of the Commonwealth of Massachusetts, without regard to its principles of conflicts of laws.

16. SEVERABILITY

The holding of any provision of this Agreement to be invalid or unenforceable by a court of competent jurisdiction shall not affect any other provision of this Agreement, which shall remain in full force and effect.

17. NOTICES

Any notices required or permitted to be given hereunder shall be sufficient if in writing, and if delivered by hand or courier, or sent by certified mail, return receipt requested, to the addresses set forth above or such other address as either party may from time to time designate in writing to the other, and shall be deemed given as of the date of the delivery or of the placement of the notice in the mail.

18. WAIVER OF BREACH

It is agreed that a waiver by either party of a breach of any provision of this Agreement shall not operate, or be construed as a waiver of any subsequent breach by that same party.

19. ENTIRE AGREEMENT AND BINDING EFFECT

This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, heirs, distributors, successors and assigns and supersedes any and all prior agreements between the parties whether oral or written. This Agreement may not be modified except upon further written agreement executed by both parties. Executive agrees that the Company may in its sole discretion, during the term of Executive's employment with the Company and thereafter, provide copies of this Agreement (or excerpts of the Agreement) to others, including businesses or entities that may employ, do business with, or consider employing Executive in the future. Executive further agrees that any subsequent change or changes in her duties, compensation or areas of responsibility shall in no way affect the validity of this Agreement or otherwise render inapplicable any of the provisions of paragraphs 10 through 13 of this Agreement, which shall remain in full force and effect except as may be modified by a subsequent written agreement.

20. SURVIVAL

Except as otherwise expressly provided herein, the termination of Executive's employment hereunder or the expiration of this Agreement shall not affect the enforceability of paragraphs 7 through 26 hereof, which shall survive the termination or expiration.

21. RESOLUTION OF DISPUTES

Any and all disputes arising under or in connection with this Agreement shall be resolved in accordance with this paragraph 21 and paragraph 15.

The parties shall attempt to resolve any dispute, controversy or difference that may arise between them through good faith negotiations. In the event the parties fail to reach resolution of any such dispute within thirty (30) days after entering into negotiations, either party may proceed

to institute action in any state or federal court located within the Commonwealth of Massachusetts, which courts shall have exclusive jurisdiction, and each party consents to the personal jurisdiction of any such state or federal court. Both parties waive their right to a trial by jury.

22. NON-DISPARAGEMENT

Executive agrees not to make disparaging, critical or otherwise detrimental comments to any person or entity concerning the Company, its officers, directors, trustees, and employees or the services or programs provided or to be provided by the Company and the Company agrees not to make any disparaging, critical or otherwise detrimental comments to any person or entity concerning Executive.

23. FURTHER ASSURANCES

The parties agree to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

24. SUBSIDIARIES AND AFFILIATES

For purposes of this Agreement:

(a) "affiliate" means any entity that controls, is controlled by, or is under common control with, the Company, and "control" means the power to exercise a controlling influence over the management or policies of an entity, unless such power is solely the result of an official position with such entity; and

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

25. HEADINGS

The paragraph headings appearing in this Agreement are for the purposes of easy reference and shall not be considered a part of this Agreement or in any way modify, amend or affect its provisions.

26. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

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

DESTINATION XL GROUP, INC.

By: /s/ Harvey S. Kanter

Name: Harvey S. Kanter

Its: President, Chief Executive Officer

Date: February 24, 2021

/s/ Stacey Jones

Stacey Jones

Date: February 24, 2021

**EXHIBIT A
FORM OF RELEASE OF CLAIMS**

GENERAL RELEASE OF CLAIMS

1. Stacey Jones, ("Executive"), for herself and her 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 her 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 she may have as of the date hereof. Executive further understands that by signing this General Release of Claims she 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 she will not be able to recover any monetary benefits in connection with any such claim, charge or proceeding.

2. Executive represents that she has not filed against the Released Parties any complaints, charges, or lawsuits arising out of her employment, or any other matter arising on or prior to the date of this General Release of Claims, and covenants and agrees that she 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 her right to commence a Proceeding to challenge whether Executive knowingly and voluntarily waived her rights under ADEA.

3. **Non-Competition.**

(a) In consideration for the consideration set forth in the Employment Agreement and the payment of severance benefits set forth in Section 7 of the Employment Agreement, Executive further covenants and agrees that during the Term of Employment and during the one (1) year period immediately following the Termination Date (the "Non-Competitive Period"), Executive shall not, directly or indirectly, as owner, partner, joint venturer, stockholder, employee, broker, agent, principal, trustee, corporate officer, director, licensor, or in any capacity whatsoever, engage in, become financially interested in, be employed by, render any consultation or business advice with respect to, accept any competitive business on behalf of, or have any connection with any business which is competitive with products or services of the Company or any subsidiaries and affiliates, in any geographic area in which the Executive provided services or had a material presence or influence on behalf of the Company, whether in the United States, Canada, Europe or elsewhere during the two years prior to Executive's separation from the Company; provided, however, that Executive may own any securities of any corporation which is engaged in such business and is publicly owned and traded but in an amount not to exceed at any one time one percent (1%) of any class of stock or securities of such corporation. In addition, Executive shall not, during the Non-Competitive Period, directly or indirectly: (1) request or cause any suppliers or customers with whom the Company or any of its subsidiaries or affiliates has a business relationship to cancel or terminate any such business relationship with the Company or any of its

subsidiaries or affiliates or otherwise compromise the Company's good will; or (2) solicit, hire, interfere with or entice from the Company or any of its subsidiaries or affiliates any employee (or former employee who has been separated from service for less than 12 months) of the Company or any of its subsidiaries or affiliates.

(b) If any portion of the restrictions set forth in this paragraph 3 should, for any reason whatsoever, be declared invalid by a court of competent jurisdiction, the validity or enforceability of the remainder of such restrictions shall not thereby be adversely affected. For the purposes of this paragraph 3, a business competitive with the products and services of the Company (or such subsidiaries and affiliates) is limited to a specialty retailer which primarily distributes, sells or markets so-called "big and tall" apparel of any kind for men or which utilizes the "big and tall" retail or wholesale marketing concept as part of its business.

(c) Executive acknowledges that the Company conducts business throughout the world, that Executive's duties and responsibilities on behalf of the Company are of a worldwide nature, that its sales and marketing prospects are for continued expansion throughout the world and therefore, the territorial and time limitations set forth in this paragraph 3 are reasonable and properly required for the adequate protection of the business of the Company and its subsidiaries and affiliates. In the event any such territorial or time limitation is deemed to be unreasonable by a court of competent jurisdiction, Executive agrees to the reduction of the territorial or time limitation to the area or period which such court shall deem reasonable.

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

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 her 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 her 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 her 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 her 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, her employment or the rendering of her 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 she 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 her 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 her revocation to the Company. Any such revocation shall be directed to the HR Director, Associate Relations & Compliance and must be delivered to the HR Director, Associate Relations & Compliance within that seven (7) day revocation period, or mailed to Destination XL Group, Inc., Attn: HR Director, Associate Relations & Compliance, 555 Turnpike Street, Canton, MA 02021 and postmarked within the seven (7) day revocation period.

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 she has read this General Release of Claims, has been advised that she should consult with an attorney before executing this general release of claims, and that she 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.

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: May 27, 2021

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: May 27, 2021

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 May 1, 2021, 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: May 27, 2021

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 May 1, 2021, 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: May 27, 2021

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.