

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): April 22, 2021

**DULUTH HOLDINGS INC.**  
(Exact name of registrant as specified in its charter)

<u>Wisconsin</u> (State or other jurisdiction of incorporation)	<u>001-37641</u> (Commission File Number)	<u>39-1564801</u> (IRS Employer Identification No.)
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201 East Front Street  
Mount Horeb, Wisconsin 53572

(Address of principal executive offices, including zip  
code)

Registrant's telephone number, including area code: (608) 424-1544

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class B Common Stock, No Par Value	DLTH	NASDAQ Global Select Market

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Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. [  ]

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**Item 5.02**     **Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

On April 27, 2021, Duluth Holdings Inc. (the “Company”) issued a press release reporting the appointment of Samuel M. Sato as President and Chief Executive Officer of the Company, effective May 3, 2021. On May 3, 2021, Mr. Sato will replace Stephen L. Schlecht as Chief Executive Officer of the Company. It is anticipated that Mr. Sato will be appointed to the Board of Directors of the Company (the “Board”) on May 27, 2021. Also effective May 27, 2021, Mr. Schlecht intends to resign as Executive Chairman and transition to non-executive Chairman of the Board. In addition to holding the management responsibilities as described in the press release, Mr. Sato will replace Mr. Schlecht as the Company’s principal executive officer for SEC reporting purposes.

Mr. Sato, age 57, served as the Chief Executive Officer of The Finish Line, Inc., from February 2016 to February 2019, and also served on the Board of Directors of The Finish Line, Inc. from October 2014 to February 2019. Mr. Sato previously served as President of The Finish Line, Inc. from October 2014 to February 2016, President, Finish Line Brand, from October 2012 to October 2014, and President and Chief Merchandising Officer from October 2010 to September 2012, as well as The Finish Line, Inc.’s Executive Vice President, Chief Merchandising Officer from to March 2007 to October 2010. Mr. Sato began his career in 1985 at Nordstrom Inc., where he held various leadership roles within merchandising. Mr. Sato has been involved in the retail industry for over 30 years.

In consideration of Mr. Sato’s employment with the Company, Mr. Sato will receive, among other things, the following as described in his offer letter:

- An annualized base salary of \$800,000;
  
  - Eligibility to participate in the Company’s Annual Incentive Plan;
  
  - An initial award of restricted stock, with a grant date fair value of \$1,700,000;
  
  - Eligibility to receive an annual award of restricted stock starting in fiscal 2022 to be based on annual results of his performance review and certain performance metrics to be determined at a later date;
  
  - A lump sum payment upon certain terminations of his employment during a specified time period following a change of control of the Company;
  
  - Certain payout benefits upon the termination of his employment as President and Chief Executive Officer due to death or disability, or termination of his employment by the Company without cause or termination of his employment by him for good reason; and
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· Eligibility to participate in the Company's healthcare and other benefit plans, and the Company's relocation policy.

The Company and Mr. Sato intend to enter into an employment agreement, subject to approval by Compensation Committee of the Board and Board ratification, which will supersede the offer letter. Mr. Sato's employment is conditioned on his execution of that employment agreement.

Since January 29, 2018, there have been no transactions, and there are no currently proposed transactions, to which the Company was or is a participant and in which Mr. Sato had or is to have a direct or indirect material interest that would require disclosure pursuant to Item 404(a) of Regulation S-K.

The foregoing description of the offer letter does not purport to be complete and is qualified in its entirety by reference to such document, a copy of which is attached as an exhibit to this filing and incorporated herein by reference.

The Company's press release announcing the hiring of Mr. Sato is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

## **Item 9.01 Financial Statements and Exhibits**

### **(d) Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">10.1</a>	Offer Letter dated April 22, 2021
<a href="#">99.1</a>	Press Release dated April 27, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**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 hereunto duly authorized.

DULUTH HOLDINGS INC.

Dated: April 27, 2021

By: /s/ David Loretta  
David Loretta  
Senior Vice President and Chief Financial  
Officer



April 22, 2021

Samuel M. Sato  
4209 Wythe Lane  
Indianapolis, IN 46250

Dear Sam,

I am very pleased to extend you this offer to join our team as President & Chief Executive Officer of Duluth Holdings Inc. (the “Company” or “Duluth Trading Company”). This officer position is critical for the success of our Company and reports directly to the Company’s Board of Directors (the “Board”). In this role, you will be responsible for the overall success of the business and lead the development and execution of long-term strategies for company growth and profitability. In addition, it is anticipated that you will be appointed to the Board effective as of May 27, 2021, the date of the next regular Board meeting. At that meeting, it is also anticipated that I will resign as Executive Chairman and transition to non-executive Chairman of the Board. Your official start date as President & Chief Executive Officer will be May 3, 2021.

This offer of employment provides an overview of your key terms of employment. The Company will provide you an Employment Agreement, subject to Compensation Committee approval and Board ratification, that will include the terms outlined below. Your execution of that Employment Agreement is a condition of your employment and will supersede this offer letter.

**Base Salary:** Your annual base salary will be \$800,000 which is paid bi-weekly. Your salary will be reviewed annually starting in February of 2022.

**Bonus Potential:** You will be eligible to participate in the Company’s bonus plan for executive level employees as then in effect. For fiscal 2021, your bonus target is at 100% of your base salary and is contingent upon us meeting certain financial thresholds that are established annually. The maximum bonus award will be 150% of your base salary. Bonus payout is in March or April following year-end and your payout will be prorated for fiscal 2021 based on your start date.

**Initial Stock Grant:** You will receive an initial restricted stock grant with a grant date fair value of \$1,700,000, with the number of Class B shares to be determined based on the closing market price on the date of the stock grant, which will be within 60 days of the first day of your employment. The grant will vest 100% on the 3<sup>rd</sup> anniversary of the initial grant date, provided that you have been continuously employed through the vesting date.

**LTI:** In March or April of each year, you will be entitled to an annual grant of restricted stock, subject to Compensation Committee approval and Board ratification. For fiscal 2022, your target grant will have a grant date fair value equal to 200% of your base salary, or \$1,600,000, and your maximum grant will have a grant date fair value equal to 250% of your base salary, or \$2,000,000. A portion of your annual grant will be based on the results of your annual performance review, which will be conducted by the Board, and the remaining portion of your annual grant will be based on certain performance metrics, which may include Adjusted EBITDA, stock price and sales growth. As part of your duties as President & Chief Executive Officer, you will work with the Compensation Committee to determine these performance metrics and associated payout levels for you and other executive officers of the Company.

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**Change of Control Benefit:** You will be entitled to a lump sum payment upon certain terminations of your employment during a specified time period following a “change of control” of the Company equal to 2.5 times the sum of (A) your base salary, and (B) your annual target bonus for the year of termination. A “change of control” shall include any event resulting in a third party’s acquisition of the Company.

**Termination.** You will be entitled to certain payout benefits upon the termination of your employment as President & Chief Executive Officer due to death or disability, or termination of your employment by the Company without cause or termination of your employment by you for good reason. Such termination benefits will be substantially similar to those outlined in the Employment Agreement between the Company and Stephen L. Schlecht, dated August 5, 2015, as amended from time to time.

**Benefits:** You will be eligible to participate in the Company’s health, dental, life, disability, 401(K), and flex spending plans. You are also eligible for the BeniComp Select Executive Medical Reimbursement Plan for you and your eligible dependents up to \$20,000 per year. A summary of these plans is attached.

**Paid Time Off:** On an annual basis, you are eligible 5 weeks of paid time off, which is pro-rated for the balance of 2021. Paid time off to be provided in accordance with Company policy.

**Relocation:** This offer is being made with the understanding and expectation that you will relocate to the greater Madison area within 12 months from the first date of your employment with us. Duluth Trading Company’s Senior Executive Relocation Policy (attached) is designed to assist you and your family by providing you with a comprehensive relocation package that facilitates your move while minimizing personal disruption and expense. Through this Policy, your relocation expenses will be reimbursed up to \$225,000. Any expenses exceeding such amount will be covered solely by you. We have outsourced the day-to-day relocation administration to NEI Global Relocation Company (“NEI”). You will work with one point of coordination, your NEI Account Executive, throughout the relocation process. NEI is familiar with our policy, and the specific benefits provided to you.

This offer is contingent upon your passing a background check, reference check and signing our Confidentiality and Business Ideas Agreement (attached) and Relocation Repayment Agreement (attached). Your employment with Duluth Trading Company is at-will and either party can terminate the relationship at any time with or without cause and with or without notice. This letter is not a contract, express or implied.

I trust this letter confirms your understanding of the major items related to our offer of employment. If not, please contact me to resolve any outstanding items.

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We look forward to you being a part of our growing company and anticipate wonderful contributions from you in your new role.

Sincerely,

*/s/ Steve Schlecht*

Steve Schlecht  
Executive Chairman of the Board

Accepted by Sam Sato: */s/ Sam Sato*

Date: 4/22/21





## DULUTH HOLDINGS INC. APPOINTS SAM SATO AS PRESIDENT AND CEO

**(Mount Horeb, WIS.) April 27, 2021** – Duluth Holdings Inc. (dba, Duluth Trading Company) (“Duluth Trading” or the “Company”) (NASDAQ: DLTH), a lifestyle brand of men’s and women’s casual wear, workwear and accessories, has appointed retail industry veteran Samuel M. Sato as President and Chief Executive Officer, effective May 3, 2021. Mr. Sato will succeed founder Steve Schlecht who has guided the Company as CEO since September 2019. Mr. Sato will report directly to the Board of Directors, and it is anticipated Mr. Sato will also become a member of the Board on May 27, 2021. Also effective on May 27, 2021, Mr. Schlecht intends to transition to non-executive Chairman of the Board.

“As the former CEO of publicly traded Finish Line before its merger with JD Sports, Sam has the demonstrated leadership, breadth of business experience and the core values we believe are critical to lead our brand into the future,” said Steve Schlecht, Executive Chairman of Duluth Trading. “We welcome Sam to lead our talented team. He has a track record of rolling up his sleeves and providing hands-on leadership—a quality that comes from a career dedicated to a team-first and customer-first mentality.”

Mr. Sato was most recently the CEO of Finish Line, a leading specialty retailer that delivered \$1.8 billion in net sales in fiscal year 2018 and operated over 900 branded locations in the U.S. under his leadership. With over three decades of retail industry experience and proven results in omnichannel growth, he brings more than 15 years of applied executive leadership working across business divisions and product categories. During his tenure at Finish Line, he spearheaded the successful merger with JD Sports; developed business extension strategies, including a key partnership with Macy’s; and created a road map for a digital and mobile first evolution, all of which contributed to significant top line sales growth. Mr. Sato started his career at Nordstrom, climbing the ranks from store sales associate to Vice President, Corporate Merchandising.

Mr. Sato commented, “I am honored to be appointed President and CEO of Duluth Trading, a company that has the talent, market opportunity, customer base and omnichannel structure to deliver an unmatched brand experience. I am passionate and focused on best-in-class digital and innovation as we look forward to the next wave of growth for Duluth Trading.”

### **About Duluth Trading**

Duluth Trading is a growing lifestyle brand for the Modern, Self-Reliant American. Based in Mount Horeb, Wisconsin, we offer high quality, solution-based casual wear, workwear and accessories for men and women who lead a hands-on lifestyle and who value a job well-done. We provide our customers an engaging and entertaining experience. Our marketing incorporates humor and storytelling that conveys the uniqueness of our products in a distinctive, fun way, and our products are sold exclusively through our content-rich website, catalogs, and “store like no other” retail locations. We are committed to outstanding customer service backed by our “No Bull Guarantee” - if it’s not right, we’ll fix it. Visit our website at <http://www.duluthtrading.com/>

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## Forward-Looking Statements

This press release 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 press release are forward-looking statements. 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,” “forecasted,” “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 the Company’s Annual Report on Form 10-K filed with the SEC on March 26, 2021, 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.

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