UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended August 4, 2018

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)	**04-2623104** (I.R.S. Employer Identification No.)
555 Turnpike Street **Canton, MA** (Address of principal executive offices)	**02021** (Zip Code)

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a small reporting company)	Smaller reporting company	☐
Emerging growth company	☐		

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

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

As of August 17, 2018, the registrant had 49,182,862 shares of common stock, $0.01 par value per share, outstanding.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.

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

	August 4, 2018 (Fiscal 2018)	February 3, 2018 (Fiscal 2017)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,216	$ 5,362
Accounts receivable	2,264	3,046
Inventories	102,912	103,332
Prepaid expenses and other current assets	11,584	9,927
Total current assets	122,976	121,667
Property and equipment, net of accumulated depreciation and amortization	103,877	111,032
Other assets:		
Intangible assets	1,637	1,821
Other assets	5,750	5,885
Total assets	$ 234,240	$ 240,405
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ -	$ 1,392
Current portion of deferred gain on sale-leaseback	1,465	1,465
Accounts payable	32,426	33,987
Accrued expenses and other current liabilities	24,857	25,585
Borrowings under credit facility	46,430	47,385
Total current liabilities	105,178	109,814
Long-term liabilities:		
Long-term debt, net of current portion	14,729	10,669
Deferred rent and lease incentives	34,020	35,718
Deferred gain on sale-leaseback, net of current portion	9,525	10,258
Other long-term liabilities	3,599	3,960
Total long-term liabilities	61,873	60,605
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, 1,000,000 shares authorized, none issued	—	—
Common stock, $0.01 par value, 100,000,000 shares authorized, 61,905,534 and 61,485,882 shares issued at August 4, 2018 and February 3, 2018, respectively	619	615
Additional paid-in capital	309,007	307,557
Treasury stock at cost, 12,755,873 shares at August 4, 2018 and February 3, 2018	(92,658)	(92,658)
Accumulated deficit	(143,580)	(139,285)
Accumulated other comprehensive loss	(6,199)	(6,243)
Total stockholders' equity	67,189	69,986
Total liabilities and stockholders' equity	$ 234,240	$ 240,405

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

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

	For the Three Months Ended		For the Six Months Ended	
	August 4, 2018 (Fiscal 2018)	July 29, 2017 (Fiscal 2017)	August 4, 2018 (Fiscal 2018)	July 29, 2017 (Fiscal 2017)
Sales	$ 122,206	$ 121,125	$ 235,537	$ 228,754
Cost of goods sold including occupancy costs	65,681	65,308	128,324	124,249
Gross profit	56,525	55,817	107,213	104,505
Expenses:				
Selling, general and administrative	47,795	49,068	93,385	95,236
Corporate restructuring	1,570	—	1,570	—
Impairment of assets	—	1,718	—	1,718
Depreciation and amortization	7,382	7,903	14,706	15,657
Total expenses	56,747	58,689	109,661	112,611
Operating loss	(222)	(2,872)	(2,448)	(8,106)
Interest expense, net	(958)	(824)	(1,844)	(1,626)
Loss before provision for income taxes	(1,180)	(3,696)	(4,292)	(9,732)
Provision for income taxes	5	35	3	64
Net loss	$ (1,185)	$ (3,731)	$ (4,295)	$ (9,796)
Net loss per share - basic and diluted	$ (0.02)	$ (0.08)	$ (0.09)	$ (0.20)
Weighted-average number of common shares outstanding:				
Basic	49,060	48,556	48,926	49,146
Diluted	49,060	48,556	48,926	49,146

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

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

	For the Three Months Ended		For the Six Months Ended	
	August 4, 2018 (Fiscal 2018)	July 29, 2017 (Fiscal 2017)	August 4, 2018 (Fiscal 2018)	July 29, 2017 (Fiscal 2017)
Net loss	$ (1,185)	$ (3,731)	$ (4,295)	$ (9,796)
Other comprehensive income before taxes:				
Foreign currency translation	(94)	177	(239)	216
Pension plans	156	206	330	421
Other comprehensive income before taxes	62	383	91	637
Tax provision related to items of other comprehensive income	(21)	—	(47)	—
Other comprehensive income, net of tax	41	383	44	637
Comprehensive loss	$ (1,144)	$ (3,348)	$ (4,251)	$ (9,159)

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 Shares	Common Stock Amounts	Additional Paid-in Capital	Treasury Stock Shares	Treasury Stock Amounts	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance at February 3, 2018	61,486	$ 615	$ 307,557	(12,755)	$ (92,658)	$ (139,285)	$ (6,243)	$ 69,986
Board of Directors compensation	95	1	283					284
Stock compensation expense			789					789
Restricted stock units granted for achievement of performance-based compensation, reclass from liability to equity (Note 4)			381					381
Restricted stock units exercised	322	3	(3)					—
Cancellation of restricted stock, net of issuances	(3)	—	—					—
Deferred stock vested	5	—	—					—
Accumulated other comprehensive income (loss):								
Pension plan, net of taxes							245	245
Foreign currency, net of taxes							(201)	(201)
Net loss						(4,295)		(4,295)
Balance at August 4, 2018	61,905	$ 619	$ 309,007	(12,755)	$ (92,658)	$ (143,580)	$ (6,199)	$ 67,189

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 Six Months Ended	
	August 4, 2018 (Fiscal 2018)	July 29, 2017 (Fiscal 2017)
Cash flows from operating activities:		
Net loss	$ (4,295)	$ (9,796)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization of deferred gain on sale-leaseback	(733)	(732)
Amortization of deferred debt issuance costs	101	138
Write-off of deferred debt issuance costs	186	—
Depreciation and amortization	14,706	15,657
Impairment of assets	—	1,718
Stock compensation expense	789	840
Board of Directors stock compensation	284	286
Changes in operating assets and liabilities:		
Accounts receivable	782	1,567
Inventories	420	5,112
Prepaid expenses and other current assets	(1,657)	(1,134)
Other assets	135	14
Accounts payable	(1,561)	509
Deferred rent and lease incentives	(1,698)	1,384
Accrued expenses and other liabilities	(666)	(1,214)
Net cash provided by operating activities	6,793	14,349
Cash flows from investing activities:		
Additions to property and equipment, net	(7,365)	(13,775)
Net cash used for investing activities	(7,365)	(13,775)
Cash flows from financing activities:		
Repurchase of common stock	—	(4,681)
Costs associated with new credit facility	(553)	—
Proceeds from the issuance of long-term debt	15,000	—
Principal payments on long-term debt	(12,251)	(4,208)
Net borrowings under credit facility	(770)	9,290
Net cash provided by financing activities	1,426	401
Net increase in cash and cash equivalents	854	975
Cash and cash equivalents:		
Beginning of period	5,362	5,572
End of period	$ 6,216	$ 6,547

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

1. Basis of Presentation

In the opinion of management of Destination XL Group, Inc., a Delaware corporation (formerly known as Casual Male Retail Group, Inc. and, collectively with its subsidiaries, referred to as the "Company"), the accompanying unaudited consolidated financial statements contain all adjustments necessary for a fair presentation of the interim financial statements. These financial statements do not include all disclosures associated with annual financial statements and, accordingly, should be read in conjunction with the notes to the Company's audited consolidated financial statements for the fiscal year ended February 3, 2018 included in the Company's Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on March 23, 2018.

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 2018 is a 52-week period ending on February 2, 2019 and fiscal 2017 was a 53-week period ended on February 3, 2018.

Segment Information

The Company reports its operations as one reportable segment, Big & Tall Men's Apparel, which consists of two principal operating segments: its retail business and its direct business. The Company considers its operating segments to be similar in terms of economic characteristics, production processes and operations, and has therefore aggregated them into a single reporting segment, consistent with its omni-channel business approach. The direct operating segment includes the operating results and assets for LivingXL® and ShoesXL®.

Reclassification

In the second quarter of fiscal 2017, the Company incurred an impairment charge of $1.7 million for the write-off of certain store assets. This amount was previously included in "Depreciation and Amortization" in the Consolidated Statements of Operations for the second quarter and first six months of fiscal 2017 but was reclassified to "Impairment of Assets" in the Consolidated Statement of Operations for the fiscal year ended February 3, 2018. The prior year comparison in the Consolidated Statements of Operations for the second quarter and first six months of fiscal 2018 reflect this reclassification.

Intangibles

At August 4, 2018, the "Casual Male" trademark had a carrying value of $0.1 million and is considered a definite-lived asset. The Company is amortizing the remaining carrying value on an accelerated basis, consistent with projected cash flows through fiscal 2018, its estimated remaining useful life.

The Company's "Rochester" trademark is considered an indefinite-lived intangible asset and has a carrying value of $1.5 million. During the six months ended August 4, 2018, no event or circumstance occurred which would cause a reduction in the fair value of the Company's reporting units, requiring interim testing of the Company's "Rochester" trademark.

Fair Value of Financial Instruments

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

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

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

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

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

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

The fair value of long-term debt is classified within Level 2 of the valuation hierarchy. At August 4, 2018, 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 indefinite-lived assets, which consists of the Company's "Rochester" trademark, is measured on a non-recurring basis in connection with the Company's annual impairment test. The fair value of the trademark is determined using a projected discounted cash flow analysis based on unobservable inputs 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 and reclassifications from AOCI for the three and six months ended August 4, 2018 and July 29, 2017, respectively, were as follows:

For the three months ended:	August 4, 2018			July 29, 2017		
	(in thousands)					
	Pension Plans	Foreign Currency	Total	Pension Plans	Foreign Currency	Total
Balance at beginning of the quarter	$ (5,711)	$ (529)	$ (6,240)	$ (5,022)	$ (742)	$ (5,764)
Other comprehensive income (loss) before reclassifications, net of taxes	58	(75)	(17)	25	177	202
Amounts reclassified from accumulated other comprehensive income, net of taxes (1)	58	—	58	181	—	181
Other comprehensive income (loss) for the period	116	(75)	41	206	177	383
Balance at end of quarter	$ (5,595)	$ (604)	$ (6,199)	$ (4,816)	$ (565)	$ (5,381)

For the six months ended:	August 4, 2018			July 29, 2017		
	(in thousands)					
	Pension Plans	Foreign Currency	Total	Pension Plans	Foreign Currency	Total
Balance at beginning of fiscal year	$ (5,840)	$ (403)	$ (6,243)	$ (5,237)	$ (781)	$ (6,018)
Other comprehensive income (loss) before reclassifications, net of taxes	115	(201)	(86)	85	216	301
Amounts reclassified from accumulated other comprehensive income, net of taxes (1)	130	—	130	336	—	336
Other comprehensive income (loss) for the period	245	(201)	44	421	216	637
Balance at end of quarter	$ (5,595)	$ (604)	$ (6,199)	$ (4,816)	$ (565)	$ (5,381)

(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 $79,000 and $177,000 for the three and six months ended August 4, 2018, respectively, and $181,000 and $336,000 for the three and six months ended July 29, 2017, respectively. The tax effect for the three and six months ended August 4, 2018 was $21,000 and $47,000, respectively. There was no tax effect for the three and six months ended July 29, 2017.

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 significant judgment. Actual results and future changes in estimates may differ from the Company’s current estimates.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for events or changes in circumstances that might indicate the carrying amount of the assets may not be recoverable. The Company assesses the recoverability of the assets by determining whether the carrying value of such assets over their respective remaining lives can be recovered through projected undiscounted future cash flows. The amount of impairment, if any, is measured based on projected discounted future cash flows using a discount rate reflecting the Company’s average cost of funds.

There was no material impairment of long-lived assets in the second quarter and first six months of fiscal 2018. In the second quarter of fiscal 2017, the Company recorded an impairment charge of $1.7 million related to the write-down of property and equipment.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (*Topic 606*), which amends the accounting guidance on revenue recognition. The amendments in this ASU are intended to provide a framework for addressing revenue issues, improve comparability of revenue recognition practices, and improve disclosure requirements. This ASU sets forth a five-step model for determining when and how revenue is recognized. Under the model, an entity is required to recognize revenue to depict the transfer of goods or services to a customer at an amount reflecting the consideration it expects to receive in exchange for those goods or services. To assess the impact of ASU 2014-09, the Company reviewed its current accounting policies and practices, identified all material revenue streams, assessed the impact of the ASU on its material revenue streams and identified potential differences with current policies and practices. The Company adopted this standard on February 4, 2018, with no material impact on the Company’s Consolidated Financial Statements, using the modified retrospective approach. Further disclosures related to the adoption of this standard are provided below in Note 2, *Revenue Recognition*.

In March 2016, the FASB issued ASU 2016-04, “*Liabilities—Extinguishments of Liabilities: Recognition of Breakage for Certain Prepaid Stored-Value Products*,” which amends exempting gift cards and other prepaid stored-value products from the guidance on extinguishing financial liabilities. Rather, they will be subject to breakage accounting consistent with the new revenue guidance in Topic 606. However, the exemption only applies to breakage liabilities that are not subject to unclaimed property laws or that are attached to segregated bank accounts (e.g., consumer debit cards). The Company adopted this pronouncement as of February 4, 2018. The adoption of this standard did not have a material impact on the Company’s Consolidated Financial Statements.

In August 2016, the FASB issued ASU 2016-15, “*Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*,” which reduces the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230. The Company adopted this pronouncement as of February 4, 2018. The adoption of this standard did not have a material impact on the Company’s Consolidated Financial Statements.

In October 2016, the FASB issued ASU 2016-16, “*Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other Than Inventory*,” which reduces the existing diversity in practice in how income tax consequences of an intra-entity transfer of an asset other than inventory should be recognized. The amendments in ASU 2016-16 require an entity to recognize such income tax consequences when the intra-entity transfer occurs rather than waiting until such time as the asset has been sold to an outside party. The Company adopted this pronouncement as of February 4, 2018. The adoption of this standard did not have a material impact on the Company’s Consolidated Financial Statements.

In May 2017, the FASB issued ASU 2017-09, "*Compensation—Stock Compensation (Topic 718)"*which provides clarity in order to reduce both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. The Company adopted this pronouncement as of February 4, 2018. The adoption of this standard did not have a material impact on the Company's Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*." This ASU is a comprehensive new leases standard that amends various aspects of existing guidance for leases and requires additional disclosures about leasing arrangements. It will require lessees to recognize lease assets and lease liabilities for most leases, including those leases previously classified as operating leases under current GAAP. The ASU retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous leases guidance. In July 2018, the FASB issued ASU 2018-11 "*Leases (Topic 842): Targeted Improvements.*" Prior to ASU 2018-11, a modified retrospective transition was required for financing or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements. ASU 2018-11 allows entities an additional transition method to the existing requirements whereby an entity could adopt the provisions of ASU 2016-02 by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption without adjustment to the financial statements for periods prior to adoption. ASU 2016-02 is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted.

The Company will adopt the standard in the first quarter of fiscal 2019, and has implemented its leasing software solution to enable the accounting and disclosure requires. The Company is continuing to identify necessary changes to its business processes and controls to support adoption of the new standard. Additionally, the Company is evaluating the impact that the new standard will have on the consolidated financial statements and evaluating transition methods available. While we are still in the process of quantifying the impact, we expect the adoption of the new standard to result in a material gross-up of our Consolidated Balance Sheets as a result of recognizing lease liabilities and right of use assets, which will be subject to long-lived asset impairment testing under ASC 360.

In February 2018, the FASB issued ASU 2018-02, "*Income Statement – Reporting Comprehensive Income (Topic 220) Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*". The amendments in this update allow a reclassification from accumulated other comprehensive income (loss) to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. However, because the amendments only relate to the reclassification of the income tax effects of the Tax Cuts and Jobs Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. The amendments in this update also require certain disclosures about stranded tax effects. The amendments in this update are effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact this pronouncement will have on our Consolidated Financial Statements.

No other new accounting pronouncements, issued or effective during the first six months of fiscal 2018, have had or are expected to have a significant impact on the Company's Consolidated Financial Statements.

2. Revenue Recognition

On February 4, 2018, the Company adopted *Revenue from Contracts with Customers* ("ASC 606") using the modified retrospective approach for all contracts not completed as of the date of adoption. Results for the reporting periods beginning on February 4, 2018 are presented under ASC 606, while prior period amounts continue to be reported in accordance with accounting under ASC 605, *Revenue Recognition*. There was no material impact to the Company's Consolidated Financial Statements as a result of adopting ASC 606.

The Company operates as a retailer of big & tall men's apparel, which includes both retail stores and a direct business. 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. 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 Company's Consolidated Balance Sheets.

- Revenue from the Company's retail 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.

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, 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 $0.9 million and $0.6 million at August 4, 2018 and February 3, 2018, respectively.

Unredeemed Gift Cards, Gift Certificates, and Credit Vouchers. Upon issuance of a gift card, gift certificate, or credit voucher, a liability is established for its cash value. The liability is relieved and net sales are recorded upon redemption by the customer. Based on historical redemption patterns, the Company can reasonably estimate the amount of gift cards, gift certificates, and credit vouchers for which redemption is remote, which is referred to as "breakage". Breakage is recognized over two years in proportion to historical redemption trends and is recorded as sales in the Consolidated Statements of Operations. The gift card liability, net of breakage, was $1.4 million and $2.2 million at August 4, 2018 and February 3, 2018, 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. Substantially all of the Company's revenue is generated from its retail store operations and its direct business. Accordingly, we have determined that the following sales channels depict the nature, amount, timing, and uncertainty of how revenue and cash flows are affected by economic factors:

	For the Three Months Ended				For the Six Months Ended			
(in thousands)	August 4, 2018		July 29, 2017		August 4, 2018		July 29, 2017	
Retail sales	$ 97,992	*80.2%*	$ 97,449	*80.5%*	$ 187,337	*79.5%*	$ 182,935	*80.0%*
Direct sales	24,214	*19.8%*	23,676	*19.5%*	48,200	*20.5%*	45,819	*20.0%*
Total sales	$ 122,206		$ 121,125		$ 235,537		$ 228,754	

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 with Bank of America, N.A., as agent, providing for a secured $140 million credit facility (the "New Credit Facility"). The New Credit Facility replaced the Company's existing credit facility with Bank of America.

The New Credit Facility continues to provide maximum committed borrowings of $125.0 million in revolver loans, with the ability, pursuant to an accordion feature, to increase the New 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"). There were no changes to the sublimit of $20.0 million for commercial and standby letter of credits or the sublimit of up to $15.0 million for swingline loans. The Company's ability to borrow under the New Credit Facility (the "Loan Cap") is determined using an availability formula based on eligible assets. The New Credit Facility requires the Company to maintain a minimum consolidated fixed charge coverage ratio of 1.0:1.0 if its excess availability under the New Credit Facility fails to be equal to or greater than the greater of 10% of the Loan Cap and $7.5 million. The maturity date of the New Credit Facility was extended from October 29, 2019 to May 24, 2023. The Company's obligations under the New Credit Facility are secured by a lien on substantially all of its assets.

The New Credit Facility includes a new $15.0 million "first in, last out" (FILO) term facility (the "FILO Facility"), which is discussed below under long-term debt.

Borrowings made pursuant to the Revolving Facility will bear interest, calculated under either the Federal Funds rate or the LIBOR rate, at a rate equal to the following: (a) the Federal Funds rate plus a varying percentage based on the Company's excess availability, of either 0.25% or 0.50%, 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 1.25% or 1.50%.

At August 4, 2018, the Company had outstanding borrowings under the Revolving Facility of $46.8 million, before unamortized debt issuance costs of $0.4 million. Outstanding standby letters of credit were $2.8 million and outstanding documentary letters of credit were $0.5 million. Unused excess availability at August 4, 2018 was $41.3 million. Average monthly borrowings outstanding under the previous credit facility and new Revolving Facility during the first six months of fiscal 2018 were $57.1 million, resulting in an average unused excess availability of approximately $33.3 million.

The Company is also subject to an unused line fee of 0.25%. In connection with the New Credit Facility, the Company wrote-off $0.1 million of unamortized debt issuance costs. At August 4, 2018, the Company's prime-based interest rate was 5.25%. At August 4, 2018, the Company had approximately $42.0 million of its outstanding borrowings in LIBOR-based contracts with an interest rate of 3.25%. The LIBOR-based contracts expired on August 8, 2018. 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.

The fair value of the amount outstanding under the Revolving Facility at August 4, 2018 approximated the carrying value.

Long-Term Debt

Components of long-term debt are as follows:

(in thousands)	August 4, 2018	February 3, 2018
FILO loan	$ 15,000	$ —
Equipment financing notes	—	501
Term loan, due 2019	—	11,750
Less: unamortized debt issuance costs	(271)	(190)
Total long-term debt	14,729	12,061
Less: current portion of long-term debt	—	1,392
Long-term debt, net of current portion	$ 14,729	$ 10,669

FILO Loan

The total borrowing capacity under the FILO Facility 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. There can be no voluntary prepayments on the FILO Facility during the first year. After its one-year anniversary, the FILO Facility can be repaid, in whole or in part, subject to certain payment conditions.

Borrowings made under the FILO Facility will bear interest, calculated under either the Federal Funds rate or the LIBOR rate, at a rate equal to the following: (a) the Federal Funds rate plus a 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%. At August 4, 2018, the outstanding balance of $15.0 million was in a 2-month LIBOR-based contract with an interest rate of 4.87%. The LIBOR-based contract expired on August 6, 2018. When a LIBOR-based borrowing expires, the Company can enter into a new LIBOR-based borrowing arrangement.

Equipment Financing Loans

Pursuant to a Master Loan and Security Agreement with Banc of America Leasing & Capital, LLC, dated July 20, 2007 and amended on September 30, 2013 (the "Master Agreement"), the Company entered into twelve equipment security notes between September 2013 and June 2014 (in aggregate, the "Notes"), whereby the Company borrowed an aggregate of $26.4 million. The Notes were for a term of 48 months and accrued interest at fixed rates ranging from 3.07% to 3.50%.

The Company repaid, in full, without penalty, the remaining outstanding balance on the Notes during the second quarter of fiscal 2018.

Term Loan

On October 30, 2014, the Company entered into a term loan agreement with respect to a new $15 million senior secured term loan facility with Wells Fargo Bank, National Association as administrative and collateral agent (the "Term Loan Facility"). The effective date of the Term Loan Facility was October 29, 2014 (the "Effective Date"). In connection with the New Credit Facility, discussed above, on May 24, 2018 this Term Loan Facility was repaid in full, without penalty. In connection with the prepayment, the Company wrote-off approximately $0.1 million in unamortized debt issuance costs associated with this Term Loan Facility.

Interest on the Term Loan Facility was at a rate per annum equal to the greater of (a) 1.00% and (b) the one month LIBOR rate, plus 6.50%.

4. Long-Term Incentive Plans

The following is a summary of the Company's Long-Term Incentive Plans. All equity awards granted under long-term incentive plans are issued from the Company's stockholder-approved 2016 Incentive Compensation Plan. See Note 5, *Stock-Based Compensation*.

Under the Company's First Amended and Restated Long Term Incentive Plan ("LTIP"), for fiscal 2016 and fiscal 2017 the Compensation Committee established performance targets which cover a two-year performance period (each a "Performance Period"), thereby creating overlapping Performance Periods. Each participant in the plan is entitled to receive an award 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 long-term incentive program percentage, which was 100% for the Company's Chief Executive Officer, 70% for senior executives and 25% for other participants in the plan. Because of the overlapping two-year Performance Periods, the Target Cash Value for any award is based on one year of annual salary. All awards granted under both the 2016-2017 LTIP and 2017-2018 LTIP were in restricted stock units (RSUs).

For each participant, 50% of the Target Cash Value is subject to time-based vesting and 50% is subject to performance-based vesting. The time-vested portion of the award vests in two installments with 50% of the time-vested portion vesting on April 1 following the fiscal year end which marks the end of the applicable Performance Period and 50% vesting on April 1 the succeeding year. The performance-based vesting is subject to the achievement of the performance target(s) for the applicable Performance Period. Awards for any achievement of performance targets would not be granted until the performance targets are achieved and would then be subject to additional vesting through August 31 following the end of the applicable Performance Period.

For the 2016-2017 Performance Period, the Company achieved 54.4% of its "DXL Comparable Store Marginal Cash-Over-Cash Return" target, defined as the aggregate of each comparable DXL store's four-wall cash flow for fiscal 2017 divided by the aggregate capital investment, net of any tenant allowance, for each comparable DXL store. The minimum threshold for the EBITDA target was not achieved. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Accordingly, subsequent to the end of fiscal 2017, in the first quarter of fiscal 2018, the Compensation Committee of the Board of Directors approved a 27.2% payout resulting in awards totaling $0.5 million, with a grant date of April 2, 2018. On that date, the Company granted 265,749 RSUs, which are subject to vesting through August 31, 2018.

On April 2, 2018, in conjunction with the grant of the RSUs, the Company reclassified $0.4 million of the liability accrual from "Accrued expenses and other current liabilities" to "Additional paid-in capital." See the Consolidated Statement of Changes in Stockholders' Equity.

For the 2017-2018 Performance Period, the Compensation Committee established two performance targets under the LTIP (the "2017-2018 LTIP"), each weighted 50%. The first target is Total Company Comparable Sales and will be measured based on a two-year stack, which is the sum of the Total Company Comparable Sales for fiscal 2017 and fiscal 2018. The second target is a Modified ROIC, which is defined as Operating Income divided by Invested Capital (Total Debt plus Stockholders' Equity).

Assuming that the Company achieves the performance target at target levels and all time-vested awards vest, the compensation expense associated with the 2017-2018 LTIP is estimated to be approximately $4.2 million. Approximately half of the compensation expense relates to the time-vested RSUs, which are being expensed over thirty-six months, based on the respective vesting dates. With respect to the performance-based component, RSUs will be granted at the end of the performance period if the performance targets are achieved. Through the end of the first six months of fiscal 2018, no accrual has been made for performance awards under the 2017-2018 LTIP.

In June 2018, the Company amended its LTIP by executing the Second Amended and Restated LTIP (the "Amended LTIP"), which among other things, extends the performance period for awards to three years, beginning with grants in fiscal 2018. As of the end of the second quarter of fiscal 2018, no performance targets have been established. In accordance with the terms of the Amended LTIP, the Compensation Committee has until November 3, 2018 to establish performance targets for the 2018-2020 performance period.

5. 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 our 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. At August 4, 2018, the Company had 5,898,776 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 canceled for any reason without having been exercised or paid are added back and become available for issuance under the 2016 Plan, with stock options being added back on a one-for-one basis and full-value awards being added back on a 1 to 1.9 basis. At August 4, 2018, there are 143,645 stock options and 134,625 full-value awards that remain outstanding under the 2006 Plan.

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

The following tables summarize the share activity and stock option activity for the Company's 2006 Plan and 2016 Plan, on a combined basis, for the first six months of fiscal 2018:

	Restricted shares	Restricted Stock Units (1)	Deferred shares (2)	Fully-vested shares (3)	Total number of shares	Weighted-average grant-date fair value (4)
Shares						
Outstanding non-vested shares at beginning of year	36,666	1,048,552	115,457	—	1,200,675	$ 3.43
Shares granted	30,000	334,625	54,798	67,305	486,728	$ 1.88
Shares vested/issued	(3,333)	(329,208)	(5,429)	(67,305)	(405,275)	$ 3.59
Shares canceled	(33,333)	(91,747)	—	—	(125,080)	$ 2.84
Outstanding non-vested shares at end of quarter	30,000	962,222	164,826	—	1,157,048	$ 2.76

(1) Restricted stock units ("RSUs") were primarily granted in connection with the partial achievement of performance targets under the 2016-2017 LTIP, see Note 4, *Long-Term Incentive Plans*. As a result of net share settlement, of the 329,208 time-based RSUs which vested during the first six months of fiscal 2018, only 322,518 shares of common stock were issued.

(2) The 54,798 shares of deferred stock, with a fair value of $103,296, represent compensation to certain directors in lieu of cash, in accordance with their irrevocable elections. The shares of deferred stock will vest three years from the date of grant or at separation of service, based on the irrevocable election of each director.

(3) During the first six months of fiscal 2018, the Company granted 67,305 shares of stock, with a fair value of approximately $127,795, to certain directors as compensation in lieu of cash, in accordance with their irrevocable elections. Directors are required to elect 50% of their quarterly retainer in equity. Any shares in excess of the minimum required election are issued from the Company's Third Amended and Restated Non-Employee Director Compensation Plan ("Non-Employee Director Compensation Plan").

(4) The fair value of a restricted share, deferred share and fully-vested share is equal to the Company's closing stock price on the day immediately preceding the date of grant.

	Number of shares	Weighted-average exercise price per option	Weighted-average remaining contractual term	Aggregate intrinsic value
Stock Options				
Outstanding options at beginning of year	1,195,910	$ 4.80		$ 21,750
Options granted	153,888	$ 2.48		-
Options expired and canceled	(203,244)	$ 4.53		-
Options exercised	—	—		-
Outstanding options at end of quarter	1,146,554	$ 4.54	4.7 years	$ 6,750
Options exercisable at end of quarter	977,666	$ 4.91	3.9 years	$ 2,250

Valuation Assumptions

For the first six months of fiscal 2018, the Company granted 153,888 stock options, 67,305 shares of restricted stock, 334,625 RSUs and 54,798 shares of deferred stock. For the first six months of fiscal 2017, the Company granted no stock options, 484,558 shares of restricted stock, 782,357 RSUs and 43,467 shares of deferred stock.

Unless otherwise specified by the Compensation Committee, RSUs, restricted stock and deferred stock are valued using the closing price of the Company's common stock on the day immediately preceding the date of grant.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model. There were no stock options granted in the first six months of fiscal 2017. The following assumptions were used for grants for the first six months of fiscal 2018:

	August 4, 2018
Expected volatility	48.9% -57.1%
Risk-free interest rate	2.55% - 2.63%
Expected life	3.0 - 4.5 yrs.
Dividend rate	-

Non-Employee Director Compensation Plan

The Company granted 27,735 shares of common stock, with a fair value of approximately $52,303, to certain of its non-employee directors as compensation in lieu of cash in the first six months of fiscal 2018.

Stock Compensation Expense

The Company recognized total stock-based compensation expense of $0.8 million for both the first six months of fiscal 2018 and fiscal 2017. The total compensation cost related to time-vested stock options, restricted stock and RSU awards not yet recognized as of August 4, 2018 was approximately $1.1 million, net of estimated forfeitures, which will be expensed over a weighted average remaining life of 23 months.

6. Earnings per Share

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

	For the three months ended		For the six months ended	
	August 4, 2018	July 29, 2017	August 4, 2018	July 29, 2017
(in thousands)				
Common Stock Outstanding:				
Basic weighted average common shares outstanding	49,060	48,556	48,926	49,146
Common stock equivalents – stock options and restricted stock (1)	—	—	—	—
Diluted weighted average common shares outstanding	49,060	48,556	48,926	49,146

(1) Common stock equivalents of 489 shares and 345 shares for the three months ended August 4, 2018 and July 29, 2017, respectively, and 458 shares and 166 shares for the six months ended August 4, 2018 and July 29, 2017, respectively, 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 of the unearned compensation associated with either stock options, restricted stock units, restricted or deferred stock had an anti-dilutive effect.

	For the three months ended		For the six months ended	
	August 4, 2018	July 29, 2017	August 4, 2018	July 29, 2017
(in thousands, except exercise prices)				
Stock options	1,147	1,377	1,147	1,377
Restricted stock units	80	1,119	80	1,119
Restricted and deferred stock	30	53	36	56
Range of exercise prices of such options	$1.85 - $7.02	$3.16 - $7.52	$1.85 - $7.02	$3.16 - $7.52

The above options, which were outstanding at August 4, 2018, expire from March 19, 2020 to June 29, 2028.

Shares of unvested time-based restricted stock of 30,000 at August 4, 2018 and 53,333 shares at July 29, 2017 were excluded from the computation of basic earnings per share and will continue to be excluded until such shares vest.

The 30,000 shares of restricted stock outstanding at August 4, 2018 are considered issued and outstanding. Each share of restricted stock has all of the rights of a holder of the Company's common stock, including, but not limited to, the right to vote and the right to receive dividends, which rights are forfeited if the restricted stock is forfeited.

7. Income Taxes

At August 4, 2018, the Company had total deferred tax assets of approximately $52.8 million, total deferred tax liabilities of $4.7 million and a corresponding valuation allowance of $48.1 million.

Since the end of fiscal 2014, the Company has had a full valuation allowance against its net 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, based on the Company's forecast for fiscal 2018, the Company believes that a full allowance remains appropriate at this time.

As of August 4, 2018, for federal income tax purposes, the Company has net operating loss carryforwards of $141.4 million, which will expire from 2022 through 2036 and net operating loss carryforwards of $16.3 million that are not subject to expiration. For state income tax purposes, the Company has $89.2 million of net operating losses that are available to offset future taxable income. Additionally, the Company has $2.8 million of net operating loss carryforwards related to the Company's operations in Canada.

The utilization of net operating loss carryforwards and the realization of tax benefits in future years depends predominantly upon having taxable income. Under the provisions of the Internal Revenue Code, certain substantial changes in the Company's ownership may result in a limitation on the amount of net operating loss carryforwards and tax credit carryforwards which may be used in future years.

As of February 4, 2018, the Company is calculating its tax provision based on the newly enacted U.S. statutory rate of 21%. The Company's tax provision for the second quarter and first six months of fiscal 2018 and fiscal 2017 was primarily due to current state margin tax. The second quarter and first six months of fiscal 2018 included a tax expense of $21,000 and $47,000 in other comprehensive income (loss), which resulted in a tax benefit on the Consolidated Statement of Operations related to the corresponding decrease in valuation allowance.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The charge for taxation is based on the results for the year as adjusted for items that are non-assessable or disallowed. The charge is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Pursuant to Topic 740, "*Income Taxes*", the Company will recognize the benefit from a tax position only if it is more likely than not that the position would be sustained upon audit based solely on the technical merits of the tax position. The unrecognized tax benefit at August 4, 2018 was $2.0 million. This amount is directly associated with a prior year tax position related to exiting the Company's direct business in Europe. The amount of unrecognized tax benefit has been presented as a reduction in the reported amounts of its federal and state net operating loss carryforwards. It is the Company's policy to record interest and penalties on unrecognized tax benefits as income taxes; however, no penalties or interest have been accrued on this liability because the carryforwards have not yet been utilized.

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

8. Corporate Restructuring

On May 16, 2018, the Company committed to a corporate restructuring plan ("Restructuring") to accelerate the Company's path to profitability by better aligning its expense structure with its revenues. The Company eliminated 56 positions, which represented approximately 15% of its corporate work force, or 2% of its total work force, in connection with the Restructuring. On May 16, 2018, 36 employees were notified of their termination, with the remaining 20 positions representing open positions that will not be filled. The Company offered cash severance benefits to the eligible affected employees. Each affected employee's eligibility for these severance benefits is contingent upon such employee's execution (and no revocation) of a separation agreement, which includes a general release of claims against the Company.

The Company expects to incur an aggregate charge of approximately $1.8 million, of which $1.6 million was incurred in the second quarter of fiscal 2018, for employee severance and one-time termination benefits, as well as other employee-related costs associated with the Restructuring. Approximately $1.5 million of the $1.8 million will be cash expenditures. At August 4, 2018, the Company has an accrued liability related to the restructuring of $0.6 million.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "may," "will," "estimate," "intend," "plan," "continue," "believe," "expect" or "anticipate" or the negatives thereof, variations thereon or similar terminology. The forward-looking statements contained in this Quarterly Report are generally located in the material set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations," but may be found in other locations as well, and include statements regarding our expectations with respect to cash flows, gross profit margins, merchandise margins, marketing costs, restructuring charges, selling, general and administrative expenses, store counts, inventory levels, capital expenditures, borrowings, interest costs, sales and earnings for fiscal 2018, the expected impact of investments in marketing on 2018 sales and longer term impact on customer acquisition and brand awareness, anticipated savings from our corporate restructuring, and the anticipated number of store openings and closings in fiscal 2018. These forward-looking statements generally relate to plans and objectives for future operations and are based upon management's reasonable estimates of future results or trends. The forward-looking statements in this Quarterly Report should not be regarded as a representation by us or any other person that our objectives or plans will be achieved. The following discussion of our financial condition and results of operations should be read in conjunction with the unaudited consolidated financial statements and notes to those statements included elsewhere in this Quarterly Report and our audited consolidated financial statements for the year ended February 3, 2018, included in our Annual Report on Form 10-K for the year ended February 3, 2018, as filed with the Securities and Exchange Commission on March 23, 2018 (our "Fiscal 2017 Annual Report").

Numerous factors could cause our actual results to differ materially from such forward-looking statements. We encourage readers to refer to the "Risk Factors" section in Part I, Item 1A of our Fiscal 2017 Annual Report, that sets forth certain risks and uncertainties that may have an impact on future results and direction of our Company, including, without limitations, risks relating to the execution of our corporate strategy, and our ability to grow our market share, predict customer tastes and fashion trends, forecast sales growth trends, maintain and build our brand awareness and compete successfully in our market.

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

BUSINESS SUMMARY

Destination XL Group, Inc., together with our consolidated subsidiaries (the "Company"), is the largest specialty retailer of big & tall men's apparel with retail and direct operations in the United States, Canada and London, England. We operate under the trade names of Destination XL®, DXL®, DXL Outlets, Casual Male XL®, Casual Male XL Outlets, Rochester Clothing, ShoesXL® and LivingXL®. At August 4, 2018, we operated 216 Destination XL stores, 15 DXL outlet stores, 68 Casual Male XL retail stores, 30 Casual Male XL outlet stores and 5 Rochester Clothing stores. Our e-commerce site, DestinationXL.com, supports our stores, brands and product extensions.

Unless the context indicates otherwise, all references to "we," "our," "us" and "the Company" refer to Destination XL Group, Inc. and our consolidated subsidiaries. We refer to our fiscal years which end on February 2, 2019 and February 3, 2018 as "fiscal 2018" and "fiscal 2017," respectively. Fiscal 2018 is a 52-week period and fiscal 2017 was a 53-week period.

SEGMENT REPORTING

We report our operations as one reportable segment, Big & Tall Men's Apparel. We consider our retail and direct (e-commerce) businesses, especially in our growing omni-channel environment, to be similar in terms of economic characteristics, production processes and operations, and have, therefore, aggregated them into a single reporting segment.

COMPARABLE SALES

Total comparable sales include our retail stores that have been open for at least 13 months and our direct business. Stores that have been remodeled or re-located during the period are also included in our determination of comparable 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.

In addition, our customer's shopping experience continues to evolve across multiple channels and we are continually changing to meet his needs. As part of our omni-channel initiatives, the majority of our retail 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 satisfied 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 store. Because this omni-channel approach to retailing is changing the boundaries of where a sale originates and where a sale is ultimately settled, we do not report comparable sales separately for our retail and e-commerce businesses. However, as we invest in building our e-commerce platform, bringing a heightened digital focus to our Company, additional disclosure on our e-commerce growth as it relates to our current initiatives is important. We define store sales as sales that originate and are fulfilled directly at the store level. E-commerce sales are defined as sales that originate online, including those initiated online at the store level.

RESULTS OF OPERATIONS

The following is a summary of results for the second quarter and first six months of fiscal 2018 as compared to the prior year's second quarter and first six months, including adjusted EBITDA and adjusted net income (loss), which are non-GAAP measures. Please see "Non-GAAP Financial Measures" below for reconciliations of these non-GAAP measures.

	For the three months ended		For the six months ended	
	August 4, 2018	July 29, 2017	August 4, 2018	July 29, 2017
(in millions, except per share data)				
Net loss	$ (1.2)	$ (3.7)	$ (4.3)	$ (9.8)
Adjusted EBITDA (Non-GAAP basis)	$ 8.8	$ 6.7	$ 13.9	$ 9.3
Per diluted share:				
Net loss	$ (0.02)	$ (0.08)	$ (0.09)	$ (0.20)
Adjusted net income (loss) (Non-GAAP basis)	$ 0.01	$ (0.03)	$ (0.04)	$ (0.12)

Executive Summary

We were pleased with our performance in the second quarter of fiscal 2018, with a net loss of $(0.02) per diluted share, as compared to a net loss of $(0.08) per diluted share in the second quarter of fiscal 2017 and a $2.1 million increase in adjusted EBITDA. For the first six months of fiscal 2018, our adjusted EBITDA increased $4.6 million as compared to the same period of the prior year.

We have seen a consistent improvement in sales since the fourth quarter of fiscal 2017, with a comparable sales increase in the second quarter of fiscal 2018 of 3.3%, or $3.8 million. Our results were driven by productivity in stores and growth in our direct business. Furthermore, our results were delivered with a more productive inventory base that is $9.4 million or 8.4% less than our inventory positon in the second quarter 2017. Store productivity continued to improve during the second quarter with an increase in conversion rate, dollars per transaction and number of transactions. We continue to see growth in our direct business, which on a trailing 12-month basis, represented 21.2% of our total sales at the end of the second quarter of fiscal 2018 as compared to 20.5% at the end of the second quarter of fiscal 2017.

Our reduced SG&A costs, as a result of lower marketing costs and payroll cost savings, also contributed to the improvement in earnings. As discussed in more detail below, in the second quarter we undertook a corporate restructuring to accelerate our path to profitability, including a corporate workforce reduction of approximately 15%. Given that our transformation to the DXL concept is essentially complete and our current strategy includes growing our brands and building our customer base, this corporate restructuring better aligns us with those objectives.

Included in our results for the second quarter is a charge of $1.6 million associated with the corporate restructuring. On a comparative basis, results for the second quarter of fiscal 2017 also included an asset impairment charge of $1.7 million associated with the write-down of certain store assets. On a non-GAAP basis, adjusting for these charges and applying a 26% normal tax rate, our adjusted net income for the second quarter was $0.01 per diluted share, compared to an adjusted net loss of $(0.03) per share a year ago.

We are also focused on improving our liquidity and reducing our debt levels. During the second quarter, we amended our credit facility with Bank of America, N.A., which extended the maturity date of the facility from October 2019 to May 2023. We also reduced our borrowing rates under the revolving facility by 25 basis points and added a $15.0 million "first in last out" (FILO) facility at a substantially lower borrowing rate than our previous term loan facility. On an annualized basis, we believe that this refinancing will enable us to reduce interest costs by approximately $0.7 million.

Corporate Restructuring

As mentioned above, during the second quarter of fiscal 2018, we executed a restructuring plan ("Restructuring") to accelerate the Company's path to profitability by better aligning its expense structure with its revenues. In May 2018, we eliminated 56 positions, which represented approximately 15% of our corporate work force, or 2% of our total work force. On May 16, 2018, 36 employees were notified of their termination with the remaining 20 positions representing open positions that will not be filled. In connection with the Restructuring, we expect to incur an aggregate charge of $1.8 million, of which $1.6 million was recorded in the second quarter of fiscal 2018 for employee severance and one-time termination benefits, as well as other employee-related costs associated with the Restructuring. Of the total $1.8 million restructuring charge, approximately $1.5 million will be cash expenditures.

As a result of this Restructuring, we expect to realize savings of approximately $5.6 million in SG&A (selling, general and administrative) expenses in fiscal 2018, which is reflected in our fiscal 2018 earnings expectations. The $5.6 million in savings primarily related to corporate payroll, travel, benefits and non-essential project expenses, with expected annualized savings of approximately $10.3 million. Of the $10.3 million, we expect $6.6 million to come from corporate staffing changes, $2.0 million from changes to defined contribution plans and $1.7 million from other non-essential general and administrative costs.

Marketing Campaign ~ Spring 2018

At the end of the first quarter of fiscal 2018, we launched our Spring media campaign "*Built XL*", which ran through Father's Day. Our new advertising campaign emphasized fit, expertise, clothing brands, in-store experience, and one-stop shopping. We are highlighting our key differentiators and working to make an emotional connection with our core consumer. We reduced the number of weeks for our Spring campaign as compared to fiscal 2017, but we saw a strong increase in store and web traffic once our Spring campaign launched. We are pleased with the reaction to our campaign and its effect on our brand awareness, which increased to 44% at the end of the campaign from 42% at the end of fiscal 2017. We hope to build on these improvements as we prepare for our Fall/Holiday campaign.

Fiscal 2018 Outlook

We are reaffirming our earnings guidance for fiscal 2018, which reflects the $5.6 million expense savings that we expect to realize from the Restructuring. In addition to the $1.6 million we incurred in the second quarter for severance and other restructuring charges, we expect to incur approximately $0.2 million in the third quarter for the balance of the restructuring and, before the end of fiscal 2018, $4.2 million of CEO transition costs.

Our strategy for fiscal 2018 remains focused on customer acquisition, customer retention, and customer re-activation. Our marketing spend for the year is expected to be approximately $24.0 million, which is less than the fiscal 2017 spend of approximately $29.5 million, but greater than the fiscal 2016 spend of $18.0 million. Compared to fiscal 2017, we are projecting that our total sales for the year will be negatively impacted by one less week of sales and a net decrease in store count of ten stores, worth approximately $5.3 million in sales. Fiscal 2017 included a 53rd week, with sales of $6.9 million and operating income of $1.6 million.

Our guidance for fiscal 2018 remains unchanged and is as follows:

- Sales of $462.0 million to $472.0 million, with a total company comparable sales increase of approximately 1.0% to 3.0%.
- Gross margin rate of approximately 44.5%.
- Net loss, on a GAAP basis, of $(13.2) million to $(18.2) million, or $(0.27) to $(0.37) per diluted share.
- Adjusted net loss of $(0.11) to $(0.18) per diluted share. Because we expect to continue providing a full valuation allowance against our deferred tax assets, we do not expect to recognize any income tax benefit in fiscal 2018. This non-GAAP adjusted net loss was calculated, before Restructuring charges and CEO transition costs and assumes a tax rate benefit of 26%.
- EBITDA adjusted for the Restructuring charges and CEO transition costs ("adjusted EBITDA"), of $20.0 million to $25.0 million.
- Capital expenditures of approximately $11.4 million, $2.1 million of which will be for new and remodeled stores to the DXL format and $9.3 million for digital and infrastructure projects, partially offset by approximately $1.1 million in tenant allowances. We expect to fund our capital expenditures from our operating cash flow.
- At the end of fiscal 2018, we expect cash flow from operating activities of $20.5 million to $26.5 million (including tenant allowances), resulting in free cash flow, after all capital expenditures, of approximately $9.1 million to $15.1 million (inclusive of costs associated with restructuring and CEO transition).

Financial Summary

Sales

	Second Quarter	First Six Months
	(in millions)	
Sales for fiscal 2017	**$ 121.1**	**$ 228.8**
Less 2017 sales for stores that have closed /converted	(2.3)	(4.8)
Adjustment to sales for the shift in calendar weeks	(1.9)	1.3
	$ 116.9	**$ 225.3**
Increase in comparable sales	3.8	6.1
Non-comparable sales, primarily DXL stores open less than 13 months	2.0	5.1
Other, net	(0.5)	(0.8)
Sales for fiscal 2018	**$ 122.2**	**$ 235.5**

Total sales for the second quarter of fiscal 2018 increased 0.9% to $122.2 million from $121.1 million from the second quarter of fiscal 2017. The increase of $1.1 million in total sales was due to a comparable sales increase of 3.3%, or $3.8 million and an increase of $2.0 million in non-comparable sales from DXL stores open less than 13 months. These increases were partially offset by closed stores of $2.3 million and a $1.9 million shift in calendar weeks due to the 53rd week in fiscal 2017.

Our focus in fiscal 2018 is on achieving topline growth through customer acquisition, customer retention, and customer re-activation, and capturing a greater share of wallet by providing a great guest experience wherever our target customer decides to shop, whether in our stores or online. We are enhancing our digital presence and providing our customers with improved functionality and increased touchpoints across all of our e-commerce platforms with the objective of growing and retaining our customer base. On a trailing twelve-month basis, direct sales as a percentage of total sales were 21.2% at the end of the second quarter of fiscal 2018 as compared to 20.5% at the end of the second quarter of the prior year. For the first six months of fiscal 2018, our direct sales were 20.5%, up from 20.0% for the first six months of the prior year. We also saw increases in conversion, transactions and dollars per transactions during the second quarter, which contributed to topline growth.

Our end-of-rack customer represented 45.6% of our bottoms business, up slightly from 45.4% in the first six months of fiscal 2017.

Gross Profit Margin

For the second quarter of fiscal 2018, our gross margin rate, inclusive of occupancy costs, was 46.3% as compared to a gross margin rate of 46.1% for the second quarter of fiscal 2017. The 20 basis point improvement was the result of a 30 basis point decrease in occupancy costs as a percent of sales partially offset by a decrease of 10 basis points in merchandise margins.

For the first six months of fiscal 2018, our gross margin rate, inclusive of occupancy costs, was 45.5% as compared to 45.7% for the first six months of fiscal 2017. The decrease of 20 basis points was due to a decrease in merchandise margins of 70 basis points partially offset by a 50 basis point improvement in occupancy costs as a percent of sales.

The decrease in merchandise margins for the second quarter and first six months of fiscal 2018 was related primarily to an increase in shipping costs. Occupancy costs, as a percentage of sales, improved as a result of the leveraging of the sales base. For the second quarter of fiscal 2018, occupancy costs decreased $0.2 million, related to closed stores, and were flat for the first six months of fiscal 2018.

Selling, General and Administrative Expenses

As a percentage of sales, SG&A expenses for the second quarter of fiscal 2018 were 39.1% as compared to 40.5% for the second quarter of fiscal 2017. On a dollar basis, SG&A decreased by $1.3 million for the second quarter of fiscal 2018. The decrease was due to a reduction in payroll and payroll related costs of $1.5 million and a $0.5 million decrease in marketing costs. These savings were partially offset by an increase of $0.8 million in costs related to e-commerce and technology initiatives.

For the first six months of fiscal 2018, SG&A expenses were 39.6% as compared to 41.6% for the first six months of fiscal 2017. On a dollar basis, SG&A expenses decreased $1.8 million, primarily due to a decrease in marketing costs of approximately $2.1 million, due to a reduction in the number of weeks in the Spring campaign, and a reduction in payroll and payroll related costs of approximately $1.1 million. These savings were partially offset by an increase of approximately $1.4 million in costs related to e-commerce and technology initiatives.

SG&A expenses are managed through two primary cost centers: Customer Facing Costs and Corporate Support Costs. Customer Facing Costs, which include store payroll, marketing, and other store operating costs, represented 23.6% of sales in the first six months of fiscal 2018 as compared to 24.6% of sales in the first six months of last year. Corporate Support Costs, which include the distribution center and corporate overhead costs, represented 16.1% of sales in the first six months of fiscal 2018 compared to 17.0% of sales in the first six months of last year. The Company will continue to address its SG&A cost structure to improve its EBITDA margins and overall profitability.

Impairment of Assets

In the second quarter of fiscal 2017, we incurred an asset impairment charge of $1.7 million for the write-off of certain store assets. This amount was previously included in depreciation and amortization in the Consolidated Financial Statements for the second quarter and first six months of fiscal 2017 but was reclassified to impairment of assets in the Consolidated Financial Statements for fiscal year 2017. For consistency, the prior year results included in the Consolidated Financial Statements for the second quarter and first six months of fiscal 2018 reflect this year-end reclassification to impairment of assets.

Depreciation and Amortization

Depreciation and amortization for the second quarter of fiscal 2018 decreased $0.5 million to $7.4 million as compared to $7.9 million for the second quarter of fiscal 2017. For the first six months of fiscal 2018, depreciation and amortization decreased $1.0 million to $14.7 million from $15.7 million for the first six months of fiscal 2017. With the DXL store growth substantially complete, our depreciation costs have started to decrease.

Interest Expense, Net

Net interest expense for the second quarter and first six months of fiscal 2018 of $1.0 million and $1.8 million, respectively, increased slightly from $0.8 million and $1.6 million for the second quarter and first six months of fiscal 2017, respectively. Net interest expense for the second quarter and first six months of fiscal 2018 include the write-off of approximately $0.2 million of unamortized debt issuance costs associated with entering into a New Credit Facility and the repayment of the Term Loan Facility, as discussed below. As a result of the New Credit Facility and the repayment of the Term Loan Facility, we expect to realize, on an annualized basis, savings of approximately $0.7 million due to more favorable interest rates.

Income Taxes

At August 4, 2018, we had total deferred tax assets of $52.8 million, total deferred tax liabilities of $4.7 million and a corresponding valuation allowance of $48.1 million. The deferred tax assets included approximately $38.8 million of net operating loss carryforwards and approximately $2.8 million of deferred gain on our sale-leaseback and, to a lesser extent, other book/tax timing differences.

At the end of fiscal 2014, we established a full valuation allowance against our deferred tax assets. Based on our earnings guidance for fiscal 2018, we believe that a full valuation allowance continues to remain appropriate at this time.

Beginning with the first quarter of fiscal 2018, we are calculating our tax provision based on the newly enacted U.S. statutory rate of 21%. Our tax provision for the second quarter and first six months of fiscal 2018 and fiscal 2017 was primarily due to current state margin tax. The second quarter and first six months of fiscal 2018 included a tax expense of $21,000 and $47,000, respectively, in other comprehensive income (loss), which resulted in a tax benefit on the Consolidated Statement of Operations related to the corresponding decrease in valuation allowance.

Net Loss

For the second quarter of fiscal 2018, we had a net loss of $(1.2) million, or $(0.02) per diluted share, compared with a net loss of $(3.7) million, or $(0.08) per diluted share, for the second quarter of fiscal 2017. For the first six months of fiscal 2018, we had a net loss of $(4.3) million, or $(0.09) per diluted share, as compared with a net loss of $(9.8) million, or $(0.20) per diluted share for the first six months of fiscal 2017.

Results for the second quarter and first six months of fiscal 2018 include a charge of $1.6 million associated with the Company’s restructuring discussed above. Results for the second quarter and first six months of fiscal 2017 included an impairment charge of $1.7 million for the write-down of certain store assets.

On a non-GAAP basis, the adjusted net income (loss) for the second quarter and first six months of fiscal 2018 was $0.01 and $(0.04) per diluted share, respectively, as compared to the adjusted net loss of $(0.03) per diluted share and $(0.12) per diluted share for the second quarter and first six months of fiscal 2017, respectively. The second quarter and first six months of fiscal 2018 was adjusted for the restructuring charge of $1.6 million and the second quarter and first six months of fiscal 2017 was adjusted for the impairment charge of $1.7 million. Further, all periods were adjusted to assume a normalized tax rate of 26%.

Inventory

At August 4, 2018, total inventory was $102.9 million compared to $103.3 million at February 3, 2018 and $112.3 million at July 29, 2017. The 8.4% decrease of $9.4 million from July 29, 2017 was due to inventory initiatives that began in fiscal 2016 to improve timing of receipts and reduce weeks of supply on hand. At August 4, 2018, our clearance inventory, which includes inventory in our "dots" program as well as certain merchandise that has been permanently marked down, represented 10.1% of our total inventory, as compared to 9.8% at July 29, 2017. On a unit basis, our clearance inventory has decreased 6.2% from July 29, 2017 to August 4, 2018.

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 amended and restated in May 2018. Our current cash needs are primarily for working capital (essentially inventory requirements), capital expenditures and growth initiatives. We plan to manage our working capital and it is expected that excess cash from operations will be directed toward our growth initiatives and debt reductions.

Our capital expenditures in fiscal 2018 are expected to be approximately $11.4 million, and while capital expenditures may have to be funded periodically during the year from our credit facility, by the end of fiscal 2018 all capital expenditures are expected to be funded from cash flow from operations. We currently believe that our existing cash generated by operations together with our credit facility will be sufficient within current forecasts for us to meet our foreseeable liquidity requirements.

For fiscal 2018, we expect cash flow from operating activities of $20.5 million to $26.5 million (including tenant allowances), and positive free cash flow of $9.1 million to $15.1 million that we expect to use to reduce outstanding debt.

Cash flow from operations for the first six months of fiscal 2018 was $6.8 million, compared to $14.3 million for the first six months of fiscal 2017. This decrease in cash flow from operations was primarily due to the prior year benefiting by approximately $5.0 million from inventory reduction initiatives and a decrease from the prior year in tenant allowances of approximately $3.0 million, which corresponds to our decrease in capital expenditures. Capital expenditures for the first six months of fiscal 2018 decreased to $7.4 million as compared to $13.8 million for the first six months of fiscal 2017, due to opening fewer stores. For the first six months of fiscal 2018, we opened two DXL stores, one DXL outlet store and rebranded three Casual Male XL stores to DXL stores, as compared to 15 store openings for the first six months of fiscal 2017. Partially offsetting this decrease in store capital was an increase in capital expenditures related to our IT and website initiatives. The majority of the planned capital for these IT and website initiatives was incurred in the first half of fiscal 2018. Free cash flow, a non-GAAP measure, was $(0.6) million for the first six months of fiscal 2018 as compared to $0.6 million for the first six months of fiscal 2017.

The following is a summary of our total debt outstanding at August 4, 2018 with the associated unamortized debt issuance costs:

(in thousands)	Gross Debt Outstanding	Less Debt Issuance Costs	Net Debt Outstanding
Credit facility	$ 46,832	$ (402)	$ 46,430
FILO loan	15,000	(271)	14,729
Total debt	$ 61,832	$ (673)	$ 61,159

New Credit Facility

In the second quarter of fiscal 2018, we amended and restated our credit facility with Bank of America, N.A (our "New Credit Facility") which extended the maturity date to May 24, 2023. The New Credit Facility continues to provide for a maximum committed borrowing of $125.0 million, which, pursuant to an accordion feature, could be increased to $175.0 million upon our request and the agreement of the lender(s) participating in the increase (the "Revolving Facility"). The New 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 New Credit Facility will bear interest, calculated under either the Federal Funds rate or the LIBOR rate, at a rate equal to the following: (a) the Federal Funds rate plus a varying percentage based on the Company's excess availability, of either 0.25% or 0.50%, 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 1.25% or 1.50%.

We had outstanding borrowings of $46.8 million under the New Credit Facility at August 4, 2018. At August 4, 2018, outstanding standby letters of credit were $2.8 million and outstanding documentary letters of credit were $0.5 million. The average monthly borrowing outstanding under the our credit facility during the first six months ended August 4, 2018 was approximately $57.1 million, resulting in an average unused excess availability of approximately $33.3 million. Unused excess availability at August 4, 2018 was $41.3 million.

The New Credit Facility also included a FILO facility for $15.0 million, the proceeds of which were used to repay our previous Term Loan Facility. The total borrowing capacity under the FILO Facility 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. There can be no voluntary prepayments on the FILO Facility during the first year. After its one-year anniversary, the FILO Facility can be repaid, in whole or in part, subject to certain payment conditions.
Borrowings made under the FILO Facility will bear interest, calculated under either the Federal Funds rate or the LIBOR rate, at a rate equal to the following: (a) the Federal Funds rate plus a 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%. At August 4, 2018, the outstanding balance of $15.0 million was in a 2-month LIBOR-based contract with an interest rate of 4.87%.

Equipment Financing Loans

We previously entered into twelve Equipment Security Notes (the "Notes"), whereby we borrowed an aggregate of $26.4 million. The Notes, which were issued between September 2013 and June 2014, were issued pursuant to a Master Loan and Security Agreement with Banc of America Leasing & Capital, LLC, dated July 20, 2007 and most recently amended on September 30, 2013. The Notes were secured by a security interest in all of our rights, title and interest in and to certain equipment. The Notes accrued interest at fixed rates ranging from 3.07% to 3.50%. During the second quarter of fiscal 2018, the Company repaid in full the remaining balance on these Notes, without penalty.

Term Loan, Due 2019

We previously had a senior secured term loan facility with Wells Fargo Bank, National Association as administrative and collateral agent (the "Term Loan Facility"). The interest rate on the Term Loan Facility was equal to the greater of (a) 1.00% and (b) the one-month LIBOR rate, plus 6.50%. The Term Loan Facility, with a maturity date of October 29, 2019 and an outstanding balance of $11.5 million, was repaid in full, without penalty, during the second quarter of fiscal 2018 in connection with the New Credit Facility.

Capital Expenditures

The following table sets forth the open stores and related square footage at August 4, 2018 and July 29, 2017, respectively:

	August 4, 2018		July 29, 2017	
Store Concept	Number of Stores	Square Footage	Number of Stores	Square Footage
(square footage in thousands)				
DXL Retail	216	1,683	206	1,630
DXL Outlets	15	78	14	72
Casual Male XL Retail	68	230	84	291
Casual Male Outlets	30	91	33	104
Rochester Clothing	5	51	5	51
Total Stores	334	2,133	342	2,148

Below is a summary of store openings and closings from February 3, 2018 to August 4, 2018:

Number of Stores:	DXL	DXL Outlets	Casual Male XL Retail	Casual Male XL Outlets	Rochester Clothing	Total Stores
At February 3, 2018	212	14	78	33	5	342
New stores(1)	1	—	—	—	—	1
Rebranded stores (2)	3	—	(3)	—	—	—
Replaced stores(3)	1	1	(1)	(1)	—	—
Closed retail stores(4)	(1)	—	(6)	(2)	—	(9)
At August 4, 2018	216	15	68	30	5	334

(1) Represents stores opened in new markets.
(2) Represents Casual Male XL stores that were remodeled and rebranded to a DXL store.
(3) Represents the total number of DXL stores opened in existing markets with the corresponding total number of Casual Male XL stores closed in such markets in connection with those DXL store openings.
(4) Represents closed stores for which there were no corresponding openings in the same market.

Our capital expenditures for the first six months of fiscal 2018 were $7.4 million as compared to $13.8 million for the first six months of fiscal 2017. We have opened 2 DXL retail stores, 1 DXL outlet and rebranded 3 Casual Male XL stores to a DXL during the first six months of fiscal 2018 as compared to 14 DXL retail stores and 1 DXL outlet for the first six months of fiscal 2017.

For fiscal 2018, our capital expenditures are expected to be approximately $11.4 million and we expect to receive approximately $1.1 million in tenant allowances to offset these expenditures. This includes approximately $2.1 million, excluding any allowance, related to the opening of 2 new DXL retail stores, the remodeling of 3 Casual Male XL to DXL retail stores and 1 DXL outlet store, and approximately $9.3 million for continued information technology projects, website initiatives and general overhead projects. In addition, for fiscal 2018, we expect to close approximately 9 Casual Male XL stores, 3 Casual Male XL outlet stores and 1 DXL store.

CRITICAL ACCOUNTING POLICIES

There have been no material changes to the critical accounting policies and estimates disclosed in our Form 10-K for the year ended February 3, 2018. 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, EBITDA 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. The above discussion includes an adjusted net income (loss) for the second quarter and first six months of fiscal 2018 and fiscal 2017 on a non-GAAP basis, which reflected results before corporate restructuring, impairment charges and assumes a normal tax rate of 26%. 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 income (loss) provides investors with a useful indication of the financial performance of the business, on a comparative basis, assuming a normalized effective tax rate of 26%.

The following is a reconciliation of the net loss to adjusted net income (loss), adjusted for corporate restructuring charge and impairment charges and assumes a normal tax rate of 26% for the second quarter and first six months of fiscal 2018 and fiscal 2017:

	For the three months ended				For the six months ended			
	August 4, 2018		July 29, 2017		August 4, 2018		July 29, 2017	
(in thousands, except per share data)	$	Per diluted share	$	Per diluted share	$	Per diluted share	$	Per diluted share
Net loss (GAAP basis)	$ (1,185)	$ (0.02)	$ (3,731)	$ (0.08)	$ (4,295)	$ (0.09)	$ (9,796)	$ (0.20)
Adjust:								
Corporate restructuring	1,570	0.03	-	-	1,570	0.03	-	-
Impairment of assets	-	-	1,718	0.04	-	-	1,718	0.03
Add back actual income tax provision	5	0.00	35	0.00	3	0.00	64	0.00
Add income tax (provision) benefit, assuming a normal tax rate of 26%	(101)	(0.00)	514	0.01	708	0.01	2,084	0.04
Adjusted net income (loss) (non-GAAP basis)	$ 289	$ 0.01	$ (1,464)	$ (0.03)	$ (2,014)	$ (0.04)	$ (5,930)	$ (0.12)
Weighted average number of common shares outstanding on a:								
diluted basis for a net loss position		49,060		48,556		48,926		49,146
diluted basis for a net income position		49,549		-		-		-

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

The following table reconciles free cash flow:

	For the six months ended	
(in millions)	August 4, 2018	July 29, 2017
Cash flow from operating activities (GAAP basis)(1)	$ 6.8	$ 14.3
Capital expenditures, infrastructure projects	(6.1)	(3.6)
Capital expenditures for DXL stores	(1.3)	(10.2)
Free Cash Flow (non-GAAP basis)	$ (0.6)	$ 0.6

(1) Cash flow from operating activities includes lease incentives received against our capital expenditures, which are deferred and amortized into earnings over the lease term.

EBITDA and Adjusted EBITDA. EBITDA is calculated as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA before restructuring charges, impairment charges and CEO transition costs. We believe that EBITDA and adjusted EBITDA are useful to investors in evaluating our performance. With the significant capital investment we have made over the past several years in connection with DXL store openings, we have increased levels of depreciation and interest, and therefore, management uses EBITDA as a key metric to measure profitability and economic productivity.

The following table is a reconciliation of net loss to adjusted EBITDA:

	For the three months ended		For the six months ended	
	August 4, 2018	July 29, 2017	August 4, 2018	July 29, 2017
(in millions)				
Net loss (GAAP basis)	$ (1.2)	$ (3.7)	$ (4.3)	$ (9.8)
Add back:				
Corporate restructuring	1.6	-	1.6	-
Impairment of assets	-	1.7	-	1.7
Provision for income taxes	-	-	-	0.1
Interest expense	1.0	0.8	1.8	1.6
Depreciation and amortization	7.4	7.9	14.7	15.7
Adjusted EBITDA (non-GAAP basis)	$ 8.8	$ 6.7	$ 13.9	$ 9.3

Fiscal 2018 Outlook - GAAP to Non-GAAP Reconciliations.

The following table is a reconciliation of non-GAAP measures used in our Fiscal 2018 Outlook:

	Projected Fiscal 2018	
(in millions, except per share data)		*per diluted share*
Net loss (GAAP basis)	$(13.2)-$(18.2)	
Add back:		
Restructuring charge and CEO transition costs	5.9	
Provision for income taxes	0.1	
Interest expense	3.1	
Depreciation and amortization	29.1	
Adjusted EBITDA (non-GAAP basis)	$20.0-$25.0	
Net loss (GAAP basis)	$(13.2)-$(18.2)	$(0.27)-$(0.37)
Add back restructuring charge and CEO transition costs	5.9	$0.12
Add back tax provision and record benefit assuming 26%	2.0 - 3.2	$0.04-$0.07
Adjusted net loss (non-GAAP basis)	$(5.3) -$(9.1)	$(0.11)-$(0.18)
Weighted average common shares outstanding - diluted	49.1	
Cash flow from operating activities (GAAP basis)	$20.5 -$26.5	
Capital expenditures, infrastructure projects	(9.3)	
Capital expenditures for DXL stores	(2.1)	
Free Cash Flow (non-GAAP basis)	$9.1-$15.1	

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of business, our financial position and results of operations are routinely subject to a variety of risks, including market risk associated with interest rate movements on borrowings 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 the Revolving Facility of our Credit Facility to fund our working capital needs. Our Credit Facility is not used for trading or speculative purposes. As part of our Credit Facility, we also have an outstanding $15.0 million FILO loan. In addition, we have available letters of credit as sources of financing for our working capital requirements. Borrowings under the Credit Facility, which expires May 24, 2023, bear interest at variable rates based on Bank of America’s prime rate or LIBOR. At August 4, 2018, the interest rate on our prime based borrowings was 5.25%. At August 4, 2018, the $15.0 million outstanding under our FILO loan were in a LIBOR contract with an interest rate of 4.87% and approximately $42.0 million of our outstanding borrowings under our Revolving Facility were in LIBOR contracts with an interest rate of 3.25%.

Based upon a sensitivity analysis as of August 4, 2018, assuming average outstanding borrowing during the first three months of fiscal 2018 of $57.1 million under our Revolving Facility and $15.0 million outstanding under our FILO loan, a 50 basis point increase in interest rates would have resulted in a potential increase in interest expense of approximately $360,500 on an annualized basis.

Foreign Currency

Our Rochester Clothing store located in London, England conducts business in British pounds and our two DXL stores located in Ontario, Canada conduct business in Canadian dollars. As of August 4, 2018, sales from these stores were immaterial to consolidated sales. As such, we believe that movement in foreign currency exchange rates will not have a material adverse effect on our financial position or results of operations.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of August 4, 2018. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of August 4, 2018, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended August 4, 2018 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 Form 10-K for the year ended February 3, 2018.

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.

3.1	Restated Certificate of Incorporation of the Company (conformed copy incorporating all amendments through August 9, 2018).
10.1	Seventh Amended and Restated Credit Agreement, dated as of May 24, 2018, by and among Bank of America, N.A., as Administrative Agent and Collateral Agent, the Lenders identified therein, 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 May 30, 2018, and incorporated herein by reference).*
10.2	Second Amended and Restated Long-Term Incentive Plan (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 22, 2018, and incorporated herein by reference).
10.3	First Amendment to the Transition Agreement dated as of June 25, 2018 between the Company and David A. Levin (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 25, 2018, and incorporated herein by reference).
10.4	Second Amendment to the Transition Agreement dated as of July 31, 2018 between the Company and David A. Levin (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 31, 2018, and incorporated herein by reference).
10.5	Letter Agreement, dated June 11, 2018, by and among the Company and J. Carlo Cannell and Capital Cannell LLC (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 12, 2018, 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 The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended August 4, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements.

* Portions of this Exhibit have been omitted pursuant to a request for confidential treatment.

SIGNATURES

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

DESTINATION XL GROUP, INC.

Date: August 30, 2018

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)

RESTATED
CERTIFICATE OF INCORPORATION

OF

DESTINATION XL GROUP, INC.

(*Conformed copy incorporating all amendments through August 9, 2018*)

The undersigned, a duly authorized officer of Destination XL Group, Inc. (the "Corporation"), a corporation organized and existing under the Laws of the State of Delaware, does hereby certify as follows:

A: The name of the Corporation is Destination XL Group, Inc., originally incorporated under the name "KARA ENTERPRISES, INC." The Corporation's original Certificate of Incorporation was filed with the Secretary of the State of Delaware on January 26, 1976.

This Restated Certificate of Incorporation (the "Restated Certificate of Incorporation") was duly adopted in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware and only restates and integrates and does not further amend the provisions of the Corporation's Certificate of Incorporation as heretofore amended or supplemented and there is no discrepancy between those provisions and the provisions of the Restated Certificate of Incorporation.

B: The Certificate of Incorporation of the Corporation is hereby restated so as to read in its entirety as follows:

FIRST: The name of this corporation is Destination XL Group, Inc.

SECOND: The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, Wilmington, County of New Castle, and the name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is as follows:

To engage in retail or wholesale distribution, marketing and sale of clothing, apparel and related goods and products; to purchase or lease and maintain real property for the purpose of operating retail stores or outlets, warehouses, corporate headquarters or other related facilities; to develop, market and distribute financial, merchandising and data processing systems (including, without limitation, computer software programs) for inventory and cost control, sales reporting, financial accounting and other financial and managerial control purposes; and to engage in any businesses related to or arising from the foregoing.

To conduct or engage in any lawful act or activity for which corporations may be organized under

FOURTH: Shares, Reclassification, and Transfer Restrictions

4.1. *Authorized Shares.*

The total authorized stock of the Corporation shall be 101,000,000 shares, divided into: (i) 100,000,000 shares of Common Stock having a par value of $0.01 per share ("**Common Stock**"); and (ii) 1,000,000 shares of Preferred Stock having a par value of $0.01 per share ("**Preferred Stock**").

4.2. [Reserved]

4.3. *Transfer Restrictions.*

Section 4.3.1. Certain Definitions.

As used in this Section 4.3:

"**Acquire**" or "**Acquisition**" and similar terms means the acquisition of record, legal, beneficial or any other ownership of Corporation Securities by any means, including, without limitation, (a) the exercise of any rights under any option, warrant, convertible security, pledge or other security interest or similar right to acquire shares, or (b) the entering into of any swap, hedge or other arrangement that results in the acquisition of any of the economic consequences of ownership of Corporation Securities, but shall not include the acquisition of any such rights unless, as a result, the acquirer would be considered an owner.

"**Business Day**" means any day, other than a Saturday, Sunday or day on which banks located in Boston, Massachusetts, are authorized or required by law to close.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Corporation Securities**" means (a) shares of Common Stock, (b) shares of Preferred Stock of any class or series of Preferred Stock, (c) warrants, rights or options (including within the meaning of Treasury Regulation Section 1.382-2T(h)(4)(v)) to purchase stock of the Corporation, and (d) any other interests that would be treated as "stock" of the Corporation pursuant to Treasury Regulation Section 1.382-2T(f)(18).

"**Effective Date**" means August 27, 2009.

"**Entity**" means an entity within the meaning of Treasury Regulation Section 1.382-3(a)(1).

"**Five Percent Shareholder**" means a Person or group of Persons that is identified as a "5-percent shareholder" of the Corporation Securities pursuant to Treasury Regulation Section 1.382-2T(g)(1), but excluding any "direct public group" with respect to the Corporation, as that term is defined in Treasury Regulation Section 1.382-2T(j)(2)(ii). For the purposes of determining the existence and identity of, and the amount of Corporation Securities owned by, any Five Percent Shareholder, the Corporation is entitled to rely conclusively on (a) the existence and absence of filings of Schedules 13D or 13G under the Securities Exchange Act of 1934, as amended (or any similar schedules) as of any date, and (b) its actual knowledge of the ownership of the Corporation Securities.

"**Percentage Stock Ownership**" and similar terms means percentage stock ownership as determined in accordance with Treasury Regulation Section 1.382-2T(g), (h), (j) and (k).

"**Person**" means an individual, corporation, estate, trust, association, limited liability company, partnership, joint venture or similar organization, and also includes a syndicate or group as those terms are used for the purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

"**Prohibited Transfer**" means any purported Transfer of Corporation Securities to the extent that such a Transfer is prohibited and/or void under this Article FOURTH, unless, with respect to any Transfer that would not result in an "ownership change" of the Corporation Securities (within the meaning of Section 382(g) of the Code), the Board of Directors determines that such a Transfer is not a Prohibited Transfer, in its sole discretion and subject to any conditions that it deems reasonable and appropriate in connection with its determination.

"**Restriction Release Date**" means such date, after the Effective Date, that the Board of Directors determines in good faith that it is in the best interests of the Corporation and its stockholders for the transfer restrictions set forth in this Article FOURTH to terminate.

"**Restricted Holder**" means a Person or group of Persons that (a) is a Five Percent Shareholder and Acquires or proposes to Acquire Corporation Securities, or (b) is proposing to Acquire Corporation Securities, and following such proposed Acquisition of Corporation Securities, would be a Five Percent Shareholder.

"**Tax Benefits**" means the net operating loss carryovers, capital loss carryovers, general business credit carryovers, alternative minimum tax credit carryovers and foreign tax credit carryovers, as well as any "net unrealized built-in loss" within the meaning of Section 382 of the Code, of the Corporation or any direct or indirect subsidiary thereof.

"**Transfer**" means any direct or indirect Acquisition, sale, transfer, assignment, conveyance, pledge or other disposition of Corporation Securities in any manner whatsoever, whether voluntary or involuntary, by operation of law or otherwise, or any attempt to do any of the foregoing. A Transfer shall also include the creation or grant of an option (including within the meaning of Treasury Regulation Section 1.382-2T(h)(4)(v)). A Transfer shall not include an issuance or grant of Corporation Securities by the Corporation.

"**Treasury Regulation**" means a Treasury Regulation promulgated under the Code.

Section 4.3.2. Transfer Restrictions.

(a) From and after the Effective Date and prior to the Restriction Release Date, subject to Section 4.3.2(b) and (c), no Transfer shall be permitted, and any such purported Transfer shall be void *ab initio*, to the extent that after giving effect to such purported

Transfer (or any series of Transfers of which such Transfer is a part), either (i) any Person or group of Persons shall become a Five Percent Shareholder or (ii) the Percentage Stock Ownership interest in the Corporation of any Five Percent Shareholder shall be increased. The prior sentence is not intended to prevent the Corporation Securities from being DTC-eligible and shall not preclude the settlement of any transactions in the Corporation Securities entered into through the facilities of a national securities exchange or any national securities quotation system, provided, that if the settlement of the transaction would result in a Prohibited Transfer, such Transfer shall nonetheless be a Prohibited Transfer.

(b) The restrictions contained in this Article FOURTH are for the purposes of reducing the risk that any "ownership change" of the Corporation Securities (as defined in the Code) may limit the Corporation's ability to utilize its Tax Benefits. In connection therewith, and to provide for effective policing of these provisions, a Restricted Holder who proposes to Acquire Corporation Securities shall, prior to the date of the proposed Acquisition, request in writing (a "**Request**") that the Board of Directors of the Corporation (or a committee thereof that has been appointed by the Board of Directors) review the proposed Acquisition and authorize or not authorize the proposed Acquisition in accordance with this Section 4.3.2(b) of Article FOURTH. A Request shall be mailed or delivered to the Secretary of the Corporation at the Corporation's principal place of business, or telecopied to the Corporation's telecopier number at its principal place of business. Such Request shall be deemed to have been received by the Corporation when actually received by the Corporation. A Request shall include (i) the name, address and telephone number of the Restricted Holder; (ii) a description of the Restricted Holder's existing direct or indirect ownership of Corporation Securities; (iii) a description of the Corporation Securities that the Restricted Holder proposes to Acquire; (iv) the date on which the proposed Acquisition is expected to take place (or, if the Acquisition is proposed to be made by a Five Percent Shareholder in a transaction on a national securities exchange or any national securities quotation system, a statement to that effect); (v) the name of the proposed transferor of the Corporation Securities that the Restricted Holder proposes to Acquire (or, if the Acquisition is proposed to be made by a Five Percent Shareholder in a transaction on a national securities exchange or any national securities quotation system, a statement to that effect); and (vi) a request that the Board of Directors (or a committee thereof that has been appointed by the Board of Directors) authorize, if appropriate, the Acquisition pursuant to this Section 4.3.2(b) of Article FOURTH. The Board of Directors may authorize an Acquisition by a Restricted Holder, if it determines, in its sole discretion, that, after taking into account the preservation of the Tax Benefits, such Acquisition would be in the best interests of the Corporation and its stockholders. Subject to Section 4.3.2(c), unless and until the Board of Directors determines to authorize a proposed Acquisition by a Restricted Holder, the consummation of such Acquisition shall be a Prohibited Transfer. The Board of Directors may, in its sole discretion, impose any conditions that it deems reasonable and appropriate in connection with authorizing any such Acquisition by a Restricted Holder. In addition, the Board of Directors may, in its sole discretion, require such representations from the Restricted Holder or such opinions of counsel to be rendered by counsel selected by the Board of Directors, in each case as to such matters as the Board of Directors may determine. Any Restricted Holder who makes a Request to the Board of Directors shall reimburse the Corporation, on demand, for all costs and expenses incurred by the Corporation with respect to any proposed Acquisition of Corporation Securities, including, without limitation, the Corporation's costs and expenses incurred in determining whether to authorize the proposed Acquisition, which costs may include, but are not limited to, any expenses of counsel and/or tax advisors engaged by the Board of Directors to advise the Board of Directors or deliver an opinion thereto.

(c) Notwithstanding the foregoing Section 4.3.2(b), the Board of Directors may also authorize a purported prior Acquisition in respect of a Prohibited Transfer, if such Acquisition would not result in an "ownership change" of the Corporation Securities (within the meaning of Section 382(g) of the Code) and the Board of Directors determines, in its sole discretion, that, after taking into account the preservation of the Tax Benefits, such Acquisition would be in the best interests of the Corporation and its stockholders. Any determination by the Board of Directors not to authorize any purported prior Acquisition shall cause such purported prior Acquisition to continue to be deemed a Prohibited Transfer. The Request and Board of Director approval procedures set forth in Section 4.3.2(b) applicable to Restricted Holders with respect to proposed Acquisitions shall also apply to purported prior Acquisitions by any Person or group of Persons.

Section 4.3.3. Treatment of Excess Securities.

(a) No employee or agent of the Corporation shall record any Prohibited Transfer, and the purported transferee of a Prohibited Transfer (the "**Purported Transferee**") shall not be recognized as a stockholder of the Corporation for any purpose whatsoever in respect of the Corporation Securities which are the subject of the Prohibited Transfer (the "**Excess Securities**"). The Purported Transferee shall not be entitled with respect to such Excess Securities to any rights of stockholders of the Corporation, including, without limitation, the right to vote such Excess Securities and to receive dividends or distributions, whether liquidating or otherwise, in respect thereof. Once the Excess Securities have been acquired in a Transfer that is not a Prohibited Transfer, such Corporation Securities shall cease to be Excess Securities.

(b) If the Board of Directors determines that a Prohibited Transfer has been recorded by an agent or employee of the Corporation notwithstanding the prohibition in Section 4.3.3(a) of this Article FOURTH, such recording and the Prohibited Transfer shall be void *ab initio* and have no legal effect and, upon written demand by the Corporation, the Purported Transferee shall transfer or cause to be transferred any certificate or other evidence of ownership of the Excess Securities within the Purported Transferee's possession or control, together with any dividends or other distributions that were received by the Purported Transferee from the Corporation with respect to the Excess Securities (the "**Prohibited Distributions**"), to an agent designated by the Board of Directors (the "**Agent**"). In the event of an attempted Prohibited Transfer involving the purchase or Acquisition of Corporation Securities in violation of this Article FOURTH by a Restricted Holder, the Agent shall thereupon sell to a buyer or buyers, which may include the Corporation or the purported transferor, the Excess Securities transferred to it in one or more arm's-length transactions (including over a national securities exchange or national securities quotation system on which the Corporation Securities may be traded); provided, however, that the Agent, in its sole discretion, shall effect such sale or sales in an orderly fashion and shall not be required to effect any such sale within any specific time frame if, in the Agent's discretion, such sale or sales would disrupt the market for the Corporation Securities, would adversely affect the value of the Corporation Securities or would be in violation of applicable securities laws. If the Purported Transferee has resold the Excess Securities before receiving the

Corporation's demand to surrender the Excess Securities to the Agent, the Purported Transferee shall be deemed to have sold the Excess Securities for the Agent, and shall be required to transfer to the Agent any Prohibited Distributions and proceeds of such sale, except to the extent that the Corporation grants written permission to the Purported Transferee to retain a portion of such sales proceeds not exceeding the amount that the Purported Transferee would have received from the Agent pursuant to Section 4.3.3(c) of this Article FOURTH if the Agent, rather than the Purported Transferee, had resold the Excess Securities.

(c) The Agent shall apply any proceeds of a sale by it of Excess Securities and, if the Purported Transferee had previously resold the Excess Securities, any amounts received by it from a Purported Transferee, as follows: (i) first, to reimburse itself to the extent necessary to cover its costs and expenses incurred in accordance with its duties hereunder; (ii) second, to reimburse the Purported Transferee for the amounts paid by the Purported Transferee for the Excess Securities (or in the case of any Prohibited Transfer by gift, devise or inheritance or any other Prohibited Transfer without consideration, the fair market value, calculated on the basis of the closing market price for the Corporation Securities on the day before the Prohibited Transfer); and (iii) third, the remainder, if any, to the original transferor, or, if the original transferor cannot be readily identified, to an entity designated by the Corporation's Board of Directors that is described in Section 501(c) of the Code, contributions to which must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code. The recourse of any Purported Transferee with respect of any Prohibited Transfer shall be limited to the amount payable to the Purported Transferee pursuant to clause (ii) of this Section 4.3.3(c) of this Article FOURTH. Except as may be required by law, in no event shall the proceeds of any sale of Excess Securities pursuant to this Article FOURTH inure to the benefit of the Corporation or the Agent, except to the extent used to cover expenses incurred by the Agent in performing its duties hereunder.

(d) If the Purported Transferee fails to surrender the Excess Securities or the proceeds of a sale thereof to the Agent within thirty (30) days from the date on which the Corporation makes a demand pursuant to Section 4.3.3(b) of this Article FOURTH, then the Corporation may take such actions as it deems necessary to enforce the provisions hereof, including the institution of legal proceedings to compel such surrender.

(e) If any Person shall knowingly violate, or knowingly cause any other Person under control of such Person (a "**Controlled Person**") to violate this Article FOURTH, then that Person and any Controlled Person shall be jointly and severally liable for, and shall pay to the Corporation, such amount as will, after taking account of all taxes imposed with respect to the receipt or accrual of such amount and all costs incurred by the Corporation as a result of such violation, put the Corporation in the same financial position as it would have been in had such violation not occurred.

Section 4.3.4. Legends; Compliance

(a) All certificates reflecting Corporation Securities on or after the Effective Date shall, until the Restriction Release Date, bear a conspicuous legend in substantially the following form:

THE TRANSFER OF SECURITIES REPRESENTED HEREBY IS SUBJECT TO RESTRICTION PURSUANT TO ARTICLE FOURTH OF THE RESTATED CERTIFICATE OF INCORPORATION OF CASUAL MALE RETAIL GROUP, INC., AS AMENDED AND IN EFFECT FROM TIME TO TIME, A COPY OF WHICH MAY BE OBTAINED FROM THE CORPORATION UPON REQUEST.

(b) The Corporation shall have the power to make appropriate notations upon its stock transfer records and to instruct any transfer agent, registrar, securities intermediary or depository with respect to the requirements of this Article FOURTH for any uncertificated Corporation Securities or Corporation Securities held in an indirect holding system.

(c) Nothing contained in this Article FOURTH shall limit the authority of the Board of Directors of the Corporation to take such other action to the extent permitted by law as it deems necessary or advisable to preserve the Corporation's Tax Benefits. The Board of Directors of the Corporation shall have the power to determine all matters necessary for determining compliance with this Article FOURTH, including, without limitation, determining (i) the identification of Five Percent Shareholders and Restricted Holders; (ii) whether a Transfer or proposed Transfer is a Prohibited Transfer; (iii) the Percentage Stock Ownership in the Corporation of any Five Percent Shareholders and Restricted Holders; (iv) whether an instrument constitutes a Corporation Security; (v) the amount (or fair market value) due to a Purported Transferee; (vi) the interpretation of the provisions of this Article FOURTH; and (vii) any other matters which the Board of Directors deems relevant. In the case of an ambiguity in the application of any of the provisions of this Article FOURTH, including any definition used herein, the Board of Directors shall have the power to determine the application of such provisions with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances. In the event that this Article FOURTH requires an action by the Board of Directors but fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of this Article FOURTH. All such actions, calculations, interpretations and determinations that are done or made by the Board of Directors in good faith shall be final, conclusive and binding on the Corporation, the Agent, and all other parties to a Transfer; provided, however, that the Board of Directors may delegate all or any portion of its duties and powers under this Article FOURTH to a committee of the Board of Directors as it deems advisable or necessary.

(d) Nothing contained in this Article FOURTH shall be construed to give any Person other than the Corporation or the Agent any legal or equitable right, remedy or claim under this Article FOURTH. This Article FOURTH shall be for the sole and exclusive benefit of the Corporation and the Agent.

(e) If any provision of this Article FOURTH or the application of any such provision to any Person or under any circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Article FOURTH.

4.4. *Voting Power, Preferences, and Other Rights of Capital Stock.* The voting power, preferences and relative participating, optional or other special rights and the qualifications, limitations or restrictions of the Common Stock and Preferred Stock are as follows:

Section 4.4.1. Common Stock. The holders of the Common Stock shall be entitled to one vote for each share of Common Stock registered in the name of such holder. The holders of the Common Stock shall be entitled to such dividends as may from time to time be declared by the Board of Directors, but only when and as declared by the Board of Directors, out of any funds legally available for declaration of dividends, and subject to any provisions of this Certificate of Incorporation, as amended from time to time, or of resolutions of the Board of Directors adopted pursuant to authority herein contained, requiring that dividends be declared, paid or set aside upon the outstanding shares of Preferred Stock of any series or upon the outstanding shares of any other class of capital stock ranking senior to the Common Stock as to dividends or that the Corporation fulfill any obligations it may have with respect to the redemption of any outstanding Preferred Stock as a condition to the declaration and/or payment of any dividend on the Common Stock; but no such provisions shall restrict the declaration of payment of any dividend or distribution on the Common Stock payable solely in shares of Common Stock. In the event of the liquidation, dissolution or winding up of the affairs of the Corporation, the holders of the Common Stock shall be entitled to share pro rata in the net assets available for distribution to holders of Common Stock after satisfaction of the prior claims of the holders of shares of Preferred Stock of any series and shares of any other class of capital stock ranking senior to the Common Stock as to assets, in accordance with the provisions of this Certificate of Incorporation, as amended from time to time, or of resolutions of the Board of Directors adopted pursuant to authority herein contained.

Section 4.4.2. Preferred Stock. The Board of Directors is authorized, subject to limitations prescribed by law, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(a) The number of shares constituting that series and the distinctive designation of that series;

(b) The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;

(c) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(d) Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(e) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(f) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(g) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution of winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series; and

(h) Any other relative powers, rights, preferences and limitations of that series.

FIFTH: In furtherance of and not in limitation of powers conferred by statute, it is further provided that:

(a) Subject to the limitations and exceptions, if any, contained in the by-laws of the Corporation, the by-laws may be adopted, amended or repealed by the Board of Directors of the Corporation.

(b) Elections of directors need not be by written ballot.

(c) Subject to any applicable requirements of law, the books of the Corporation may be kept outside the State of Delaware at such location as may be designated by the Board of Directors or in the by-laws of the Corporation.

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders of this Corporation, as the case may be, and also on this Corporation.

EIGHTH: The Corporation shall indemnify each person who at any time is, or shall have been, a director or officer of the Corporation, and is threatened to be or is made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is, or was, a director or officer of the Corporation, or served at the request of the Corporation as a director, officer, employee, trustee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred in connection with any such action, suit or proceeding to the maximum extent permitted by the General Corporation Law of the State of Delaware. The foregoing right of indemnification shall in no way be exclusive of any other rights of indemnification to which any such director or officer may be entitled, under any by-law, agreement, vote of directors or stockholders or otherwise.

NINTH: No director of the Corporation shall be personally liable to the Corporation or to any of its stockholders for monetary damages arising out of such director's breach of fiduciary duty as a director of the Corporation, except to the extent that the elimination or limitation of liability is not permitted by the General Corporation Law of the State of Delaware. No amendment or repeal of this Article NINTH shall deprive a director of the benefits hereof with respect to any act or omission occurring prior to such amendment or repeal.

TENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and this Certificate of Incorporation and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation has been executed by a duly authorized officer of the Corporation on this the ___________th day of ______________, 2018.

DESTINATION XL GROUP, INC.

By:

Name

Title:

Exhibit 31.1

CERTIFICATION

I, David A. Levin, certify that:

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

Date:August 30, 2018

By: /s/ David A. Levin
David A. Levin
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

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

1. I have reviewed this quarterly report on Form 10-Q of Destination XL Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:August 30, 2018

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

Peter H. Stratton, Jr.
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Destination XL Group, Inc. (the “Company”) for the period ended August 4, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David A. Levin, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date:August 30, 2018	By: /s/ David A. Levin
	David A. Levin **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.

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Destination XL Group, Inc. (the “Company”) for the period ended August 4, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Peter H. Stratton, Jr., Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date:August 30, 2018

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.