UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended July 28, 2024

OR

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

For the transition period from ______ to ______

Commission File Number 001-37641

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

Wisconsin **(State or other jurisdiction of incorporation or organization)**	**39-1564801** **(I.R.S. Employer Identification Number)**
201 East Front Street **Mount Horeb, Wisconsin** **(Address of principal executive offices)**	**53572** **(Zip Code)**

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

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

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

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

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

Large Accelerated Filer	☐	Accelerated Filer	☑
Non-accelerated Filer	☐	Smaller Reporting Company	☑
		Emerging Growth Company	☐

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

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

The number of shares outstanding of the Registrant's Class A common stock, no par value, as of August 28, 2024, was 3,364,200.
The number of shares outstanding of the Registrant's Class B common stock, no par value, as of August 28, 2024, was 31,671,201.

DULUTH HOLDINGS INC.
QUARTERLY REPORT ON FORM 10-Q
FOR QUARTER ENDED July 28, 2024
INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

DULUTH HOLDINGS INC.
Condensed Consolidated Balance Sheets - Assets
(Unaudited)
(Amounts in thousands)

	July 28, 2024	January 28, 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 9,787	$ 32,157
Receivables	8,318	5,955
Income tax receivable	313	617
Inventory, less reserves of $1,047 and $1,361, respectively	168,718	125,757
Prepaid expenses & other current assets	19,722	16,488
Total current assets	206,858	180,974
Property and equipment, net	121,148	132,718
Operating lease right-of-use assets	107,799	121,430
Finance lease right-of-use assets, net	34,646	40,315
Available-for-sale security	4,877	4,986
Other assets, net	8,961	9,020
Deferred tax assets	4,306	1,010
Total assets	$ 488,595	$ 490,453

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

DULUTH HOLDINGS INC.
Condensed Consolidated Balance Sheets – Liabilities and Shareholders' Equity
(Unaudited)
(Amounts in thousands)

	July 28, 2024	January 28, 2024
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 77,600	$ 51,122
Accrued expenses and other current liabilities	30,069	30,930
Current portion of operating lease liabilities	16,027	16,401
Current portion of finance lease liabilities	2,450	3,149
Duluth line of credit	—	—
Current maturities of TRI long-term debt	888	847
Total current liabilities	127,034	102,449
Operating lease liabilities, less current maturities	92,275	106,413
Finance lease liabilities, less current maturities	31,911	34,276
TRI long-term debt, less current maturities	24,723	25,141
Total liabilities	275,943	268,279
Shareholders' equity:		
Preferred stock, no par value; 10,000 shares authorized; no shares issued or outstanding as of July 28, 2024 and January 28, 2024	—	—
Common stock (Class A), no par value; 10,000 shares authorized; 3,364 shares issued and outstanding as of July 28, 2024 and January 28, 2024	—	—
Common stock (Class B), no par value; 200,000 shares authorized; 31,979 shares issued and 31,715 shares outstanding as of July 28, 2024 and 31,178 shares issued and 31,023 shares outstanding as of January 28, 2024	—	—
Treasury stock, at cost; 264 and 155 shares as of July 28, 2024 and January 28, 2024, respectively	(2,243)	(1,738)
Capital stock	106,169	103,579
Retained earnings	112,199	123,816
Accumulated other comprehensive loss	(436)	(427)
Total shareholders' equity of Duluth Holdings Inc.	215,689	225,230
Noncontrolling interest	(3,037)	(3,056)
Total shareholders' equity	212,652	222,174
Total liabilities and shareholders' equity	$ 488,595	$ 490,453

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

DULUTH HOLDINGS INC.
Condensed Consolidated Statements of Operations
(Unaudited)
(Amounts in thousands, except per share figures)

	Three Months Ended		Six Months Ended	
	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
Net sales	$ 141,619	$ 139,099	$ 258,303	$ 262,858
Cost of goods sold (excluding depreciation and amortization)	67,623	67,616	122,683	125,724
Gross profit	73,996	71,483	135,620	137,134
Selling, general and administrative expenses	76,286	72,926	146,881	143,126
Restructuring expense	1,596	—	1,596	—
Operating loss	(3,886)	(1,443)	(12,857)	(5,992)
Interest expense	988	880	1,981	1,814
Other income, net	145	109	161	257
Loss before income taxes	(4,729)	(2,214)	(14,677)	(7,549)
Income tax benefit	(996)	(202)	(3,079)	(1,660)
Net loss	(3,733)	(2,012)	(11,598)	(5,889)
Less: Net income (loss) attributable to noncontrolling interest	11	(8)	19	(16)
Net loss attributable to controlling interest	$ (3,744)	$ (2,004)	$ (11,617)	$ (5,873)
Basic earnings per share (Class A and Class B):				
Weighted average shares of common stock outstanding	33,367	32,952	33,247	32,912
Net loss per share attributable to controlling interest	$ (0.11)	$ (0.06)	$ (0.35)	$ (0.18)
Diluted earnings per share (Class A and Class B):				
Weighted average shares and equivalents outstanding	33,367	32,952	33,247	32,912
Net loss per share attributable to controlling interest	$ (0.11)	$ (0.06)	$ (0.35)	$ (0.18)

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

DULUTH HOLDINGS INC.
Condensed Consolidated Statements of Comprehensive (Loss) Income
(Unaudited)
(Amounts in thousands)

	Three Months Ended		Six Months Ended	
	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
Net loss	$ (3,733)	$ (2,012)	$ (11,598)	$ (5,889)
Other comprehensive loss				
Securities available-for sale:				
Unrealized security gain (loss) arising during the period	128	(118)	(12)	(197)
Income tax expense (benefit)	32	(30)	(3)	(50)
Other comprehensive income (loss)	96	(88)	(9)	(147)
Comprehensive loss	(3,637)	(2,100)	(11,607)	(6,036)
Comprehensive income (loss) attributable to noncontrolling interest	11	(8)	19	(16)
Comprehensive loss attributable to controlling interest	$ (3,648)	$ (2,092)	$ (11,626)	$ (6,020)

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

DULUTH HOLDINGS INC.
Condensed Consolidated Statement of Shareholders’ Equity
(Unaudited)
(Amounts in thousands)

	Six Months Ended July 28, 2024						
	Capital stock						
	Shares	Amount	Treasury stock	Retained earnings	Accumulated other comprehensive (loss) income	Noncontrolling interest in variable interest entity	Total shareholders' equity
Balance at January 28, 2024	34,387	$ 103,579	$ (1,738)	$ 123,816	$ (427)	$ (3,056)	$ 222,174
Issuance of common stock	782	110	—	—	—	—	110
Stock-based compensation	—	1,372	—	—	—	—	1,372
Restricted stock forfeitures	(15)	—	—	—	—	—	—
Restricted stock surrendered for taxes	(80)	—	(383)	—	—	—	(383)
Other comprehensive loss	—	—	—	—	(105)	—	(105)
Net (loss) income	—	—	—	(7,873)	—	8	(7,865)
Balance at April 28, 2024	35,074	$ 105,061	$ (2,121)	$ 115,943	$ (532)	$ (3,048)	$ 215,303
Issuance of common stock	202	97	—	—	—	—	97
Stock-based compensation	—	1,011	—	—	—	—	1,011
Restricted stock forfeitures	(168)	—	—	—	—	—	—
Restricted stock surrendered for taxes	(29)	—	(122)	—	—	—	(122)
Other comprehensive income	—	—	—	—	96	—	96
Net (loss) income	—	—	—	(3,744)	—	11	(3,733)
Balance at July 28, 2024	35,079	$ 106,169	$ (2,243)	$ 112,199	$ (436)	$ (3,037)	$ 212,652

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

DULUTH HOLDINGS INC.
Condensed Consolidated Statement of Shareholders' Equity
(Unaudited)
(Amounts in thousands)

	Six Months Ended July 30, 2023						
	Capital stock						
	Shares	Amount	Treasury stock	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interest in variable interest entity	Total shareholders' equity
Balance at January 29, 2023	33,443	$ 98,842	$ (1,459)	$ 133,172	$ (148)	$ (3,210)	$ 227,197
Issuance of common stock	1,081	136	—	—	—	—	136
Stock-based compensation	—	990	—	—	—	—	990
Restricted stock forfeitures	(9)	—	—	—	—	—	—
Restricted stock surrendered for taxes	(41)	—	(273)	—	—	—	(273)
Other comprehensive income	—	—	—	—	(59)	—	(59)
Net loss	—	—	—	(3,869)	—	(8)	(3,877)
Balance at April 30, 2023	34,474	$ 99,968	$ (1,732)	$ 129,303	$ (207)	$ (3,218)	$ 224,114
Issuance of common stock	111	153	—	—	—	—	153
Stock-based compensation	—	1,294	—	—	—	—	1,294
Restricted stock forfeitures	(4)	—	—	—	—	—	—
Restricted stock surrendered for taxes	—	—	(1)	—	—	—	(1)
Other comprehensive income	—	—	—	—	(88)	—	(88)
Net loss	—	—	—	(2,004)	—	(8)	(2,012)
Balance at July 30, 2023	34,581	$ 101,415	$ (1,733)	$ 127,299	$ (295)	$ (3,226)	$ 223,460

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

DULUTH HOLDINGS INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Amounts in thousands)

	Six Months Ended	
	July 28, 2024	July 30, 2023
Cash flows from operating activities:		
Net loss	$ (11,598)	$ (5,889)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	16,297	14,868
Stock based compensation	2,383	2,284
Deferred income taxes	(3,293)	(1,553)
Loss on disposal of property and equipment	77	16
Changes in operating assets and liabilities:		
Receivables	(2,363)	283
Income taxes receivable	304	(140)
Inventory	(42,961)	(2,204)
Prepaid expense & other current assets	130	(1,351)
Software hosting implementation costs, net	(3,406)	(370)
Trade accounts payable	26,623	2,716
Income taxes payable	—	(1,761)
Accrued expenses and deferred rent obligations	(591)	(7,343)
Other assets	(2)	(20)
Noncash lease impacts	1,348	(785)
Net cash used in operating activities	(17,052)	(1,249)
Cash flows from investing activities:		
Purchases of property and equipment	(3,183)	(31,483)
Principal receipts from available-for-sale security	97	88
Net cash used in investing activities	(3,086)	(31,395)
Cash flows from financing activities:		
Proceeds from line of credit	40,500	10,000
Payments on line of credit	(40,500)	(10,000)
Payments on TRI long term debt	(412)	(373)
Payments on finance lease obligations	(1,521)	(1,397)
Payments of tax withholding on vested restricted shares	(505)	(274)
Other	206	288
Net cash used in financing activities	(2,232)	(1,756)
Decrease in cash and cash equivalents	(22,370)	(34,400)
Cash and cash equivalents at beginning of period	32,157	45,548
Cash and cash equivalents at end of period	$ 9,787	$ 11,148
Supplemental disclosure of cash flow information:		
Interest paid	$ 1,981	$ 1,814
Income taxes paid	$ 125	$ 1,795
Supplemental disclosure of non-cash information:		
Unpaid liability to acquire property and equipment	$ 1,459	$ 1,336

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

DULUTH HOLDINGS INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

A. Nature of Operations

Duluth Holdings Inc. (“Duluth Trading” or the “Company”), a Wisconsin corporation, is a lifestyle brand of men’s and women’s casual wear, workwear and accessories sold primarily through the Company’s own omnichannel platform. The Company’s products are marketed under the Duluth Trading name, with the majority of products being exclusively developed and sold as Duluth Trading branded merchandise.

The Company identifies its operating segments according to how its business activities are managed and evaluated. The Company continues to report one reportable external segment, consistent with the Company’s omnichannel business approach. The Company’s revenues generated outside the United States were insignificant.

The Company has two classes of authorized common stock: Class A common stock and Class B common stock. The rights of holders of Class A common stock and Class B common stock are identical, except for voting and conversion rights. Each share of Class A common stock is entitled to ten votes per share and is convertible at any time into one share of Class B common stock. Each share of Class B common stock is entitled to one vote per share. The Company’s Class B common stock trades on the NASDAQ Global Select Market under the symbol “DLTH.”

B. Basis of Presentation

The condensed consolidated financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”). The Company consolidates TRI Holdings, LLC (“TRI”) as a variable interest entity (see Note 6 “Variable Interest Entity” for further information). All significant intercompany balances and transactions have been eliminated in consolidation.

The Company’s fiscal year ends on the Sunday nearest to January 31 of the following year. Fiscal 2024 is a 53-week period and ends on February 2, 2025. Fiscal 2023 was a 52-week period and ended on January 28, 2024. The three months of fiscal 2024 and fiscal 2023 represent the Company’s 13-week periods ended July 28, 2024 and July 30, 2023, respectively.

The accompanying condensed consolidated financial statements as of and for the three and six months ended July 28, 2024 and July 30, 2023 have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and, in the opinion of the Company, include all adjustments (which are normal and recurring in nature) necessary to present fairly the financial position, results of operations and cash flows of the Company for the interim periods presented. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such SEC rules and regulations as of and for the three and six months ended July 28, 2024 and July 30, 2023. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s annual report on Form 10-K for the fiscal year ended January 28, 2024.

C. Inventory

Inventory consists of finished goods stated at the lower of cost or net realizable value, with cost determined using the first-in, first-out valuation method. The Company records an inventory reserve for the anticipated loss associated with selling inventories below cost. Inventory reserve for excess and obsolete items was $1.0 million and $1.4 million as of July 28, 2024 and January 28, 2024, respectively.

The reserve for retail inventory shrinkage is adjusted to reflect the trend of historical physical inventory count results. The Company performs its retail store physical inventory counts in July and the difference between actual and estimated shrinkage, recorded in Cost of goods sold, may cause fluctuations in second fiscal quarter results. Due to the timing of the inventory counts, an insignificant retail inventory shrinkage reserve was outstanding as of July 28, 2024, compared to $0.5 million as of January 28, 2024.

D. Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of the following:

(in thousands)	July 28, 2024	January 28, 2024
Prepaid expenses & other current assets		
Pending returns inventory, net	$ 2,069	$ 2,778
Current software hosting implementation costs, net	3,374	3,353
Other prepaid expenses	14,279	10,357
Prepaid expenses & other current assets	$ 19,722	$ 16,488
Other assets, net		
Goodwill	$ 402	$ 402
Intangible assets, net	423	436
Non-current software hosting implementation costs	6,748	6,705
Other assets, net	1,388	1,477
Other assets, net	$ 8,961	$ 9,020

E. Seasonality of Business

The Company's business is affected by the pattern of seasonality common to most apparel businesses. Historically, the Company has recognized a significant portion of its revenue and operating profit in the fourth fiscal quarter of each year due to increased sales during the holiday season.

F. Cash and Cash Equivalents

The Company considers short-term investments with original maturities of three months or less when purchased to be cash equivalents. Amounts receivable from credit card issuers are typically converted to cash within 2 to 4 days of the original sales transaction and are considered to be cash equivalents.

G. Significant Accounting Policies

There have been no significant changes to the Company's significant accounting policies as described in the Company's Annual Report on Form 10-K for the year ended January 28, 2024.

2. LEASES

Based on the criteria set forth in ASC Topic 842, *Leases* ("ASC 842"), the Company recognizes right-of-use (ROU) assets and lease liabilities related to leases on the Company's consolidated balance sheets. The Company determines if an arrangement is, or contains, a lease at inception. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities reflect the obligation to make lease payments arising from the lease. At any given time during the lease term, the lease liability represents the present value of the remaining lease payments and the ROU asset is measured at the amount of the lease liability, adjusted for pre-paid rent, unamortized initial direct costs and the remaining balance of lease incentives received. Both the lease ROU asset and liability are reduced to zero at the end of the lease.

The Company leases retail space under non-cancelable lease agreements, which expire on various dates through 2036. Substantially all of these arrangements are store leases. Store leases generally have initial lease terms ranging from five years to fifteen years with renewal options and rent escalation provisions. At the commencement of a lease, the Company includes only the initial lease term as the option to extend is not reasonably certain. The Company does not record leases with a lease term of 12 months or less on the Company's consolidated balance sheets.

When calculating the lease liability on a discounted basis, the Company applies its estimated discount. The Company bases this discount on a collateralized interest rate as well as publicly available data for instruments with similar characteristics.

In addition to rent payments, leases for retail space contain payments for real estate taxes, insurance costs, common area maintenance, and utilities that are not fixed. The Company accounts for these costs as variable payments and does not include such costs as a lease component.

The expense components of the Company's leases reflected on the Company's consolidated statement of operations were as follows:

	Consolidated Statement	Three Months Ended		Six Months Ended	
(in thousands)	of Operations	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
Finance lease expenses					
Amortization of right-of-use assets	Selling, general and administrative expenses	$ 814	$ 840	$ 1,652	$ 1,680
Interest on lease liabilities	Interest expense	398	431	807	869
Total finance lease expense		$ 1,212	$ 1,271	$ 2,459	$ 2,549
Operating lease expense	Selling, general and administrative expenses	$ 5,502	$ 5,051	$ 10,595	$ 10,101
Amortization of build-to-suit leases capital contribution	Selling, general and administrative expenses	321	321	642	642
Variable lease expense	Selling, general and administrative expenses	3,039	2,559	5,961	5,473
Total lease expense		$ 10,074	$ 9,202	$ 19,657	$ 18,765

DULUTH HOLDINGS INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Other information related to leases were as follows:

	Six Months Ended July 28, 2024	Six Months Ended July 30, 2023
(in thousands)		
Cash paid for amounts included in the measurement of lease liabilities:		
Financing cash flows from finance leases	$ 1,521	$ 1,397
Operating cash flows from finance leases	$ 807	$ 869
Operating cash flows from operating leases	$ 10,565	$ 10,340
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	$ -	$ 1,737
Weighted-average remaining lease term (in years):		
Finance leases	10	11
Operating leases	7	8
Weighted-average discount rate:		
Finance leases	4.5%	4.4%
Operating leases	4.2%	4.1%

Future minimum lease payments under the non-cancellable leases are as follows as of July 28, 2024:

Fiscal year	**Finance**	**Operating**
(in thousands)		
2024 (remainder of fiscal year)	$ 1,957	10,465
2025	3,971	19,183
2026	3,993	18,465
2027	3,993	17,193
2028	4,017	15,391
Thereafter	25,215	44,695
Total future minimum lease payments	$ 43,146	$ 125,392
Less – Discount	(8,785)	(17,090)
Lease liability	$ 34,361	$ 108,302

3. DEBT AND CREDIT AGREEMENT

Debt consists of the following:

	July 28, 2024	January 28, 2024
(in thousands)		
TRI Senior Secured Note	$ 22,111	$ 22,488
TRI Note	3,500	3,500
	$ 25,611	$ 25,988
Less: current maturities	888	847
TRI long-term debt	$ 24,723	$ 25,141

TRI Holdings, LLC

TRI entered into a senior secured note ("TRI Senior Secured Note") with an original balance of $26.7 million. The TRI Senior Secured Note is scheduled to mature on October 15, 2038 and requires installment payments with an interest rate of 4.95%. See Note 6 "Variable Interest Entities" for further information.

TRI entered into a promissory note ("TRI Note") with an original balance of $3.5 million. The TRI Note is scheduled to mature in November 2038 and requires annual interest payments at a rate of 3.05%, with a final balloon payment due in November 2038.

While the above notes are consolidated in accordance with ASC Topic 810, *Consolidation*, the Company is not the guarantor nor obligor of these notes.

Credit Agreement

On May 14, 2021, the Company entered into a credit agreement (the "Credit Agreement"), which was treated as a modification for accounting purposes. The Credit Agreement originally matured on May 14, 2026 and provided for borrowings of up to $150.0 million that were available under a revolving senior credit facility, with a $5.0 million sublimit for issuance of standby letters of credit, as well as a $10.0 million sublimit for swing line loans. At the Company's option, the interest rate applicable to the revolving senior credit facility was a floating rate equal to: (i) the Bloomberg Short-Term Bank Yield Index rate ("BSBY") plus the applicable rate of 1.25% to 2.00% determined based on the Company's rent adjusted leverage ratio, or (ii) the base rate plus the applicable rate of 0.25% to 1.00% based on the Company's rent adjusted leverage ratio. The Credit Agreement was secured by essentially all Company assets and requires the Company to maintain compliance with certain financial and non-financial covenants, including a maximum rent adjusted leverage ratio and a minimum fixed charge coverage ratio as defined in the Credit Agreement.

On July 8, 2022, the Company entered into the First Amendment to the Credit Agreement (the "First Amendment"), which was treated as a modification for accounting purposes. The First Amendment amends the Credit Agreement in order to (i) increase the revolving commitment from $150.0 million to $200.0 million; (ii) extend the maturity date from May 14, 2026 to July 8, 2027; (iii) amend the pricing index to replace BSBY with the Term Secured Overnight Financing Rate; and (iv) reduce the commitment fee in some instances.

As of July 28, 2024 and for the six months then ended, the Company was in compliance with all financial and non-financial covenants contained within the Credit Agreement and the First Amendment.

4. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

(in thousands)	July 28, 2024	January 28, 2024
Salaries and benefits	$ 2,950	$ 2,692
Deferred revenue	7,483	9,579
Freight	1,983	4,001
Product returns	4,340	5,541
Unpaid purchases of property & equipment	1,677	765
Accrued advertising	1,226	1,129
Other	10,410	7,223
Total accrued expenses and other current liabilities	$ 30,069	$ 30,930

5. FAIR VALUE

ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e., an exit price). The exit price is based on the amount that the holder of the asset or liability would receive or need to pay in an actual transaction (or in a hypothetical transaction if an actual transaction does not exist) at the measurement date. ASC 820 describes a fair value hierarchy based on three levels of inputs that may be used to measure fair value, of which the first two are considered observable and the last unobservable, as follows:

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

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, 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 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 the assets or liabilities.

The Company's assets and liabilities measured at fair value are categorized as Level 1 or Level 3 instruments. The fair value of the Company's money market account is obtained from real-time quotes for transactions in active exchange markets involving identical assets (Level 1). The fair value of the Company's available-for-sale security was valued based on a discounted cash flow method (Level 3), which incorporates the U.S. Treasury yield curve, credit information and an estimate of future cash flows. During the six months ended July 28, 2024, certain changes in the inputs did impact the fair value of the available-for-sale security. The calculated fair value is based on estimates that are subjective in nature and involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The amortized cost and fair value of the Company's money market account and available-for-sale security and the corresponding amount of gross unrealized gains and losses recognized in accumulated other comprehensive income are as follows:

	July 28, 2024			
(in thousands)	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Level 1 security:				
Money market funds	$ 5,009	$ —	$ —	$ 5,009
Level 3 security:				
Corporate trust	$ 5,459	$ —	$ (582)	$ 4,877

DULUTH HOLDINGS INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

	January 28, 2024			
(in thousands)	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Level 1 security:				
Money market funds	$ 28,396	$ —	$ —	$ 28,396
Level 3 security:				
Corporate trust	$ 5,556	$ —	$ (570)	$ 4,986

The Company does not intend to sell the available-for-sale-security in the near term and does not believe that it will be required to sell the security. The Company reviews its securities on a quarterly basis to monitor its exposure to other-than-temporary impairment.

No other-than-temporary impairment was recorded in the unaudited condensed consolidated statements of operations for the three months ended July 28, 2024 or July 30, 2023.

The following table presents future principal receipts related to the Company's available-for-sale security by contractual maturity as of July 28, 2024.

(in thousands)	Amortized Cost	Estimated Fair Value
Within one year	$ 209	$ 169
After one year through five years	1,378	1,174
After five years through ten years	2,062	1,858
After ten years	1,810	1,676
Total	$ 5,459	$ 4,877

The carrying values and fair values of other financial instruments in the Consolidated Balance Sheets are as follows:

	July 28, 2024		January 28, 2024	
(in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
TRI Long-term debt, including short-term portion	$ 25,611	$ 23,036	$ 25,988	$ 23,554

The above long-term debt, including short-term portion is attributable to the consolidation of TRI in accordance with ASC Topic 810, *Consolidation*. The fair value was also based on a discounted cash flow method (Level 3) based on credit information and an estimate of future cash flows.

6. VARIABLE INTEREST ENTITY

Based upon the criteria set forth in ASC 810, *Consolidation*, the Company consolidates variable interest entities ("VIEs") in which it has a controlling financial interest and is therefore deemed the primary beneficiary. A controlling financial interest will have both of the following characteristics: (a) the power to direct the VIE activities that most significantly impact economic performance; and (b) the obligation to absorb the VIE losses and the right to receive benefits that are significant to the VIE. The Company has determined that it was the primary beneficiary of one VIE as of July 28, 2024 and January 28, 2024.

The Company leases the Company's headquarters in Mt. Horeb, Wisconsin from TRI. In conjunction with the lease, the Company invested $6.3 million in a trust that loaned funds to TRI for the construction of the Company's headquarters. TRI is a Wisconsin limited liability company whose primary purpose and activity is to own this real property. The Company considers itself the primary beneficiary for TRI as the Company has both the power to direct the activities that most significantly impact the entity's economic performance and is expected to receive benefits that are significant to TRI. As the Company is the primary beneficiary, it consolidates TRI and the lease is eliminated in consolidation. The Company does not consolidate the trust as the Company is not the primary beneficiary.

The condensed consolidated balance sheets include the following amounts as a result of the consolidation of TRI as of July 28, 2024 and January 28, 2024:

(in thousands)	July 28, 2024	January 28, 2024
Cash	$ 22	$ 17
Property and equipment, net	22,631	22,941
Total assets	$ 22,653	$ 22,958
Other current liabilities	$ 79	$ 26
Current maturities of long-term debt	888	847
TRI long-term debt	24,723	25,141
Noncontrolling interest in VIE	(3,037)	(3,056)
Total liabilities and shareholders' equity	$ 22,653	$ 22,958

7. LOSS PER SHARE

Earnings per share is computed under the provisions of ASC 260, *Earnings Per Share*. Basic earnings per share is based on the weighted average number of common shares outstanding for the period. Diluted earnings per share is based on the weighted average number of common shares plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding restricted stock and are considered only for dilutive earnings per share unless considered anti-dilutive. The reconciliation of the numerator and denominator of the basic and diluted earnings per share calculation is as follows:

	Three Months Ended		Six Months Ended	
(in thousands, except per share data)	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
Numerator - net loss attributable to controlling interest	$ (3,744)	$ (2,004)	$ (11,617)	$ (5,873)
Denominator - weighted average shares (Class A and Class B)				
Basic	33,367	32,952	33,247	32,912
Dilutive shares	—	—	—	—
Diluted	33,367	32,952	33,247	32,912
Loss per share (Class A and Class B)				
Basic	$ (0.11)	$ (0.06)	$ (0.35)	$ (0.18)
Diluted	$ (0.11)	$ (0.06)	$ (0.35)	$ (0.18)

The computation of diluted loss per share excluded (0.4) million and (0.2) million of unvested restricted stock for the three months ended July 28, 2024 and July 30, 2023, because their inclusion would be anti-dilutive due to a net loss.

The computation of diluted loss per share excluded (0.0) million and (0.1) million of unvested restricted stock for the six months ended July 28, 2024 and July 30, 2023, because their inclusion would be anti-dilutive due to a net loss.

8. STOCK-BASED COMPENSATION

The Company accounts for its stock-based compensation plan in accordance with ASC 718, *Stock Compensation*, which requires the Company to measure all share-based payments at grant date fair value and recognize the cost over the requisite service period of the award.

Total stock compensation expense associated with restricted stock recognized by the Company was $1.0 million and $2.4 million for the three and six months ended July 28, 2024, respectively. The Company's total stock compensation expense is included in selling, general and administrative expenses on the Condensed Consolidated Statements of Operations.

A summary of the activity in the Company's unvested restricted stock during the six months ended July 28, 2024 is as follows:

	Shares	Weighted average fair value per share
Outstanding at January 28, 2024	1,367,270	$ 8.77
Granted	943,187	4.83
Vested	(463,795)	9.31
Forfeited	(182,616)	6.68
Outstanding at July 28, 2024	1,664,046	$ 6.32

At July 28, 2024, the Company had unrecognized compensation expense of $7.6 million related to the restricted stock awards, which is expected to be recognized over a weighted average period of 2.9 years.

9. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

(in thousands)	July 28, 2024	January 28, 2024
Land and land improvements	$ 4,486	$ 4,486
Leasehold improvements	57,415	56,850
Buildings	36,186	36,191
Vehicles	121	121
Warehouse equipment	66,790	66,481
Office equipment and furniture	54,523	54,294
Computer equipment	10,679	11,142
Software	39,681	39,923
	269,881	269,488
Accumulated depreciation and amortization	(151,695)	(140,551)
	118,186	128,937
Construction in progress	2,962	3,781
Property and equipment, net	$ 121,148	$ 132,718

10. REVENUE

The Company's revenue primarily consists of the sale of apparel, footwear and hard goods. Revenue for merchandise that is shipped to our customers from our distribution centers and stores is recognized upon shipment. Store revenue is recognized at the point of sale, net of returns, and excludes taxes. Shipping and processing revenue generated from customer orders are included as a component of net sales and shipping and processing expense, including handling expense, is included as a component of selling, general and administrative expenses. Sales tax collected from customers and remitted to taxing authorities is excluded from revenue and is included in accrued expenses.

Sales disaggregated based upon sales channel is presented below.

	Three Months Ended		Six Months Ended	
	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
(in thousands)				
Direct-to-consumer	$ 91,684	$ 86,845	$ 167,128	$ 166,347
Stores	49,935	52,254	91,175	96,511
	$ 141,619	$ 139,099	$ 258,303	$ 262,858

Contract Assets and Liabilities

The Company's contract assets primarily consist of the right of return for amounts of inventory to be returned that is expected to be resold and is recorded in Prepaid expenses and other current assets on the Company's consolidated balance sheets. The Company's contract liabilities primarily consist of gift card liabilities and are recorded in Accrued expenses and other current liabilities under deferred revenue (see Note 4 "Accrued Expenses and Other Current Liabilities") on the Company's consolidated balance sheets. Upon issuance of a gift card, a liability is established for its cash value. The gift card liability is relieved and revenues on gift cards are recorded at the time of redemption by the customer.

Contract assets and liabilities on the Company's consolidated balance sheets are presented in the following table:

	July 28, 2024	January 28, 2024
(in thousands)		
Contract assets	$ 2,069	$ 2,778
Contract liabilities	$ 7,483	$ 9,579

Revenue from gift cards is recognized when the gift card is redeemed by the customer for merchandise or as a gift card breakage, an estimate of gift cards which will not be redeemed. The Company does not record breakage revenue when escheat liability to the relevant jurisdictions exists. Gift card breakage is recorded within Net sales on the Company's consolidated statement of operations. The following table provides the reconciliation of the contract liability related to gift cards for the three months ended:

	July 28, 2024	July 30, 2023
(in thousands)		
Balance as of beginning of period	$ 9,579	$ 10,249
Gift cards sold	5,100	4,146
Gift cards redeemed	(7,043)	(6,373)
Gift card breakage	(153)	(194)
Balance as of end of period	$ 7,483	$ 7,828

11. INCOME TAXES

The provision for income taxes for the interim period is based on an estimate of the annual effective tax rate adjusted to reflect the impact of discrete items. Management judgment is required in projecting ordinary income to estimate the Company's annual effective tax rate. The effective tax rate related to controlling interest was 21% and 22% for the six months ended July 28, 2024 and July 30, 2023, respectively. The income from TRI was excluded from the calculation of the Company's effective tax rate, as TRI is a limited liability company and not subject to income taxes.

12. RESTRUCTURING

As part of the Company's in-depth review of the retail portfolio strategy, fulfillment center network, and benchmarking to identify structural opportunities to improve operating margin, working capital, and asset efficiency, the Company began phase two of its fulfillment center network plan to maximize productivity and capacity. This was initiated in the second quarter of 2024 and is expected to continue beyond this fiscal year as we implement further structural changes.

On July 12, 2024 (the "Effective Date"), as a result of the phase two analysis of the fulfillment center network, the Company voluntarily entered into a lease amendment for one of its legacy fulfillment center leases in Dubuque, Iowa. The amended lease accelerated the lease expiration date from September 30, 2030 to October 27, 2024. The amended lease requires Duluth to pay an aggregate of $3.7 million (the "Termination Penalty") in consideration of accelerating the lease termination date, which will be paid in four equal quarterly installments from October 2024 through August 2025. The Company is amortizing the loss from the Termination Penalty, as well as the net loss from writing off the right-of-use asset and lease liability over the modified remaining lease term. In addition, the Company is accelerating the depreciation of the non-transferrable fixed assets to have no remaining net book value by the modified lease expiration date.

The Company expects to recognize total restructuring expenses related to this lease amendment of $7.4 million during the second and third quarter of 2024. During the three months ended July 28, 2024, the Company recognized restructuring charges of $1.6 million.

	Three Months Ended July 28, 2024
(in thousands)	
Early contract termination expense	$ 920
Lease remeasurement expense	293
Accelerated depreciation expense	383
Total restructuring expenses	$ 1,596

13. CONTINGENCIES

In the second quarter of 2024, in conjunction with ongoing state sales tax audits the Company began a review of its sales tax positions. As a result of the review, the Company determined that sales in a state were subject to certain local sales tax and that the Company had not sufficiently assessed such sales tax on sales to customers in prior fiscal years.

The Company concluded that some payment to the state is probable. As of July 28, 2024, the Company recorded an estimated sales tax expense accrual of $2.4 million that is reflected in Selling, general and administrative expenses within the Consolidated Statements of Operations.

14. RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 *"Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,"* ("ASU 2016-13"), which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, which include trade and other receivables, loans and held-to-maturity debt securities, to record an allowance for credit risk based on expected losses rather than incurred losses, otherwise known as "CECL". In addition, this guidance changes the recognition for credit losses on available-for-sale debt securities, which can occur as a result of market and credit risk and requires additional disclosures. On November 15, 2019, the FASB issued ASU No. 2019-10 *"Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815, and Leases (Topic 842),"* (ASU 2019-10"), which provides a framework to stagger effective dates for future major accounting standards and amends the effective dates for certain major new accounting standards to give implementation relief to certain types of entities. ASU 2019-10 amends the effective dates for ASU 2016-13 for smaller reporting companies with fiscal years beginning after December 15, 2022, and interim periods within those years. The Company adopted ASU 2016-13 on January 30, 2023, the first day of the Company's first quarter for the fiscal year ending January 28, 2024, the Company's fiscal year 2023. The adoption of the standard did not have a material impact on the Company's consolidated financial results.

Recent Accounting Pronouncements Not Yet Adopted

Segment Reporting – Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting: Improvements to Reportable Segment Disclosures." This ASU improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The new guidance is effective for public companies with annual periods beginning after December 15, 2023, and interim periods within annual period beginning after December 15, 2024, with early adoption permitted. Management is currently evaluating the effects adoption of this guidance will have on its consolidated financial statements.

Income Taxes – Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes: Improvements to Income Tax Disclosures." This ASU improves the transparency of income tax disclosures by requiring (i) consistent categories and greater disaggregation of information in the rate reconciliation and (ii) income taxes paid disaggregated by jurisdiction. This new guidance will be effective for annual periods beginning after December 15, 2024, and early adoption is permitted. Management is currently evaluating the effects adoption of this guidance will have on its consolidated financial statements.

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

The following discussion and analysis of the financial condition and results of our operations should be read in conjunction with the financial statements and related notes of Duluth Holdings Inc. included in Item 1of this Quarterly Report on Form 10-Q and with our audited financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2024 ("2023 Form 10-K").

The Company's fiscal year ends on the Sunday nearest to January 31 of the following year. Fiscal 2024 is a 53-week period and ends on February 2, 2025. Fiscal 2023 was a 52-week period and ended on January 28, 2024. The three months of fiscal 2024 and fiscal 2023 represent our 13-week periods ended July 28, 2024 and July 30, 2023, respectively.

Unless the context indicates otherwise, the terms the "Company," "Duluth," "Duluth Trading," "we," "our," or "us" are used to refer to Duluth Holdings Inc.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. All statements other than statements of historical or current facts included in this Quarterly Report on Form 10-Q are forward-looking statements. Forward looking statements refer to our current expectations and projections relating to our financial condition, results of operations, plans, objectives, strategies, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "could," "estimate," "expect," "project," "plan," "potential," "intend," "believe," "may," "might," "will," "objective," "should," "would," "can have," "likely," and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. For example, all statements we make relating to our estimated and projected earnings, revenue, costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth initiatives, or strategies are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements, including the risks and uncertainties described under Part I, Item 1A "Risk Factors," in our 2023 Form 10-K, and other SEC filings, which factors are incorporated by reference herein. These risks and uncertainties include, but are not limited to, the following: the impact of inflation and measures to control inflation on our results of operations; the prolonged effects of economic uncertainties on store and website traffic and disruptions to our distribution network, supply chains and operations; our ability to maintain and enhance a strong brand and sub-brand image; adapting to declines in consumer confidence, inflation and decreases in consumer spending; disruptions in our e-commerce platform; effectively adapting to new challenges associated with our expansion into new geographic markets; our ability to meet customer delivery time expectations; natural disasters, unusually adverse weather conditions, boycotts, prolonged public health crises, epidemics or pandemics and unanticipated events; generating adequate cash from our existing stores and direct sales to support our growth; the impact of changes in corporate tax regulations and sales tax; identifying and responding to new and changing customer preferences; the success of the locations in which our stores are located; effectively relying on sources for merchandise located in foreign markets; transportation delays and interruptions, including port congestion; inability to timely and effectively obtain shipments of products from our suppliers and deliver merchandise to our customers; the inability to maintain the performance of a maturing store portfolio; our inability to deploy marketing tactics to strengthen brand awareness and attract new customers in a cost effective manner; our ability to successfully open new stores; competing effectively in an environment of intense competition; our ability to adapt to significant changes in sales due to the seasonality of our business; price reductions or inventory shortages resulting from failure to purchase the appropriate amount of inventory in advance of the season in which it will be sold; the potential for further increases in price and availability of raw materials; our dependence on third-party vendors to provide us with sufficient quantities of merchandise at acceptable prices; the susceptibility of the price and availability of our merchandise to international trade conditions; failure of our vendors and their manufacturing sources to use acceptable labor or other practices; our dependence upon key executive management or our inability to hire or retain the talent required for our business; increases in costs of fuel or other energy, transportation or utility costs and in the costs of labor and employment; failure of our information technology systems to support our current and growing business, before and after our planned upgrades; disruptions in our supply chain and fulfillment centers; our inability to protect our trademarks or other intellectual property rights; infringement on the intellectual property of third parties; acts of war, terrorism or civil unrest; the impact of governmental laws and regulations and the outcomes of legal proceedings; changes in U.S. and non-U.S. laws affecting the importation and taxation of goods, including imposition of unilateral tariffs on imported goods; our ability to secure the personal and/or financial information of our customers and employees; our ability to comply with the security standards for the credit card industry; our failure to maintain adequate internal controls over our financial and management systems; acquisition, disposition, and development risks; and other factors that may be disclosed in our SEC filings or otherwise.

Moreover, we operate in an evolving environment, new risk factors and uncertainties emerge from time to time and it is not possible for management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. We qualify all of our forward-looking statements by these cautionary statements.

We undertake no obligation to update or revise these forward-looking statements, except as required under the federal securities laws.

Overview

We are a lifestyle brand of men's and women's casual wear, workwear and accessories sold primarily through our own omnichannel platform. We offer products nationwide through our website and catalog. In 2010, we initiated our omnichannel platform with the opening of our first store. Since then, we have expanded our retail presence, and as of July 28, 2024, we operated 62 retail stores and three outlet stores.

We offer a comprehensive line of innovative, durable and functional products, such as our Longtail T® shirts, Buck Naked™ underwear, Fire Hose® work pants, and No-Yank® Tank, which reflect our position as the Modern, Self-Reliant American Lifestyle brand. Our brand has a heritage in workwear that transcends tradesmen and appeals to a broad demographic for everyday and on-the-job use.

From our heritage as a catalog for those working in the building trades, Duluth Trading has become a widely recognized brand and proprietary line of innovative and functional apparel and gear. Over the last decade, we have created strong brand awareness, built a loyal customer base and generated robust sales momentum. We have done so by sticking to our roots of "there's gotta be a better way" and through our relentless focus on providing our customers with quality, functional products.

A summary of our financial results is as follows:

- Net sales increased by 1.8% over the prior year second quarter to $141.6 million, and net sales in the first six months of fiscal 2024 decreased by 1.7% over the first six months of the prior year to $258.3 million;
- Net loss of $3.7 million in fiscal 2024 second quarter compared to the prior year second quarter net loss of $2.0 million, and net loss in the first six months of fiscal 2024 of $11.6 million compared to a net loss in the first six months of fiscal 2023 of $5.9 million; and
- Adjusted EBITDA increased to $10.6 million in fiscal 2024 second quarter compared to the prior year second quarter Adjusted EBITDA of $8.6 million, and adjusted EBITDA in the first six months of fiscal 2024 of $12.4 million compared to $13.8 million over the first six months of fiscal 2023.

See the "Reconciliation of Net Loss to EBITDA and EBITDA to Adjusted EBITDA" section for a reconciliation of our net loss to EBITDA and EBITDA to Adjusted EBITDA, both of which are non-U.S. GAAP financial measures. See also the information under the heading "Adjusted EBITDA" in the section "How We Assess the Performance of Our Business" for our definition of Adjusted EBITDA.

Our management's discussion and analysis includes market sales metrics for our stores, website and catalog sales. Market areas are determined by a third-party that divides the United States and Puerto Rico into 280 unique geographical areas. Our store market sales metrics include sales from our stores, website and catalog. Our non-store market sales metrics include sales from our website and catalog.

Economic Conditions

The macroeconomic environment is experiencing inflation, recessionary concerns and general uncertainty regarding the future economic environment and therefore we cannot predict the ultimate impact of these economic conditions on our operational and financial performance. Given the uncertainty, we cannot reasonably estimate store traffic patterns and the prolonged impact on overall consumer demand.

How We Assess the Performance of Our Business

In assessing the performance of our business, we consider a variety of financial and operating measures that affect our operating results.

Net Sales

Net sales reflect our sale of merchandise plus shipping and handling revenue collected from our customers, less returns and discounts. Direct-to-consumer sales are recognized upon shipment of the product and store sales are recognized at the point of sale.

Gross Profit

Gross profit is equal to our net sales less cost of goods sold. Gross profit as a percentage of our net sales is referred to as gross margin. Cost of goods sold includes the direct cost of purchased merchandise; inventory shrinkage; inventory adjustments due to obsolescence, including excess and slow-moving inventory and lower of cost and net realizable reserves; inbound freight; and freight from our distribution centers to our retail stores. The primary drivers of the costs of individual goods are raw material costs. Depreciation and amortization are excluded from gross profit. We expect gross profit to increase to the extent that we successfully grow our net sales. Our gross profit may not be comparable to other retailers, as we do not include distribution network and store occupancy expenses in calculating gross profit, but instead we include them in selling, general and administrative expenses.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include all operating costs not included in cost of goods sold. These expenses include all payroll and payroll-related expenses and occupancy expenses related to our stores and to our operations at our headquarters, including utilities, depreciation and amortization and distribution network expenses. They also include marketing expense, which primarily includes digital and television advertising, catalog production, mailing and print advertising costs, as well as all logistics costs associated with shipping product to our customers, consulting and software expenses and professional services fees. Selling, general and administrative expenses as a percentage of net sales is usually higher in lower-volume quarters and lower in higher-volume quarters because a portion of the costs are relatively fixed.

Adjusted EBITDA

We believe Adjusted EBITDA is a useful measure of operating performance, as it provides a clearer picture of operating results by excluding the effects of financing and investing activities by eliminating the effects of interest and depreciation costs and eliminating expenses that are not reflective of underlying business performance. We use Adjusted EBITDA to facilitate a comparison of our operating performance on a consistent basis from period-to-period and to provide for a more complete understanding of factors and trends affecting our business.

We define Adjusted EBITDA as consolidated net income before depreciation and amortization, interest expense and provision for income taxes adjusted for the impact of certain items, including non-cash, restructuring expenses and other items we do not consider representative of our ongoing operating performance. We believe Adjusted EBITDA is less susceptible to variances in actual performance resulting from depreciation, amortization and other items. We also use Adjusted EBITDA as one of the key financial metrics in determining bonus compensation for our employees. This non-GAAP measure may not be comparable to similarly titled measures used by other companies.

Results of Operations

The following table summarizes our unaudited consolidated results of operations for the periods indicated, both in dollars and as a percentage of net sales.

	Three Months Ended		Six Months Ended	
	July 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
(in thousands)				
Net sales	$ 141,619	$ 139,099	$ 258,303	$ 262,858
Cost of goods sold (excluding depreciation and amortization)	67,623	67,616	122,683	125,724
Gross profit	73,996	71,483	135,620	137,134
Selling, general and administrative expenses	76,286	72,926	146,881	143,126
Restructuring expense	1,596	—	1,596	—
Operating loss	(3,886)	(1,443)	(12,857)	(5,992)
Interest expense	988	880	1,981	1,814
Other income, net	145	109	161	257
Loss before income taxes	(4,729)	(2,214)	(14,677)	(7,549)
Income tax benefit	(996)	(202)	(3,079)	(1,660)
Net loss	(3,733)	(2,012)	(11,598)	(5,889)
Less: Net income (loss) attributable to noncontrolling interest	11	(8)	19	(16)
Net loss attributable to controlling interest	$ (3,744)	$ (2,004)	$ (11,617)	$ (5,873)
Percentage of Net sales:				
Net sales	100.0 %	100.0 %	100.0 %	100.0 %

Cost of goods sold (excluding depreciation and amortization)	47.7 %	48.6 %	47.5 %	47.8 %
Gross margin	52.3 %	51.4 %	52.5 %	52.2 %
Selling, general and administrative expenses	53.9 %	52.4 %	56.9 %	54.4 %
Restructuring expense	1.1 %	- %	0.6 %	- %
Operating loss	(2.7)%	(1.0)%	(5.0)%	(2.3)%
Interest expense	0.7 %	0.6 %	0.8 %	0.7 %
Other income, net	0.1 %	- %	0.1 %	- %
Loss before income taxes	(3.3)%	(1.6)%	(5.7)%	(2.9)%
Income tax benefit	(0.7)%	(0.1)%	(1.2)%	(0.6)%
Net loss	(2.6)%	(1.4)%	(4.5)%	(2.2)%
Less: Net income (loss) attributable to noncontrolling interest	- %	- %	- %	- %
Net loss attributable to controlling interest	(2.6)%	(1.4)%	(4.5)%	(2.2)%

Three Months Ended July 28, 2024, Compared to Three Months Ended July 30, 2023

Net Sales

Net sales increased $2.5 million, or 1.8%, to $141.6 million in the three months ended July 28, 2024 compared to $139.1 million in the three months ended July 30, 2023. The increase in net sales was primarily driven by higher site conversion compared to the prior year.

Store market net sales increased $0.4 million, or 0.5%, to $98.0 million in the three months ended July 28, 2024 compared to $97.6 million in the three months ended July 30, 2023. Non-store market net sales increased by $1.5 million, or 3.9%, to $42.1 million in the three months ended July 28, 2024 compared to $40.6 million in the three months ended July 30, 2023.

Gross Profit

Gross profit increased $2.5 million, or 3.5%, to $74.0 million in the three months ended July 28, 2024 compared to $71.5 million in the three months ended July 30, 2023. As a percentage of net sales, gross margin increased to 52.3% of net sales in the three months ended July 28, 2024, compared to 51.4% of net sales in the three months ended July 30, 2023. The increase in gross margin percentage was primarily driven by our sourcing initiative.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $3.4 million, or 4.6%, to $76.3 million in the three months ended July 28, 2024 compared to $72.9 million in the three months ended July 30, 2023. Selling, general and administrative expenses as a percentage of net sales increased to 53.9% in the three months ended July 28, 2024, compared to 52.4% in the three months ended July 30, 2023.

The increase in selling, general and administrative expenses included a $2.4 million non-recurring estimated sales tax expense. Excluding this non-recurring expense, selling, general and administrative expenses increased $1.0 million to $73.9 million, representing 52.2% of net sales.

The decrease in selling, general and administrative expense as a percentage of net sales, excluding the aforementioned non-recurring estimated sales tax expense accrual, was mainly driven by efficiencies across logistics and the fulfillment center network.

Income Taxes

Income tax benefit was $1.0 million in the three months ended July 28, 2024, compared to income tax benefit of $0.2 million in the three months ended July 30, 2023. The effective tax rate related to controlling interest for the three months ended July 28, 2024 and July 30, 2023 was 21% and 9%, respectively.

Net Loss Attributable to Controlling Interest

Net loss attributable to controlling interest was $3.7 million, in the three months ended July 28, 2024 compared to net loss of $2.0 million in the three months ended July 30, 2023. In addition to the factors addressed above, the aforementioned $1.6 million in restructuring expense contributed to the net loss in the current period.

Six Months Ended July 30, 2023 Compared to Six Months Ended July 31, 2022

Net Sales

Net sales decreased $4.6 million, or 1.7%, to $258.3 million in the six months ended July 28, 2024 compared to $262.9 million in the six months ended July 30, 2023.

Store market net sales decreased $6.9 million, or 3.8%, to $176.1 million in the six months ended July 28, 2024 compared to $183.0 million in the six months ended July 30, 2023. The decrease was driven by slower store traffic compared to the prior year. Non-store market net sales decreased by $2.3 million, or 3.0%, to $75.7 million in the six months ended July 28, 2024 compared to $78.0 million in the six months ended July 30, 2023.

Gross Profit

Gross profit decreased $1.5 million, or 1.1%, to $135.6 million in the six months ended July 28, 2024 compared to $137.1 million in the six months ended July 30, 2023. As a percentage of net sales, gross margin increased to 52.5% of net sales in the six months ended July 28, 2024, compared to 52.2% of net sales in the six months ended July 30, 2023.

The increase in gross margin rate was primarily driven by our sourcing initiatives.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $3.8 million, or 2.6%, to $146.9 million in the six months ended July 28, 2024 compared to $143.1 million in the six months ended July 30, 2023. Selling, general and administrative expenses as a percentage of net sales increased to 56.9% in the six months ended July 28, 2024, compared to 54.4% in the six months ended July 30, 2023.

The increase in selling, general and administrative expenses included a $2.4 million non-recurring estimated sales tax expense. Excluding this non-recurring expense, selling, general and administrative expenses increased $1.4 million to $144.5 million, representing 55.9% of net sales.

The increase in selling, general and administrative expense as a percentage of net sales, excluding the aforementioned non-recurring estimated sales tax expense accrual, was primarily due to higher fixed costs and depreciation from foundational strategic investments.

Income Taxes

Income tax benefit was $3.1 million in the six months ended July 28, 2024, compared to income tax benefit of $1.7 million in the six months ended July 30, 2023. The effective tax rate related to controlling interest was 21% for the six months ended July 28, 2024 compared to 22% for the six months ended July 30, 2023.

Net Loss Attributable to Controlling Interest

Net loss attributable to controlling interest was $11.6 million in the six months ended July 28, 2024 compared to net loss of $5.9 million in the six months ended July 30, 2023. In addition to the factors addressed above, the aforementioned $1.6 million in restructuring expense contributed to the net loss in the current period.

Reconciliation of Net Loss to EBITDA and EBITDA to Adjusted EBITDA

The following table presents reconciliations of net loss to EBITDA and EBITDA to Adjusted EBITDA, both of which are non-U.S. GAAP financial measures, for the periods indicated below. See the above section titled "How We Assess the Performance of Our Business," for our definition of Adjusted EBITDA.

	Three Months Ended		Six Months Ended	
	July 28, 2024	**July 30, 2023**	**July 28, 2024**	**July 30, 2023**
(in thousands)				

Net loss	$	(3,733)	$	(2,012)	$	(11,598)	$	(5,889)
Depreciation and amortization		8,046		7,455		16,297		14,868
Amortization of internal-use software hosting subscription implementation costs		1,292		1,150		2,462		2,420
Interest expense		988		880		1,981		1,814
Income tax benefit		(996)		(202)		(3,079)		(1,660)
EBITDA	$	5,597	$	7,271	$	6,063	$	11,553
Stock based compensation		1,011		1,294		2,383		2,284
Restructuring expense		1,596		—		1,596		—
Sales tax expense accrual		2,406		—		2,406		—
Adjusted EBITDA	$	10,610	$	8,565	$	12,448	$	13,837

As a result of the factors discussed above in the “Results of Operations” section, Adjusted EBITDA increased $2.0 million to $10.6 million in the three months ended July 28, 2024 compared to $8.6 million in the three months ended July 30, 2023. As a percentage of net sales, Adjusted EBITDA increased to 7.5% of net sales in the three months July 28, 2024 compared to 6.2% of net sales in the three months ended July 30, 2023.

As a result of the factors discussed above in the “Results of Operations” section, Adjusted EBITDA decreased $1.4 million to $12.4 million in the six months ended July 28, 2024 compared to $13.8 million in the six months ended July 30, 2023. As a percentage of net sales, Adjusted EBITDA decreased to 4.8% of net sales in the six months July 28, 2024 compared to 5.3% of net sales in the six months ended July 30, 2023.

Liquidity and Capital Resources

General

Our business relies on cash from operating activities and a credit facility as our primary sources of liquidity. Our primary cash needs have been for inventory, marketing and advertising, payroll, store leases, and capital expenditures associated with infrastructure and information technology. The most significant components of our working capital are cash, inventory, accounts payable and other current liabilities. At July 28, 2024, our net working capital was $79.8 million, including $9.8 million of cash and cash equivalents.

We expect to spend approximately $25.0 million in fiscal 2024 on capital expenditures, inclusive of software hosting implementation costs, primarily due to investments in logistics optimization, including investments in the fulfillment network and information technology. Due to the seasonality of our business, a significant amount of cash from operating activities is generated during the fourth quarter of our fiscal year. We also use cash in our investing activities for capital expenditures throughout all four quarters of our fiscal year.

We believe that our cash flow from operating activities and the availability of cash under our credit facility will be sufficient to cover working capital requirements and anticipated capital expenditures for the foreseeable future.

Cash Flow Analysis

A summary of operating, investing and financing activities is shown in the following table.

	Six Months Ended			
	July 28, 2024		July 30, 2023	
(in thousands)				
Net cash used in operating activities	$	(17,052)	$	(1,249)
Net cash used in investing activities		(3,086)		(31,395)
Net cash used in financing activities		(2,232)		(1,756)
Decrease in cash and cash equivalents	$	(22,370)	$	(34,400)

Net Cash Used in Operating Activities

Operating activities consist primarily of net income adjusted for non-cash items that include depreciation and amortization, stock-based compensation and the effect of changes in operating assets and liabilities.

For the six months ended July 28, 2024, net cash used in operating activities was $17.1 million, which primarily consisted of cash used in operating assets and liabilities of $20.9 million and an $11.6 million net loss for the six months ended July 28, 2024 partially offset by depreciation of $16.3 million. The cash used in operating assets and liabilities of $20.9 million was primarily due to a $43.0 million increase in inventory, partially offset by a $26.6 million increase in trade accounts payable.

For the six months ended July 30, 2023, net cash used in operating activities was $1.2 million, which primarily consisted of cash used in operating assets and liabilities of $11.0 million and a $5.9 million net loss for the six months ended July 30, 2023 offset by depreciation of $14.9 million. The cash used in operating assets and liabilities of $11.0 million was primarily due to a $7.3 million decrease in accrued expenses and $2.2 million increase in inventory.

Net Cash Used in Investing Activities

Investing activities consist primarily of capital expenditures for growth related to investments in infrastructure and information technology.

For the six months ended July 28, 2024 and July 30, 2023, net cash used in investing activities was $3.1 million and $31.4 million, respectively.

Net Used in Financing Activities

Financing activities consist primarily of borrowings and payments related to our revolving line of credit as well as payments on finance lease obligations.

For the six months ended July 28, 2024, net cash used in financing activities was $2.2 million and $1.8 million, respectively.

Contractual Obligations

There have been no significant changes to our contractual obligations as described in our Annual Report on Form 10-K for the fiscal year ended January 28, 2024.

Off-Balance Sheet Arrangements

We are not a party to any material off-balance sheet arrangements.

Critical Accounting Policies and Critical Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the related disclosures of contingent assets and liabilities at the date of the financial statements. We evaluate our accounting policies, estimates, and judgments on an on-going basis. We base our estimates and judgments on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions and such differences could be material to the consolidated financial statements.

As of the date of this filing, there were no significant changes to any of the critical accounting policies and estimates described in our 2023 Form 10-K.

Recent Accounting Pronouncements

See Note 14 “Recent Accounting Pronouncements,” of Notes to Condensed Consolidated Financial Statements included in Part 1, Item 1, of this quarterly report on Form 10-Q for information regarding recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in the market risks described in our 2023 Form 10-K. See Note 3 “Debt and Credit Agreement,” of Notes to Condensed Consolidated Financial Statements included in Part 1, Item 1, of this quarterly report on Form 10-Q, for disclosure on our interest rate related to borrowings under our credit agreement.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Section 13a-15(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires management of an issuer subject to the Exchange Act to evaluate, with the participation of the issuer’s principal executive and principal financial officers, or persons performing similar functions, the effectiveness of the issuer’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act), as of the end of each fiscal quarter. Based on this evaluation, our Chief

Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were not effective over certain financial reporting areas due to the material weakness in our internal control over financial reporting described below. Management has performed additional analysis and other procedures to ensure that our condensed financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and has concluded that, notwithstanding the material weakness in our internal control over financial reporting, the condensed consolidated financial statements for the period covered by and included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

Material Weakness

As disclosed in the section titled "Evaluation of Disclosure Controls and Procedures" in Item 9A of the Company's 2023 Annual Report on Form 10-K, we previously identified control deficiencies in the implementation of our internal control over financial reporting that constituted a material weakness. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

The material weakness identified in our internal control over financial reporting related to control deficiencies in effective risk assessment related to the mapping of general ledger accounts to the consolidated financial statements resulting in manual controls in the financial reporting process that were not designed to sufficiently mitigate the risk of incorrect presentation of certain general ledger accounts in the consolidated financial statements.

Remediation Plans

Management has simplified the process related to the mapping of general ledger accounts to the consolidated financial statements and performed a thorough risk assessment of the updated process to identify all risk points and design and implemented new process-level controls to mitigate the risk of incorrect presentation of general ledger accounts in the consolidated financial statements. However, the material weakness cannot be considered fully remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control Over Financial Reporting

We are taking the appropriate actions to remediate the material weakness relating to our internal control over financial reporting, as described above. Except as otherwise described herein, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(d) and 15d-15(d) under the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are subject to certain legal proceedings and claims in the ordinary course of business. We are not presently party to any legal proceedings the resolution of which we believe would have a material adverse effect on our business, financial condition, operating results or cash flows. We establish reserves for specific legal matters when we determine that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable.

Item 1A. Risk Factors

We operate in a rapidly changing environment that involves a number of risks that may have a material adverse effect on our business, financial condition and results of operations. For a detailed discussion of the risks that affect our business, please refer to the section entitled "Risk Factors" in our 2023 Form 10-K, or other SEC filings. There have been no material changes to our risk factors as previously disclosed in our fiscal 2023 Annual Report on Form 10-K.

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

We did not sell any equity securities during the quarter ended July 28, 2024, which were not registered under the Securities Act.

The following table contains information of shares acquired from employees in lieu of amounts required to satisfy minimum tax withholding requirements upon the vesting of the employees' restricted stock during the three months ended July 28, 2024.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet to be purchased under the plans or programs
April 29, 2024 - May 26, 2024	105,986	$ 4.17	—	$ —
May 27, 2024 - June 30, 2024	—	—	—	—
July 1, 2024 - July 28, 2024	—	—	—	—
Total	105,986	$ 4.17	—	$ —

Item 5. Other Information

During the three months ended July 28, 2024, no director or Section 16 officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit No.	
10.1	Duluth Holdings Inc. 2024 Equity Incentive Plan, incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on April 5, 2024.
10.2	Form of Restricted Stock Agreement for executives under the 2024 Equity Incentive Plan.*
10.3	Form of Restricted Stock Agreement for non-employee directors under the 2024 Equity Incentive Plan.*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities and Exchange Act, as amended.*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities and Exchange Act of 1934, as amended.*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended July 28, 2024 has been formatted in Inline XBRL (Inline Extensible Business Reporting Language and contained in Exhibits 101).

* Filed herewith

** In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed to be "furnished" and not "filed."

SIGNATURES

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

Date: August 30, 2024

DULUTH HOLDINGS INC.
(Registrant)

/s/ Heena Agrawal
Heena Agrawal
Senior Vice President, Chief Financial Officer
(On behalf of the Registrant and as Principal Financial Officer)

/s/ Michael Murphy
Michael Murphy
Vice President, Chief Accounting Officer and Treasury
(On behalf of the Registrant and as Principal Accounting Officer)

Exhibit 10.2

DULUTH HOLDINGS INC.
RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (this "Agreement") is executed as of _____________________ by and between Duluth Holdings Inc., a Wisconsin corporation (the "Company"), and _______________ (the "Director").

W I T N E S S E T H:

WHEREAS the Board of Directors of the Company has established the 2024 Equity Incentive Plan of Duluth Holdings Inc. (the "Plan") with the approval of the shareholders of the Company;

WHEREAS, the Company has adopted the Outside Director Compensation Policy for its non-employee directors effective for service for periods beginning on or after January 29, 2024 pursuant to which the Director is entitled to receive Restricted Stock under the Plan; and

WHEREAS, the Director has been granted Restricted Stock under the Plan subject to the terms provided in this Agreement and the Plan.

NOW, THEREFORE, the Company and the Director hereby agree as follows:

Provisions of Plan Control

. This Agreement shall be governed by the provisions of the Plan, the terms and conditions of which are incorporated herein by reference. The Plan empowers the Committee to make interpretations, rules and regulations thereunder, and, in general, provides that determinations of such Committee with respect to the Plan shall be binding upon the Director. Unless otherwise provided herein, all capitalized terms in this Agreement shall have the meanings ascribed to them in the Plan. A copy of the Plan will be delivered to the Director upon reasonable request.

Terms of Award

. The Director has been granted _____________ shares of Restricted Stock under the Plan. The Committee has determined that the Period of Restriction, for one hundred percent of such shares (______________ shares), shall end on the earlier of (i) ______________, the first anniversary of the date of grant of the Restricted Stock, or (ii) the date of the annual meeting for the Company's _______ annual meeting of shareholders. The Director shall forfeit all Restricted Stock if his or her service with the Company ends prior the expiration of the Period of Restriction. Notwithstanding the foregoing, if the Director's service with the Company ends prior to the expiration of the Period of Restriction due to his or her death or Disability, all restrictions applicable to any Restricted Stock granted under this Agreement shall immediately lapse.

Dividends and Voting Rights. The Director shall be entitled to receive any dividends that become payable with respect to such shares of Restricted Stock and shall be entitled to voting rights with respect to such shares of Restricted Stock.

Compliance with Laws and Regulations

. The issuance and transfer of Shares in accordance with this Agreement and the Plan will be subject to compliance by the Company and

Director with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's common stock may be listed at the time of such issuance or transfer. The Company shall have the right to delay the issue or delivery of any Shares under the Plan until (i) the completion of such registration or qualification of such Shares under any federal or state law, ruling or regulation as the Company shall determine to be necessary or advisable, and (ii) receipt from the Director of such documents and information as the Committee may deem necessary or appropriate in connection with such registration or qualification.

Taxes. The Company may require payment or reimbursement of or may withhold any tax that it believes is required as a result of the grant or vesting of such Restricted Stock or any payments in connection with the Restricted Stock, and the Company may defer making delivery of any Restricted Stock or Shares in respect of Restricted Stock until arrangements satisfactory to the Company have been made with regard to any such payment, reimbursement, or withholding obligation.

No Right to Service. The granting of Restricted Stock under this Agreement shall not be construed as granting to the Director any right with respect to continued service with the Company, nor shall it interfere in any way with the right of the Company to terminate the Director's service at any time.

Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement providing for a single grant of shares of Restricted Stock, and any counterpart may be delivered to another party by e-mail or facsimile transmission. A facsimile ("fax") signature to this Agreement, or a signature to this Agreement electronically transmitted in "pdf" format or by email or by e-signature software (e.g., DocuSign), shall be considered a binding signature and shall have the same force and effect as an original signature.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed as of the date and year first above written.

DULUTH HOLDINGS INC.

By:
Name: Samuel M. Sato
Its: President and Chief Executive Officer

The undersigned Director hereby accepts the foregoing grant of Restricted Stock and agrees to the several terms and conditions hereof and of the Plan.

______________________, Director

DULUTH HOLDINGS INC.
RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (this "Agreement") is executed as of ___________________ by and between Duluth Holdings Inc., a Wisconsin corporation (the "Company"), and _________________ (the "Executive").

W I T N E S S E T H:

WHEREAS the Board of Directors of the Company has established the 2024 Equity Incentive Plan of Duluth Holdings Inc. (the "Plan") with the approval of the shareholders of the Company; and

WHEREAS, the Executive has been granted Restricted Stock under the Plan subject to the terms and conditions provided in this Agreement and the Plan.

NOW, THEREFORE, the Company and the Executive hereby agree as follows:

Provisions of Plan Control

. This Agreement shall be governed by the provisions of the Plan, the terms and conditions of which are incorporated herein by reference. The Plan empowers the Committee to make interpretations, rules and regulations thereunder, and, in general, provides that determinations of such Committee with respect to the Plan shall be binding upon the Executive. Unless otherwise provided herein, all capitalized terms in this Agreement shall have the meanings ascribed to them in the Plan. A copy of the Plan will be delivered to the Executive upon reasonable request.

Terms of Award

. The Executive has been granted __________ shares of Restricted Stock under the Plan. The Period of Restriction for __________ percent of such shares (__________ shares), shall end on_______________, the _____ anniversary of the date of the grant of the Restricted Stock [insert remaining vesting terms, if any]. In the event that the Executive's employment with the Company is terminated for any reason, all vesting of the subject shares shall immediately cease. Any of the Restricted Stock which has not become vested shall be referred to herein as "Unvested Stock." In the event the Executive's employment with the Company is terminated for any reason, the Executive shall forfeit all Unvested Stock and all of such Unvested Stock shall revert to the Company. All Unvested Stock that has not been previously forfeited shall be deemed to be fully vested upon a Change in Control. Notwithstanding the foregoing, if the Executive's service with the Company ends prior to the expiration of the Period of Restriction due to his or her death or Disability, all restrictions applicable to any Restricted Stock granted under this Agreement shall immediately lapse.

Dividends and Voting Rights

. The Executive shall be entitled to receive any dividends that become payable with respect to such shares of Restricted Stock and shall be entitled to voting rights with respect to such shares of Restricted Stock.

Restrictive Covenant Agreement. By execution of this Agreement, the Executive agrees that the Executive and such shares of Restricted Stock shall be bound by the terms and restrictions of the Restrictive Covenant Agreement attached hereto as Exhibit A. As a condition to the award of such shares of Restricted Stock hereunder, the Executive shall execute the Restrictive Covenant Agreement, dated as of even date herewith.

Compliance with Laws and Regulations

. The issuance and transfer of Shares in accordance with this Agreement and the Plan will be subject to compliance by the Company and Executive with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which Shares may be listed at the time of such issuance or transfer. The Company shall have the right to delay the issue or delivery of any Shares under the Plan until (i) the completion of such registration or qualification of such Shares under any federal or state law, ruling or regulation as the Company shall determine to be necessary or advisable, and (ii) receipt from the Executive of such documents and information as the Committee may deem necessary or appropriate in connection with such registration or qualification.

Taxes

. The Company may require payment or reimbursement of or may withhold any tax that it believes is required as a result of the grant or vesting of such Restricted Stock or any payments in connection with the Restricted Stock, and the Company may defer making delivery of any Restricted Stock or Shares in respect of Restricted Stock until arrangements satisfactory to the Company have been made with regard to any such payment, reimbursement, or withholding obligation. The Executive may, at his or her election, satisfy his or her obligation for payment of required tax withholding by having the Company retain a number of Shares having an aggregate Fair Market Value on the date the Shares are withheld equal to the amount of the required tax withholding.

No Right to Service

. The granting of Restricted Stock under this Agreement shall not be construed as granting to the Executive any right with respect to continued employment with the Company, nor shall it interfere in any way with the right of the Company to terminate the Executive’s employment at any time.

Counterparts

. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement providing for a single grant of shares of Restricted Stock; and any counterpart may be delivered to another party by e-mail or facsimile transmission. A facsimile (“fax”) signature to this Agreement, or a signature to this Agreement electronically transmitted in “pdf” format or by email, shall be considered a binding signature and shall have the same force and effect as an original signature.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed as of the date and year first above written.

DULUTH HOLDINGS INC.

By:
Name: Sam Sato
Its: Chief Executive Officer

The undersigned Executive hereby accepts the foregoing grant of Restricted Stock and agrees to the several terms and conditions hereof and of the Plan.

[EE NAME], Executive

Exhibit 31.1

CERTIFICATIONS

I, Sam Sato, Chief Executive Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Duluth Holdings Inc. (the “registrant”);

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, 2024

/s/ Sam Sato
Sam Sato
Chief Executive officer

CERTIFICATIONS

I, Heena Agrawal, Chief Financial Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Duluth Holdings Inc. (the “registrant”);

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 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, 2024

/s/ Heena Agrawal
Heena Agrawal
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER 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 Duluth Holdings Inc. (the “Company”) for the quarterly period ended July 28, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sam Sato, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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.

	/s/ Sam Sato
Name:	**Sam Sato**
Title:	**Chief Executive Officer**
Date:	**August 30, 2024**

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER 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 Duluth Holdings Inc. (the "Company") for the quarterly period ended July 28, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Heena Agrawal, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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.

/s/ Heena Agrawal

Name: **Heena Agrawal**
Title: **Chief Financial Officer**
Date: **August 30, 2024**

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.