

DULUTH TRADING CO



William Blair 37th Annual Growth Stock Conference

June 13, 2017



Disclaimer

Forward-Looking Statements

This presentation dated June 13, 2017 includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts included in this presentation, including statements concerning Duluth Holdings Inc.'s (dba Duluth Trading Company) (“Duluth Trading” or the “Company”) plans, objectives, goals, beliefs, business strategies, future events, business conditions, its results of operations, financial position and its business outlook, business trends and certain other information herein are forward-looking statements, including its ability to execute on its growth strategies. You can identify forward-looking statements by the use of words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “believe,” “estimate,” “project,” “target,” “predict,” “intend,” “future,” “budget,” “goals,” “potential,” “continue,” “design,” “objective,” “would” and other similar expressions. The forward-looking statements are not historical facts, and are based upon Duluth Trading's current expectations, beliefs, estimates, and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond Duluth Trading's control. Duluth Trading's expectations, beliefs and projections are expressed in good faith, and Duluth Trading believes there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs, estimates, and projections will be achieved and actual results may vary materially from what is expressed in or indicated by the forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the forward-looking statements, including, among others, the risks, uncertainties, and factors set forth under Part 1, Item 1A “Risk Factors” in Duluth Trading's Annual Report on Form 10-K filed with the SEC on March 22, 2017, and other factors as may be periodically described in Duluth Trading's subsequent filings with the SEC. Forward-looking statements speak only as of the date the statements are made. Duluth Trading assumes no obligation to update forward-looking statements to reflect actual results, subsequent events or circumstances or other changes affecting forward-looking information except to the extent required by applicable securities laws.

Non-GAAP Measurements

Management believes that non-GAAP financial measures may be useful in certain instances to provide additional meaningful comparisons between current results and results in prior operating periods. Within this presentation, reference is made to adjusted earnings before interest, taxes, depreciation and amortization (EBITDA). See Appendix Table “Reconciliation to Adjusted EBITDA,” for a reconciliation of net income to EBITDA and EBITDA to Adjusted EBITDA. Adjusted EBITDA is a metric used by management and frequently used by the financial community, which provides insight into an organization's operating trends and facilitates comparisons between peer companies, since interest, taxes, depreciation and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies. Adjusted EBITDA excludes certain items that are unusual in nature or not comparable from period to period. The Company provides this information to investors to assist in comparisons of past, present and future operating results and to assist in highlighting the results of on-going operations. While the Company's management believes that non-GAAP measurements are useful supplemental information, such adjusted results are not intended to replace the Company's GAAP financial results and should be read in conjunction with those GAAP results.

ONE TOUGH
SON OF A...



FIRE HOSE[®]
WORK PANTS

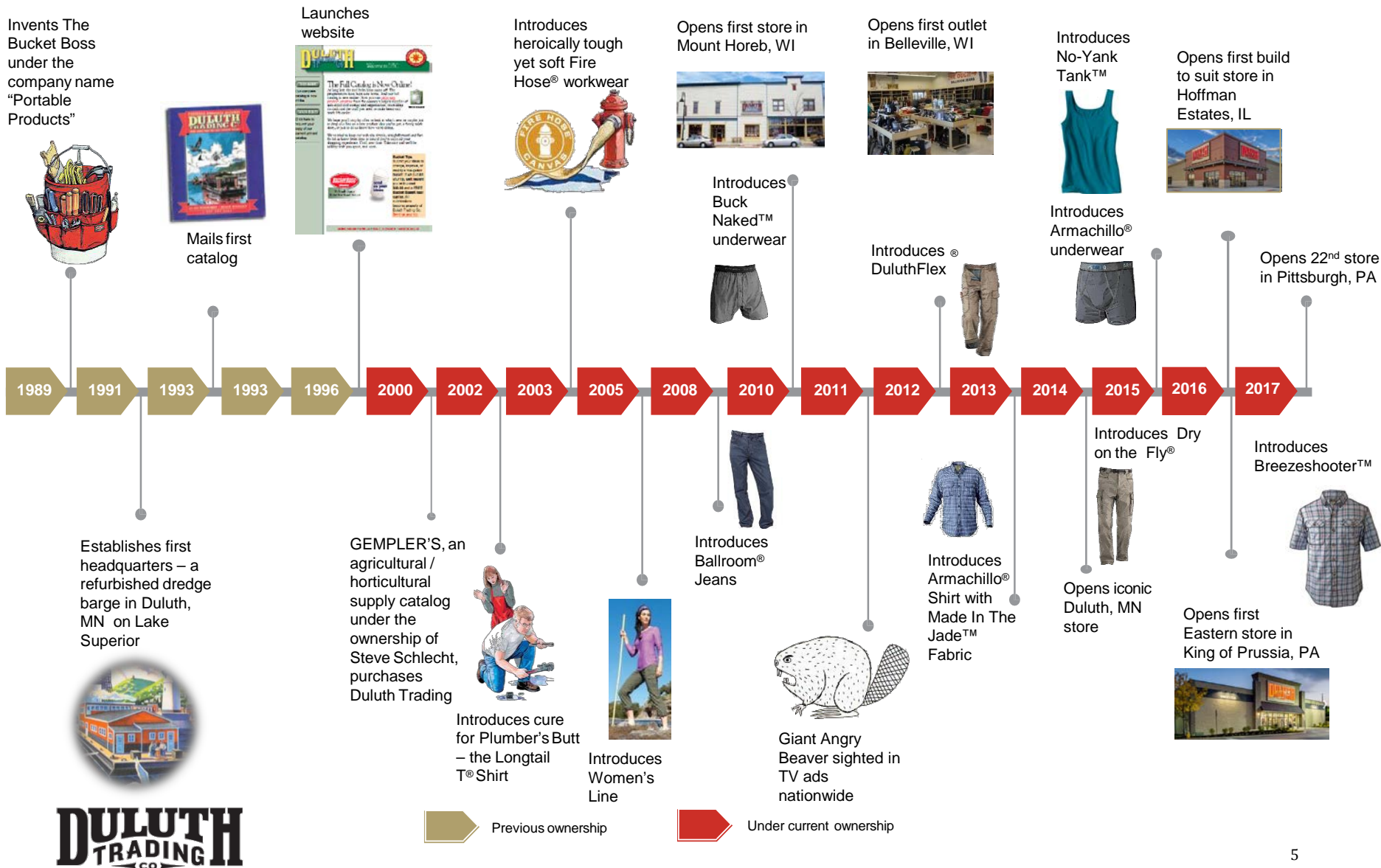
Introduction to Duluth Trading

The Modern, Self-Reliant American Lifestyle

Men and women who are hands-on, value a job well done and are often outdoors for work and hobbies



Duluth Trading Evolution



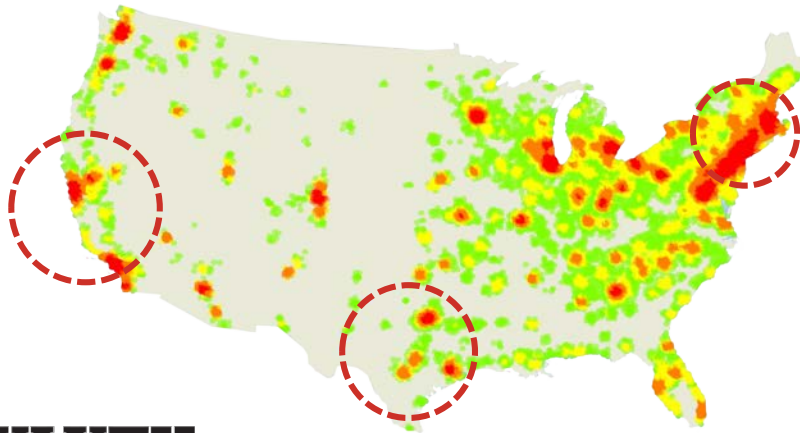
Nationwide Customer Presence

U.S. Population



- ✓ Nationwide customer base aligned geographically with U.S. population
- ✓ Unique ability to know where our customers are through our direct sales channel

Duluth Trading Direct Customers (FY 2016 Net Sales)



Top Three Markets

#1 California

#2 Texas

#3 New York

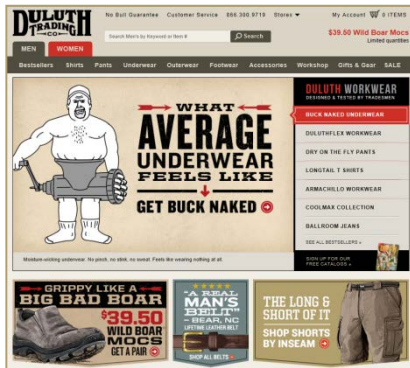
Omnichannel Presence with Distribution Control

Direct Segment

76% of 1Q 2017 Net Sales; 6% YoY Growth

Key Benefits

e-Commerce (84%)



Catalog (16%)



Retail Segment

24% of 1Q 2017 Net Sales; 140% YoY Growth



22 retail stores⁽¹⁾

- ✓ Self-reliant
- ✓ Present our brand in a consistent manner
- ✓ Implement controlled pricing strategy
- ✓ Own the relationship with our customers
- ✓ Capture the full margin of our products
- ✓ Reduce logistics complexities and costs



(1) As of June 13, 2017. Includes two outlet stores.

First Brand Pillar: Solution-Based Design

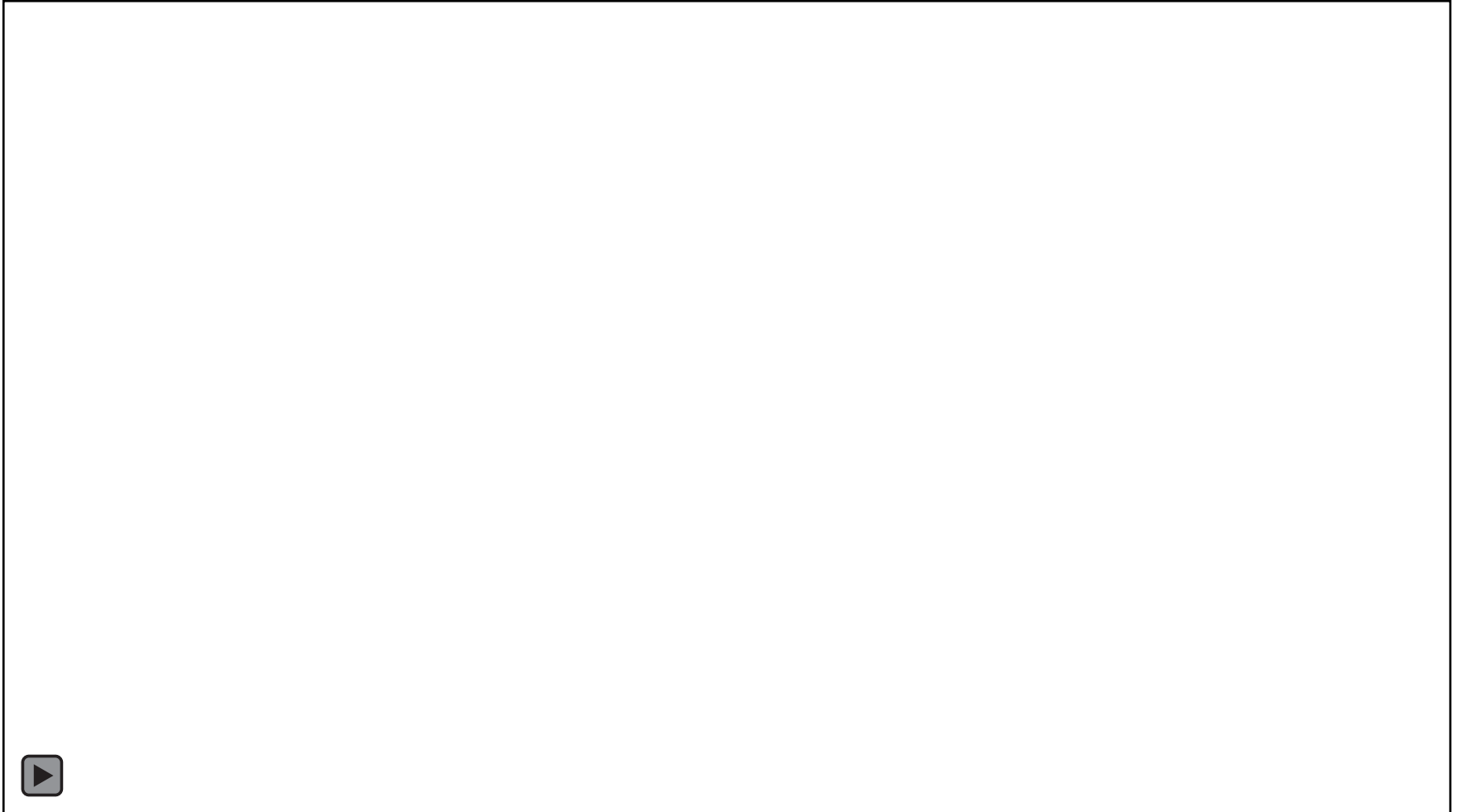
“There’s Gotta Be A Better Way”



**DULUTH
TRADING
CO.**

June 13, 2017

Second Brand Pillar: Humorous and Distinctive Marketing



Second Brand Pillar: Humorous and Distinctive Marketing



Third Brand Pillar: Outstanding and Engaging Customer Experience

Omnichannel brand experience makes shopping fun and hassle-free



Trading Tales

"I've made it to the store! This place is awesome! The staff was very friendly and helpful. Their positive attitudes made the difference from a gadget shopping trip to a full fledged shopping experience."

~David L. Clarksburg, WV.



Growth Strategies

1

Build Brand Awareness to Continue Customer Acquisition

2

Accelerate Retail Expansion

3

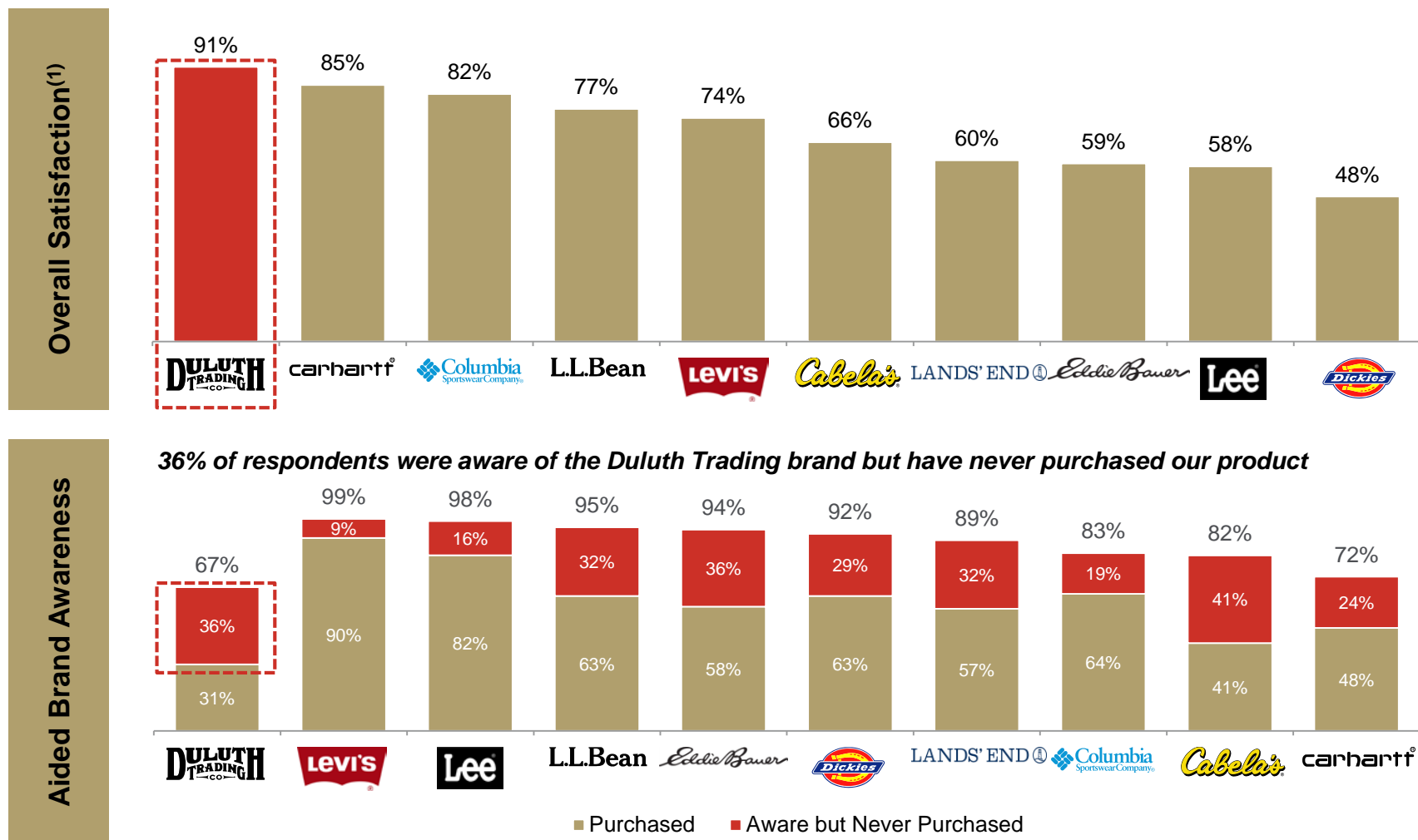
Grow Women's Business

4

Broaden Assortment in Select Men's Product Categories



Highest Customer Satisfaction Presents Opportunity to Expand Brand Awareness

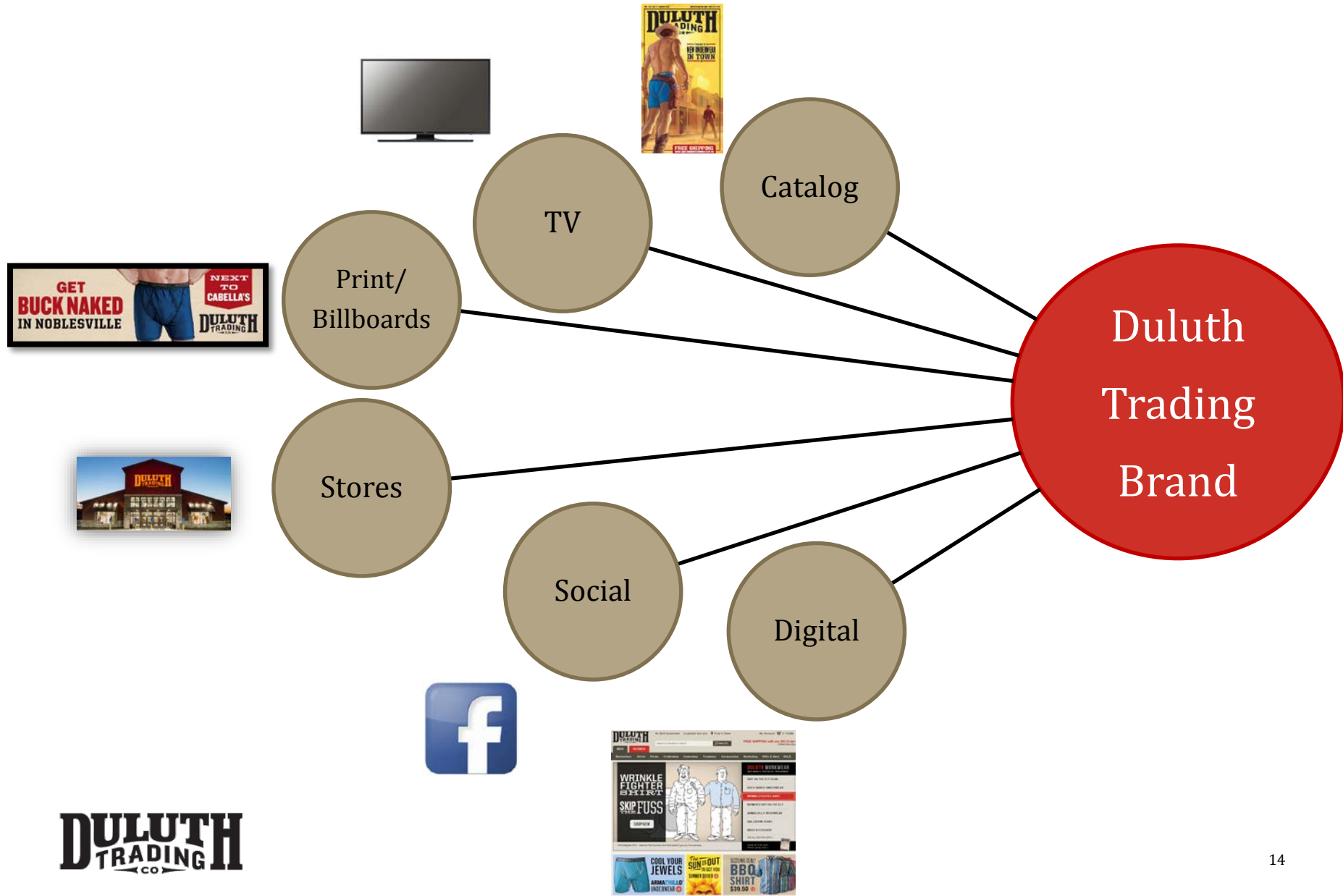


Source: IRI Clothing / Apparel Survey and Duluth Internal Panel, July 2015.

(1) As demonstrated by a score of 6 or 7 in response to the question "How satisfied are you with the overall performance of the following brands?" on a scale from 1-7, where 1=Not at all satisfied and 7=Extremely satisfied.

June 13, 2017

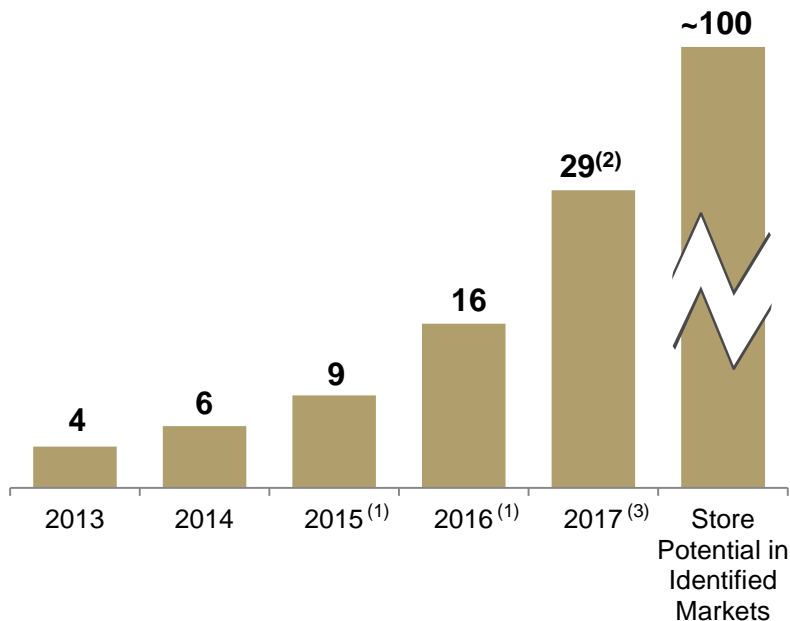
The Omnichannel Experience Builds Brand Awareness and Drives Customer Acquisition



Accelerate Retail Expansion

Significant white space opportunity to grow our U.S. retail presence

Retail Store Footprint



- Existing stores profitable in both metropolitan and rural locations across multiple markets
- Identified markets with ~100 locations that have attractive customer and population density metrics
- High concentration of existing Duluth Trading customers and potential customers that fit our brand demographics
- Utilize current customer data from direct segment to help identify new geographies and store locations

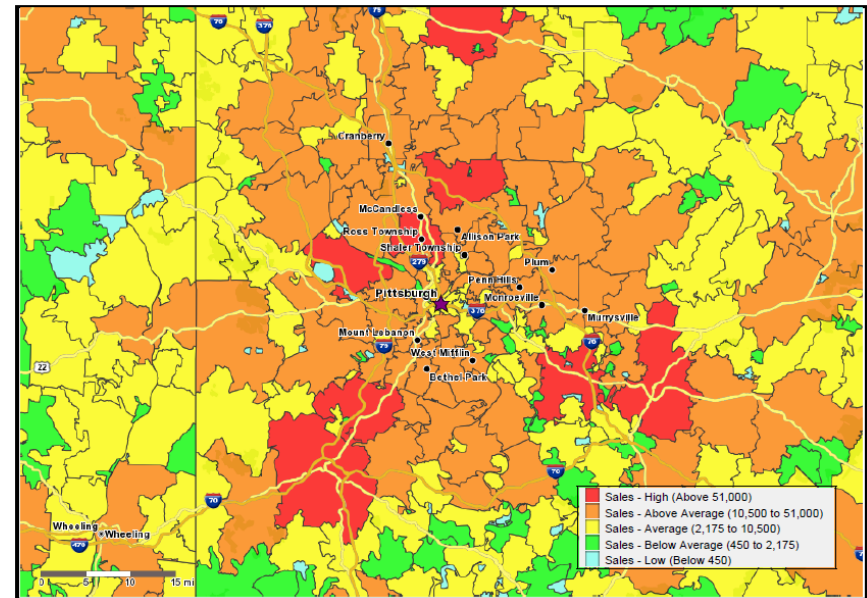


- (1) Includes two outlet stores.
- (2) Projected number of stores for 2017.
- (3) Includes three outlet stores.

Site Selection Overview

Use customer data from direct sales channel to identify new geographies and locations

- Select specific site based on:
 - Current customer recommendations
 - Access to freeway
 - High visibility
 - Ample parking
- Opportunity across urban and rural markets, including the ability to open multiple stores in local areas within major MSAs
- Flexibility in store format and size based on market needs and site availability
- Direct channel and current store sales data informs future merchandising decisions



Delivering a Consistent Duluth Retail Experience

- Expanded Manager-in-Training Program
- Introduced Area Manager role
- Created Director of Store Operations role
- Scalable store opening process



Flexible Store Strategy

Renovations



- Ankeny, IA
- Bloomington, MN
- Downers Grove, IL
- Fridley, MN
- King of Prussia, PA
- Manassas, VA
- Omaha, NE
- Macomb, MI
- Burlington, MA
- Warwick, RI

Build to Suit



- Hoffman Estates, IL
- Independence, MO
- Noblesville, IN
- West Chester, OH
- Pittsburgh, PA

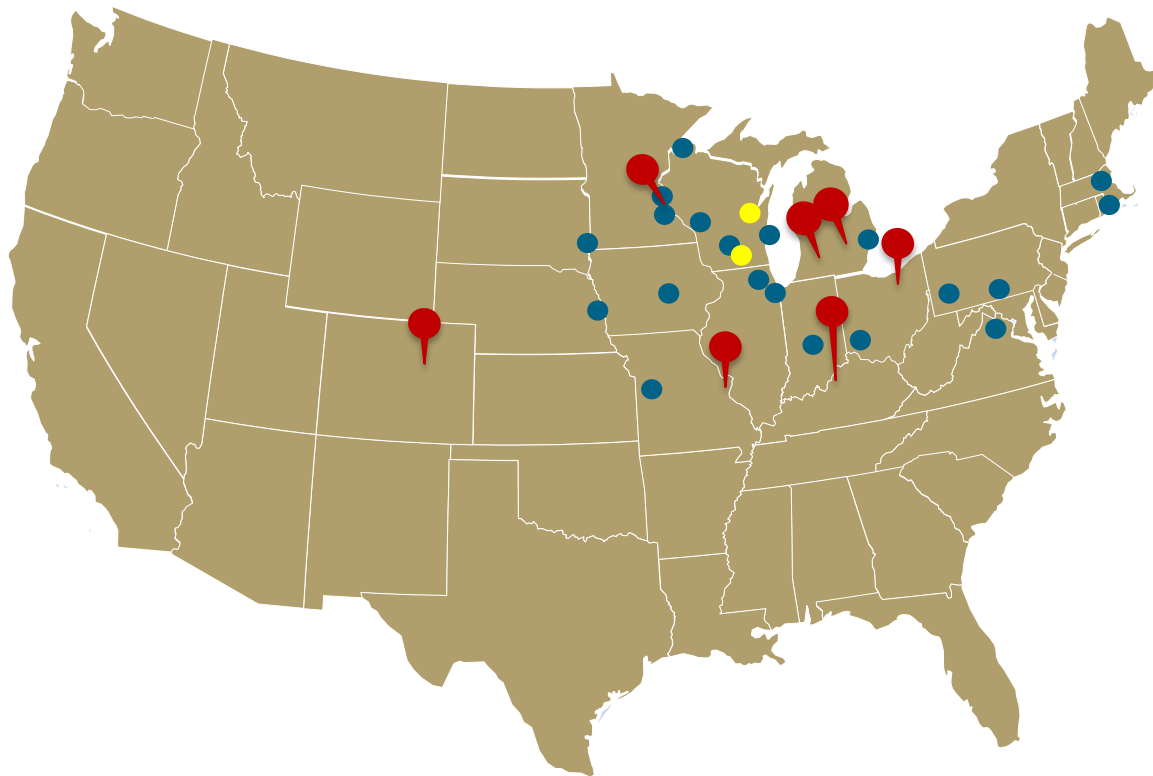
Iconic Restorations



- Duluth, MN
- LaCrosse, WI
- Mt. Horeb, WI
- Port Washington, WI
- Sioux Falls, SD



Announced Store Openings Balance of 2017



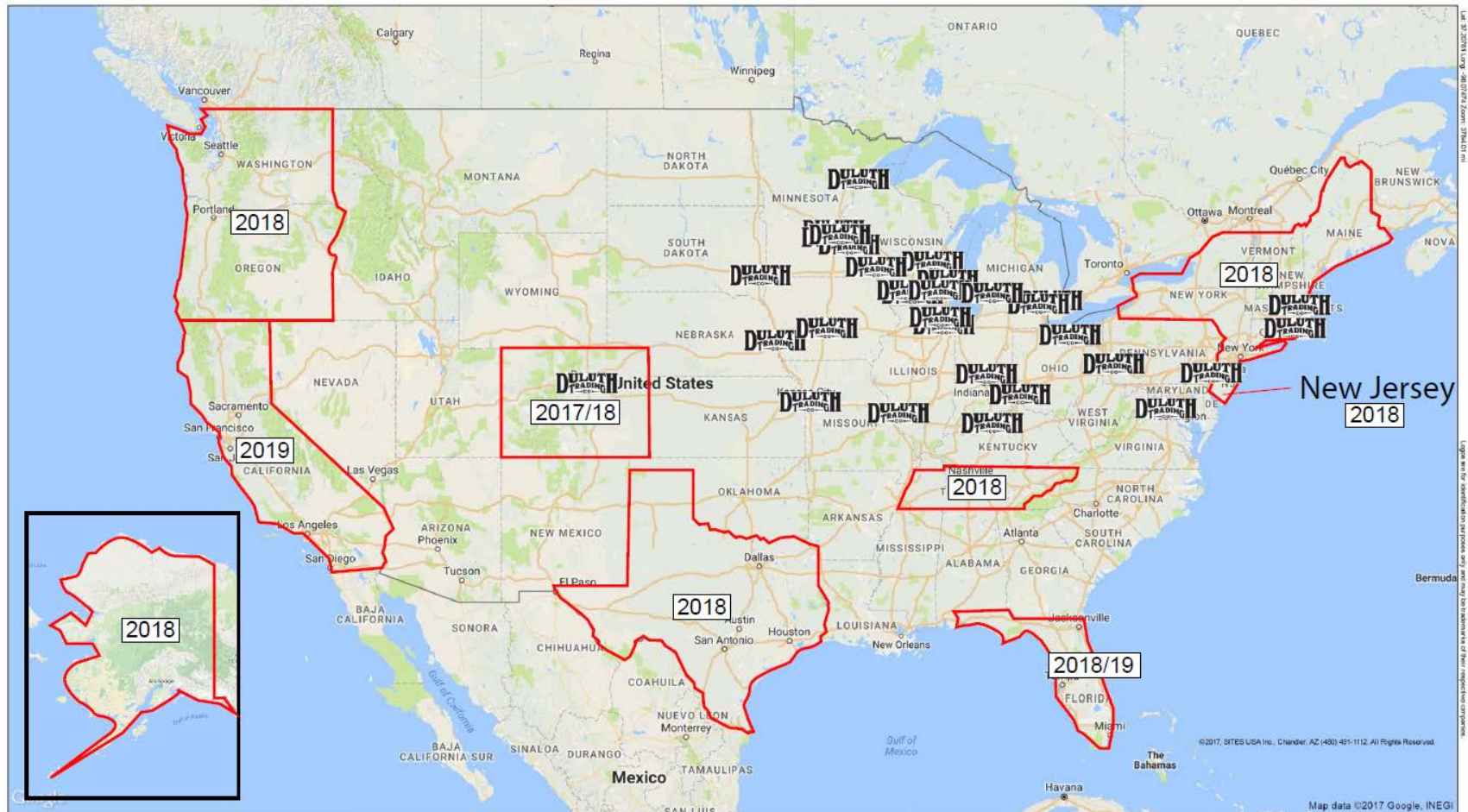
- Red Wing, MN (outlet) (2Q FY17)
- St. Charles, MO (3Q FY17)
- Thornton, CO (3Q FY17)
- Avon, OH (3Q FY17)
- Louisville, KY (4Q FY17)
- Wixom, MI (4Q FY17)
- Grandville, MI (4Q FY17)

● Full Line

● Outlet

2017-2019 Retail Store Expansion Plan

Retail store expansion plan reflects strategy to phase openings in geographic clusters



Retail Stores Create Incremental Growth Over Time

First 12 Months of
Retail Store
Opening

**Deceleration of direct growth
vs. national average**

After 12 Months of
Retail Store
Opening

**Acceleration of direct growth
vs. national average**



Grow Women's Business

Expand offering to appeal to a wider range of women and lifestyle needs



- 45% CAGR from CY2012-FY2016 to 21% of Net Sales
- Highly differentiated products in crowded space of women's apparel
- Women have lower awareness of our brand than men yet report high levels of satisfaction once they have tried our products⁽¹⁾
- Continue to leverage all media channels and increase marketing spend as a percentage of total to drive awareness and customer acquisition
- Introduce innovative product that solve unmet needs – No Yank Tank and Dry on the Fly for Women

Broaden Assortments in Select Men's Categories

90% of Duluth men live the Modern, Self-Reliant American Lifestyle yet have indoor jobs



- **Reaching deeper into his closet:**
 - Extend core products through color, fabric and size
 - Increase penetration in spring and transitional product (rain, mid-weight jackets, etc.)
 - Continue to introduce products that expand occasions for wear whether at work or at leisure

HANDLE



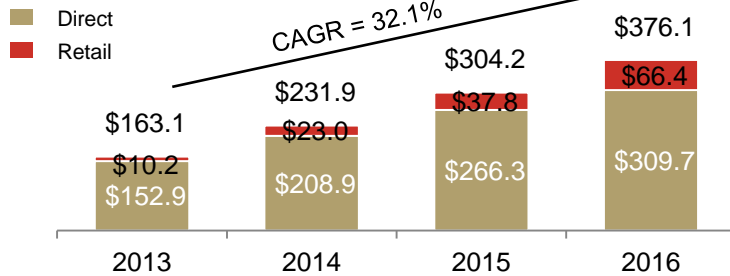
THE
SUITS

Financial Review

Historical Annual Financials

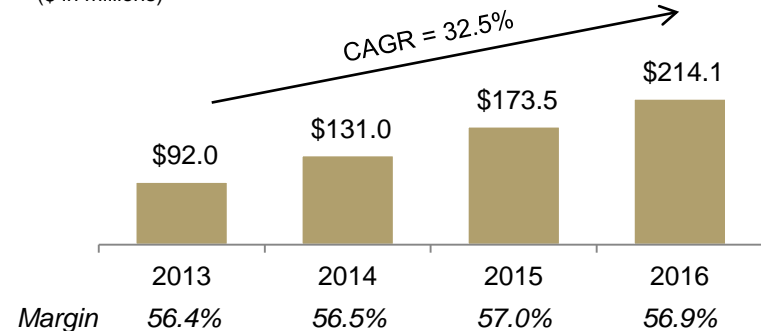
Net Sales

(\$ in millions)



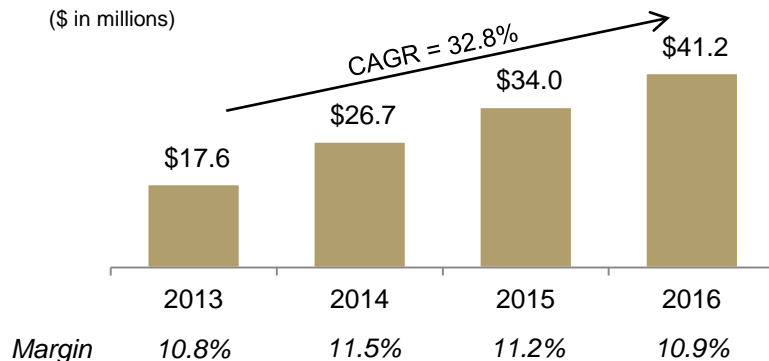
Gross Profit

(\$ in millions)



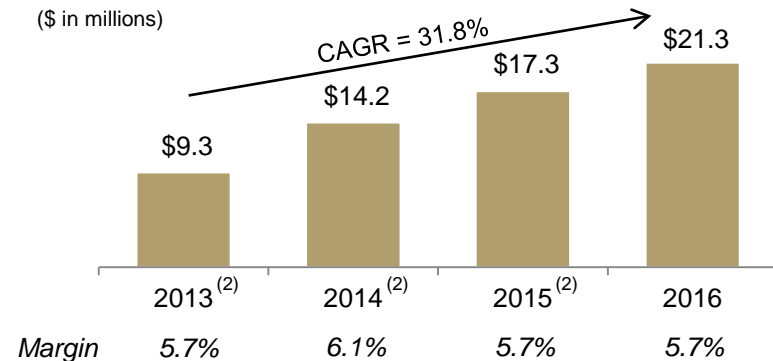
Adjusted EBITDA⁽¹⁾

(\$ in millions)



Net Income

(\$ in millions)



(1) Adjusted to reflect the add-back of tax related payments from employee stock awards and stock compensation expense.

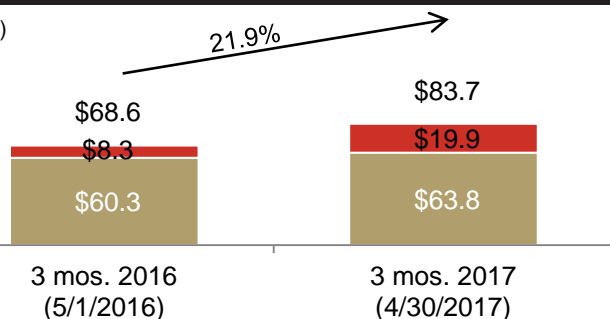
(2) Pro Forma Net Income - adjusted for a 40% tax rate for comparability purposes. Excludes net income attributable to noncontrolling interest.

Three Months Ended April 30, 2017

Net Sales

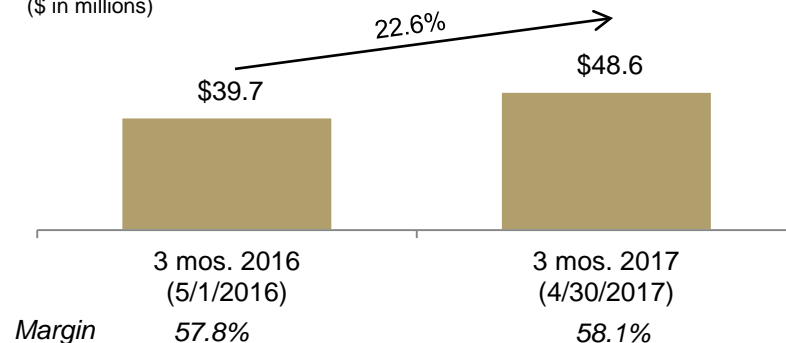
(\$ in millions)

■ Direct
■ Retail



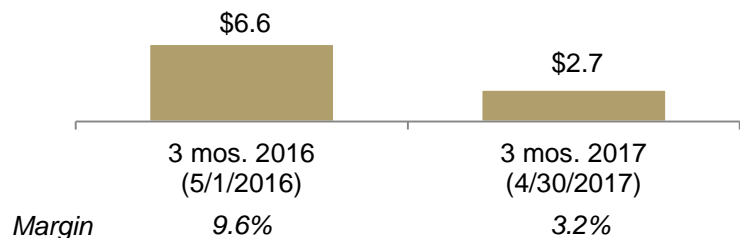
Gross Profit

(\$ in millions)



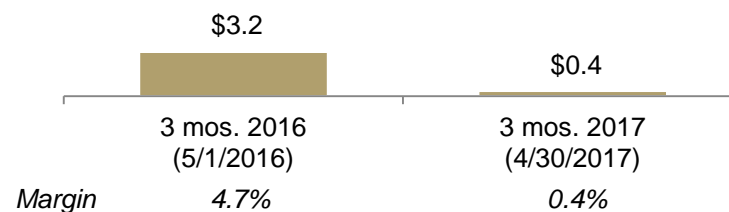
Adjusted EBITDA⁽¹⁾

(\$ in millions)



Net Income⁽²⁾

(\$ in millions)

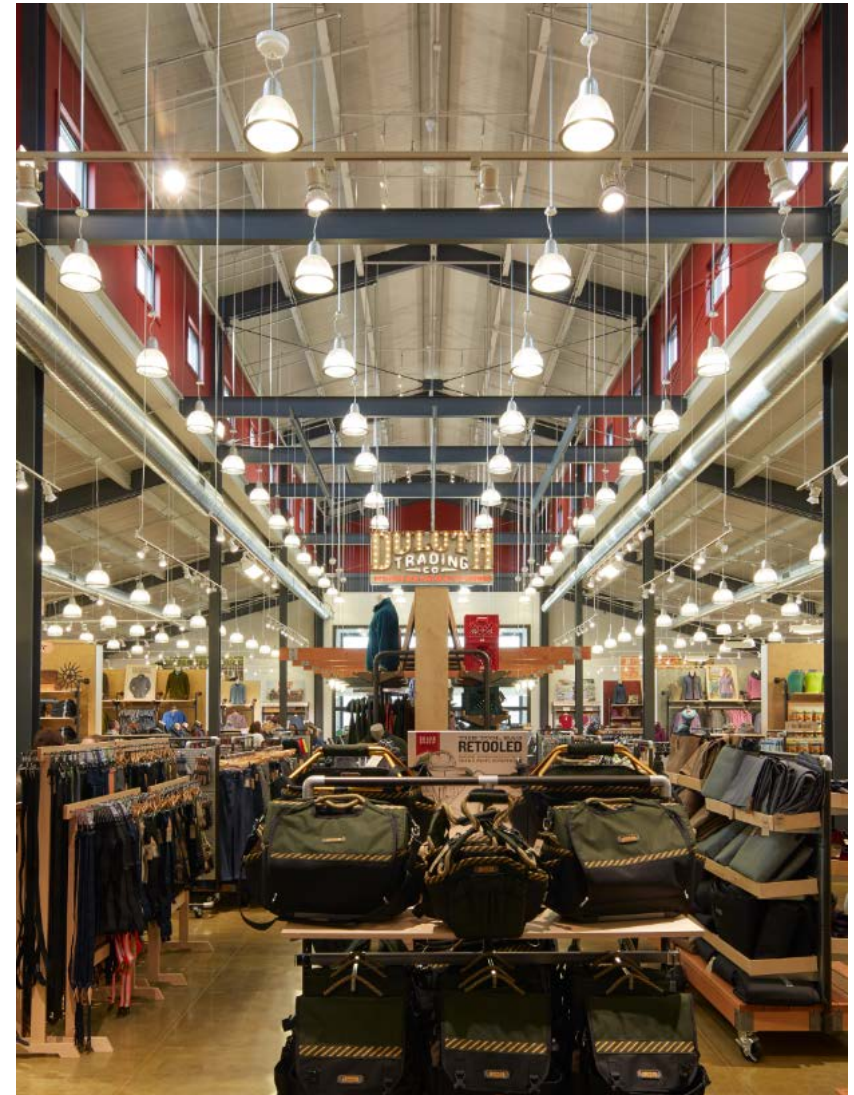


(1) Adjusted to reflect the add-back of stock compensation expense.

(2) Excludes net income attributable to noncontrolling interest.

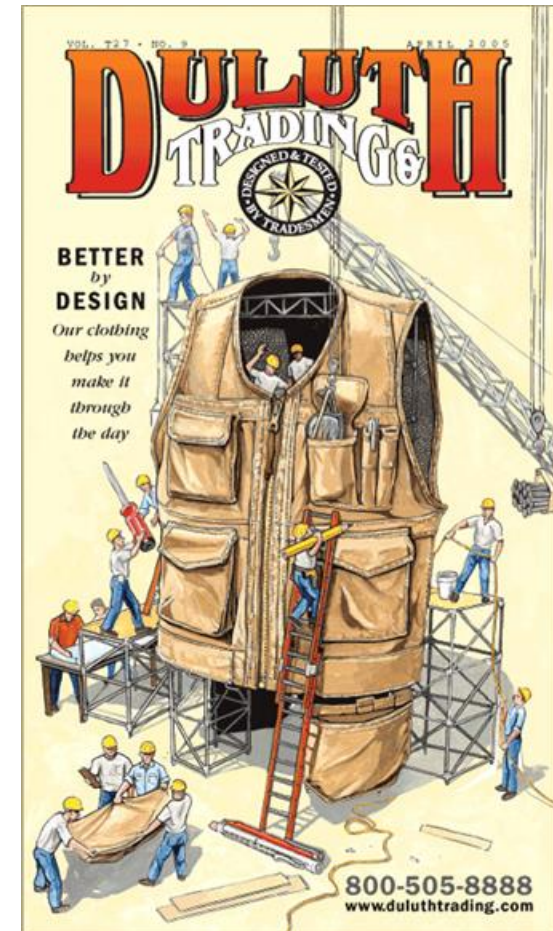
Model for New Stores

- 10,000 to 12,000 selling square feet
- \$2.0 million to \$2.6 million in capital expenditures and starting inventory
- Average payback of less than two years
- Four-Wall EBITDA Margin in the mid-20s



Investment Highlights

- 1 Large, Addressable Market Opportunity
- 2 Differentiated, Everyday Lifestyle Brand with Attractive, Loyal Customer Base
- 3 Omnichannel Presence with Complete Distribution Control
- 4 Demonstrated Track Record of Growth and Profitability
- 5 Proven Strategy for Long-Term Growth



AN OVERALL
IMPROVEMENT

FOR
DOWN-AND-DIRTY
WORK

Appendix



Reconciliation to Adjusted EBITDA

(\$ in millions)	2013	2014	2015	2016	3 months ended	
					May 1, 2016	April 30, 2017
Net Income	\$ 16.1	\$ 24.1	\$ 27.7	\$ 21.5	\$ 3.3	\$ 0.4
(+) Depreciation & Amoritization	1.2	1.8	2.8	4.7	0.9	1.6
(+) Interest Expense, net	0.2	0.3	0.3	0.2	0.0	0.2
(+) Income Tax Expense			1.3	13.5	2.1	0.2
EBITDA	\$ 17.5	\$ 26.3	\$ 32.2	\$ 39.9	\$ 6.3	\$ 2.4
<i>Adjustments</i>						
(+) Non-Cash Stock Based Compensation Expense	0.1	0.1	0.7	1.2	0.3	0.3
(+) Payment for a Portion of the Grantees' Tax Liabilities Associated with a Grant of Restricted Stock Awards	-	0.3	1.1	-	-	-
Total Adjustments	0.1	0.4	1.8	1.2	0.3	0.3
Adjusted EBITDA	\$ 17.6	\$ 26.7	\$ 34.0	\$ 41.2	\$ 6.6	\$ 2.7

Reconciliation to Pro Forma Net Income

(\$ in millions)	2013	2014	2015
Income Attributable to Controlling Interest			
Before Provision for Income Taxes	\$ 15.5	\$ 23.6	\$ 28.8
(-) Provision for Income Taxes ⁽¹⁾	6.2	9.5	11.5
Pro Forma Net Income	\$ 9.3	\$ 14.2	\$ 17.3

The pro forma net income information gives effect to the conversion of the Company to a "C" corporation on November 25, 2015. Prior to such conversion, the Company was an "S" corporation and generally not subject to income taxes. The pro forma net income, therefore, includes an adjustment for income tax expense on the income attributable to controlling interest as if the Company had been a "C" corporation as of February 4, 2013 at an assumed combined federal, state and local effective tax rate of 40%, which approximates the calculated statutory rate for each period. No pro forma income tax expense was calculated on the income attributable to noncontrolling interest because this entity did not convert to a "C" corporation. The pro forma basic and diluted net income per share Class A and Class B common stock is computed using the pro forma net income, as discussed above.