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 October 27, 2023

-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: 001-09769

Lands' End, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**36-2512786**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1 Lands' End Lane Dodgeville, Wisconsin	**53595**
(Address of principal executive offices)	**(Zip Code)**

(608) 935-9341
(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
Common Stock, par value $0.01 per share	LE	The Nasdaq Stock Market LLC

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 definition 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 Act). YES ☐ NO ☒

As of November 30, 2023, the registrant had 31,445,713 shares of common stock, $0.01 par value, outstanding.

LANDS' END, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED OCTOBER 27, 2023

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LANDS' END, INC.
Condensed Consolidated Statements of Operations
(Unaudited)

(in thousands, except per share data)	13 Weeks Ended October 27, 2023	13 Weeks Ended October 28, 2022	39 Weeks Ended October 27, 2023	39 Weeks Ended October 28, 2022
Net revenue	$ 324,735	$ 370,983	$ 957,656	$ 1,025,826
Cost of sales (excluding depreciation and amortization)	172,142	222,573	527,529	604,204
Gross profit	152,593	148,410	430,127	421,622
Selling and administrative	135,282	132,807	377,662	377,074
Depreciation and amortization	9,595	9,761	28,439	29,228
Goodwill impairment	106,700	—	106,700	—
Other operating expense, net	2,324	3,096	2,916	3,135
Operating (loss) income	(101,308)	2,746	(85,590)	12,185
Interest expense	11,677	10,825	35,984	27,807
Other (income) expense, net	(132)	230	(488)	(97)
Loss before income taxes	(112,853)	(8,309)	(121,086)	(15,525)
Income tax (benefit) expense	(459)	(3,627)	978	(6,293)
NET LOSS	$ (112,394)	$ (4,682)	$ (122,064)	$ (9,232)
NET LOSS PER COMMON SHARE				
Basic:	$ (3.52)	$ (0.14)	$ (3.80)	$ (0.28)
Diluted:	$ (3.52)	$ (0.14)	$ (3.80)	$ (0.28)
Basic weighted average common shares outstanding	31,887	33,064	32,140	33,196
Diluted weighted average common shares outstanding	31,887	33,064	32,140	33,196

See accompanying Notes to Condensed Consolidated Financial Statements.

LANDS' END, INC.
Condensed Consolidated Statements of Comprehensive Operations
(Unaudited)

(in thousands)	13 Weeks Ended October 27, 2023	13 Weeks Ended October 28, 2022	39 Weeks Ended October 27, 2023	39 Weeks Ended October 28, 2022
NET LOSS	$ (112,394)	$ (4,682)	$ (122,064)	$ (9,232)
Other comprehensive loss, net of tax				
Foreign currency translation adjustments	(1,185)	(1,947)	(404)	(5,884)
COMPREHENSIVE LOSS	$ (113,579)	$ (6,629)	$ (122,468)	$ (15,116)

See accompanying Notes to Condensed Consolidated Financial Statements.

LANDS' END, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except per share data)	October 27, 2023	October 28, 2022	January 27, 2023
ASSETS			
Current assets			
Cash and cash equivalents	$ 36,821	$ 28,829	$ 39,557
Restricted cash	1,833	1,833	1,834
Accounts receivable, net	31,422	49,409	44,928
Inventories, net	422,160	564,856	425,513
Prepaid expenses and other current assets	47,952	47,205	44,894
Total current assets	540,188	692,132	556,726
Property and equipment, net	121,400	121,907	127,638
Operating lease right-of-use asset	26,216	31,441	30,325
Goodwill	—	106,700	106,700
Intangible asset	257,000	257,000	257,000
Other assets	2,758	3,786	3,759
TOTAL ASSETS	$ 947,562	$ 1,212,966	$ 1,082,148
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Current portion of long-term debt	$ 13,750	$ 13,750	$ 13,750
Accounts payable	161,426	228,863	171,557
Lease liability – current	5,754	5,808	5,414
Accrued expenses and other current liabilities	109,927	111,872	106,756
Total current liabilities	290,857	360,293	297,477
Long-term borrowings under ABL Facility	110,000	160,000	100,000
Long-term debt, net	215,306	226,227	223,506
Lease liability – long-term	26,065	32,033	31,095
Deferred tax liabilities	51,176	45,087	45,953
Other liabilities	3,253	3,758	3,365
TOTAL LIABILITIES	696,657	827,398	701,396
Commitments and contingencies			
STOCKHOLDERS' EQUITY			
Common stock, par value $0.01 authorized: 480,000 shares; issued and outstanding: 31,719, 33,001 and 32,626, respectively	317	330	326
Additional paid-in capital	358,811	369,198	366,181
(Accumulated deficit) Retained earnings	(90,797)	34,566	31,267
Accumulated other comprehensive loss	(17,426)	(18,526)	(17,022)
TOTAL STOCKHOLDERS' EQUITY	250,905	385,568	380,752
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 947,562	$ 1,212,966	$ 1,082,148

See accompanying Notes to Condensed Consolidated Financial Statements.

LANDS' END, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	39 Weeks Ended October 27, 2023	39 Weeks Ended October 28, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (122,064)	$ (9,232)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	28,439	29,228
Amortization of debt issuance costs	2,456	2,361
Loss on disposal of property and equipment	100	39
Stock-based compensation	3,619	3,537
Deferred income taxes	5,330	460
Goodwill and long-lived asset impairment	106,700	120
Other	(583)	(744)
Change in operating assets and liabilities:		
Accounts receivable, net	13,258	(1,246)
Inventories, net	2,796	(188,899)
Accounts payable	(4,334)	82,057
Other operating assets	(2,504)	(10,604)
Other operating liabilities	3,454	(33,072)
Net cash provided by (used in) operating activities	36,667	(125,995)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of property and equipment	—	88
Purchases of property and equipment	(28,535)	(20,544)
Net cash used in investing activities	(28,535)	(20,456)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings under ABL Facility	169,000	222,000
Payments of borrowings under ABL Facility	(159,000)	(62,000)
Payments on term loan	(10,313)	(10,313)
Payments of debt issuance costs	(67)	—
Payments for taxes related to net share settlement of equity awards	(1,210)	(4,315)
Purchases and retirement of common stock	(9,788)	(5,234)
Net cash (used in) provided by financing activities	(11,378)	140,138
Effects of exchange rate changes on cash, cash equivalents and restricted cash	509	840
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(2,737)	(5,473)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	41,391	36,135
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	$ 38,654	$ 30,662
SUPPLEMENTAL CASH FLOW DATA		
Unpaid liability to acquire property and equipment	$ 3,893	$ 4,922
Income taxes paid (refunded)	$ (200)	$ 4,146
Interest paid	$ 33,171	$ 26,170
Operating lease right-of-use-assets (reversal) obtained in exchange for lease liabilities	$ (755)	$ 4,223

See accompanying Notes to Condensed Consolidated Financial Statements.

LANDS' END, INC.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

(in thousands)	Common Stock Issued Shares	Common Stock Issued Amount	Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive (Loss)	Total Stockholders' Equity
Balance at January 27, 2023	32,626	$ 326	$ 366,181	$ 31,267	$ (17,022)	$ 380,752
Net loss	—	—	—	(1,652)	—	(1,652)
Cumulative translation adjustment, net of tax	—	—	—	—	81	81
Stock-based compensation expense	—	—	1,083	—	—	1,083
Vesting of restricted shares	408	3	(3)	—	—	—
Common stock withheld related to net share settlement of equity awards	(144)	—	(1,199)	—	—	(1,199)
Purchases and retirement of common stock	(430)	(4)	(3,777)	—		(3,781)
Balance at April 28, 2023	32,460	$ 325	$ 362,285	$ 29,615	$ (16,941)	$ 375,284
Net loss	—	—	—	(8,018)	—	(8,018)
Cumulative translation adjustment, net of tax	—	—	—	—	700	700
Stock-based compensation expense	—	—	810	—	—	810
Vesting of restricted shares	2	—	—	—	—	—
Purchases and retirement of common stock	(375)	(4)	(3,004)	—	—	(3,008)
Balance at July 28, 2023	32,087	$ 321	$ 360,091	$ 21,597	$ (16,241)	$ 365,768
Net loss	—	—	—	(112,394)	—	(112,394)
Cumulative translation adjustment, net of tax	—	—	—	—	(1,185)	(1,185)
Stock-based compensation expense	—	—	1,726	—	—	1,726
Vesting of restricted shares	7	—	(11)	—	—	(11)
Common stock withheld related to net share settlement of equity awards	(2)	—	—	—	—	—
Purchases and retirement of common stock	(373)	(4)	(2,995)	—		(2,999)
Balance at October 27, 2023	31,719	$ 317	$ 358,811	$ (90,797)	$ (17,426)	$ 250,905

(in thousands)	Common Stock Issued Shares	Common Stock Issued Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total Stockholders' Equity
Balance at January 28, 2022	32,985	$ 330	$ 374,413	$ 44,595	$ (12,642)	$ 406,696
Net loss	—	—	—	(2,371)	—	(2,371)
Cumulative translation adjustment, net of tax	—	—	—	—	(3,094)	(3,094)
Stock-based compensation expense	—	—	1,484	—	—	1,484
Vesting of restricted shares	660	4	(4)	—	—	—
Common stock withheld related to net share settlement of equity awards	(232)	—	(4,310)	—	—	(4,310)
Balance at April 29, 2022	33,413	$ 334	$ 371,583	$ 42,224	$ (15,736)	$ 398,405
Net loss	—	—	—	(2,179)	—	(2,179)
Cumulative translation adjustment, net of tax	—	—	—	—	(843)	(843)
Stock-based compensation expense	—	—	1,919	—	—	1,919
Vesting of restricted shares	1	—	—	—	—	—
Purchases and retirement of common stock	(212)	(2)	(2,257)	(98)	—	(2,357)
Balance at July 29, 2022	33,202	$ 332	$ 371,245	$ 39,947	$ (16,579)	$ 394,945
Net loss	—	—	—	(4,682)	—	(4,682)
Cumulative translation adjustment, net of tax	—	—	—	—	(1,947)	(1,947)
Stock-based compensation expense	—	—	134	—	—	134
Vesting of restricted shares	4	—	—	—	—	—
Common stock withheld related to net share settlement of equity awards	(1)	—	(5)	—	—	(5)
Purchases and retirement of common stock	(204)	(2)	(2,176)	(699)		(2,877)
Balance at October 28, 2022	33,001	$ 330	$ 369,198	$ 34,566	$ (18,526)	$ 385,568

See accompanying Notes to Condensed Consolidated Financial Statements.

LANDS' END, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BACKGROUND AND BASIS OF PRESENTATION

Description of Business

Lands' End, Inc. ("Lands' End" or the "Company") is a leading digital retailer of casual clothing, swimwear, outerwear, accessories, footwear, home products and uniform solutions. Lands' End offers products online at *www.landsend.com*, through Company Operated stores and through third-party distribution channels. Lands' End is a classic American lifestyle brand with a passion for quality, legendary service and real value and seeks to deliver timeless style for women, men, kids and the home. Lands' End also offers products to businesses and schools, for their employees and students, through the Outfitters distribution channel. References to *www.landsend.com* do not constitute incorporation by reference of the information at *www.landsend.com*, and such information is not part of this Quarterly Report on Form 10-Q or any other filings with the SEC, unless otherwise explicitly stated.

Terms that are commonly used in the Company's Notes to Condensed Consolidated Financial Statements are defined as follows:

- ABL Facility – Asset-based senior secured credit agreement, providing for a revolving facility, dated as of November 16, 2017, with Wells Fargo Bank, N.A. and certain other lenders, as amended to date
- Adjusted EBITDA – Net income (loss) appearing on the Condensed Consolidated Statements of Operations net of Income tax expense/(benefit), Interest expense, Depreciation and amortization and certain significant items
- ASC – Financial Accounting Standards Board Accounting Standards Codification, which serves as the source for authoritative GAAP, as supplemented by rules and interpretive releases by the SEC which are also sources of authoritative GAAP for SEC registrants
- Company Operated stores – Lands' End retail stores in the Retail distribution channel
- Debt Facilities – Collectively, the Term Loan Facility and ABL Facility
- Deferred Awards – Time vesting stock awards
- EPS – Earnings per share
- FASB – Financial Accounting Standards Board
- Fiscal 2023 – The 53 weeks ending February 2, 2024
- Fiscal 2022 – The 52 weeks ended January 27, 2023
- GAAP – Accounting principles generally accepted in the United States
- LIBOR – London inter-bank offered rate
- Option Awards – Stock option awards
- Performance Awards – Performance-based stock awards
- SEC – United States Securities and Exchange Commission
- Second Quarter 2023 – The 13 weeks ended July 28, 2023
- Second Quarter 2022 – The 13 weeks ended July 29, 2022
- SOFR – Secured Overnight Funding Rate

- Target Shares – Number of restricted stock units awarded to a recipient which reflects the number of shares to be delivered based on achievement of target performance goals
- Term Loan Facility – Term loan credit agreement, dated as of September 9, 2020, among the Company, Fortress Credit Corp., as Administrative Agent and Collateral Agent, and the lenders party thereto, as amended to date
- Third Quarter 2023 – The 13 weeks ended October 27, 2023
- Third Quarter 2022 – The 13 weeks ended October 28, 2022

Basis of Presentation

The Condensed Consolidated Financial Statements include the accounts of Lands' End, Inc. and its subsidiaries. All intercompany transactions and balances have been eliminated.

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all material adjustments which are of a normal and recurring nature necessary for a fair presentation of the results for the periods presented have been reflected. Dollar amounts are reported in thousands, except per share data, unless otherwise noted. Interim results are not necessarily indicative of results for a full year. The information included in this Form 10-Q should be read in conjunction with information included in the Lands' End Annual Report on Form 10-K filed with the SEC on April 10, 2023.

Macroeconomic Challenges

Macroeconomic issues, such as recent inflationary pressures and rising interest rates, have continued to have an impact on the Company's business. Since apparel purchases are discretionary expenditures that historically have been influenced by domestic and global economic conditions, higher prices of consumer goods due to inflation may result in less discretionary spending for consumers which may negatively impact customer demand and require higher levels of promotion in order to attract and retain customers. Additionally, interest expense could be negatively affected by any continued rate increases due to the variable interest rates associated with the Company's Debt Facilities. These macroeconomic challenges have led to increased cost of raw materials, packaging materials, labor, energy, fuel, debt and other inputs necessary for the production and distribution of the Company's products.

Corporate Restructuring

The Company reduced corporate positions, primarily in the Company's Hong Kong sourcing office, during Third Quarter 2023. The Company incurred total severance costs of approximately $2.3 million related to the reduction in corporate positions which was recorded in Other operating expense, net in the Consolidated Statements of Operations. As of October 27, 2023, approximately $0.4 million of the severance costs had yet to be paid and is included in Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets.

Lands' End Japan Closure

During Second Quarter 2022, the Board of Directors approved a plan to wind down and cease operations of Lands' End Japan KK. Lands' End Japan KK represents the Japan eCommerce operating segment. For a discussion on this operating segment, see Note 13, *Segment Reporting*. The Company incurred closing costs of approximately $0.1 million and $3.0 million during the 13 weeks ended October 27, 2023 and October 28, 2022, respectively. For the 39 weeks ended October 27, 2023 and October 28, 2022 the Company incurred closing costs of approximately $0.2 million and $3.0 million, respectively, recorded in Other operating expense, net in the Consolidated Statements of Operations. See Note 9, *Lands' End Japan Closure*.

Goodwill and Indefinite-Lived Intangible Asset Impairment Analysis

Goodwill and the indefinite-lived trade name intangible asset are tested separately for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment assessments contain multiple uncertainties because the calculation requires management to make assumptions and to apply judgment to estimate future cash flows and asset fair values, including forecasting cash flows under different scenarios.

Goodwill impairment assessments

In connection with the preparation of the financial statements included in this Form 10-Q, the Company considered the decline in the Company's stock price and market capitalization, as well as current market and macroeconomic conditions, to be a triggering event for the U.S. eCommerce and Outfitters reporting units and therefore completed an interim test for impairment of goodwill for these reporting units as of October 27, 2023. The Company tested goodwill for impairment using a one-step quantitative test. The quantitative test compares the reporting unit's fair value to its carrying value. An impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of goodwill. The Company estimates fair value of its reporting units using a discounted cash flow model, commonly referred to as the income approach. The income approach uses a reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions appropriate to the Company's reporting unit. The discounted cash flow model uses management's best estimates of economic and market conditions over the projected period using the best information available, including growth rates in revenues, costs and estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, weighted average cost of capital and changes in future working capital requirements.

The testing resulted in full impairment of $70.4 million and $36.3 million of goodwill allocated to the Company's U.S. eCommerce and Outfitters reporting units, respectively.

Indefinite-lived intangible asset impairment assessments

The Company's indefinite-lived intangible asset is the Lands' End trade name. The Company reviews the trade name for impairment on an annual basis during the fourth fiscal quarter, or whenever events or changes in circumstances indicate the carrying value may not be recoverable. The fair value of the trade name indefinite-lived intangible asset is estimated using the relief from royalty method. The relief from royalty method is based on the assumption that, in lieu of ownership, a firm would be willing to pay a royalty in order to exploit the related benefits of this asset class. The relief from royalty method involves two steps: (1) estimation of reasonable royalty rates for the assets and (2) the application of these royalty rates to a forecasted net revenue stream and discounting the resulting cash flows to determine a present value. The Company multiplies the selected royalty rate by the forecasted net revenue stream to calculate the cost savings (relief from royalty payment) associated with the asset. The cash flows are then discounted to present value using the selected discount rate and compared to the carrying value of the asset.

In connection with the preparation of the financial statements included in this Form 10-Q, the Company considered the decline in the Company's stock price and market capitalization, as well as current market and macroeconomic conditions, to be a triggering event for the Lands' End trade name. The fair value of the trade name indefinite-lived intangible asset was estimated using the relief from royalty method and the testing resulted in no impairment to the Lands' End trade name. The Company's impairment testing indicates the fair value of the trade name exceeds the carrying value by 6.1%.

Long-lived Asset Impairment Analysis

Property and equipment are subject to a review for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In accordance with ASC 360, *Property, Plant and Equipment* ("ASC 360") the Company reviewed the long-lived asset groups for impairment as of October 27, 2023.

The Company Operated store long-lived asset group, including Operating right-of-use assets, are regularly reviewed for impairment indicators. Impairment is assessed at the individual store level which is the lowest level of identifiable cash flows and considers the estimated undiscounted cash flows over the asset's remaining life. If estimated undiscounted cash flows are insufficient to recover the investment, an impairment loss is recognized equal to the difference between the estimated fair value of the asset and its carrying value, net of salvage, and any costs of disposition. The fair value estimate is generally the discounted amount of estimated store-specific cash flows. The Company recognized long-lived asset impairment for Operating lease right-of-use assets and property and equipment, net for individual identified Company Operated stores in the amount of no impairment and $0.1 million as of October

27, 2023 and October 28, 2022, respectively, recorded in Other operating expense, net in the Condensed Consolidated Statement of Operations.

The Company reviewed the remaining long-lived asset groups for impairment as of October 27, 2023. The Company assessed the recoverability of our long-lived asset groups by comparing their projected undiscounted cash flows associated over remaining estimated useful lives of the primary asset in the long-lived asset group against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives. As a result of the testing the undiscounted cash flows of the remaining asset groups exceeded their respective carrying amount resulting in no impairment.

NOTE 2. RECENT ACCOUNTING PRONOUNCEMENTS

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04") which provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. The guidance provides optional expedients and exceptions for applying generally accepted accounting principles to transactions affected by reference rate reform if certain criteria are met. These transactions include contract modifications, hedge relationships and sale or transfer of debt securities classified as held-to-maturity. This ASU, which was effective upon issuance and modified by ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of Sunset Date of Topic 848*, may be applied through December 31, 2024, is applicable to all contracts and hedging relationships that reference the LIBOR or any other reference rate expected to be discontinued. The guidance in ASU 2020-04 may be implemented over time as reference rate reform activities occur.

As part of the response to the reference rate reform, during Second Quarter 2023, the Company amended the Debt Facilities to replace the interest rate based upon the LIBOR benchmark to the SOFR benchmark. See Note 5, *Debt* for additional details regarding these changes. Concurrent with the amendments, the Company adopted ASU 2020-04. The Company utilized optional practical expedients for contract modifications under ASC 848-20-358 *Contracts within the Scope of Topic 470* and the adoption of ASU 2020-04 did not have a material impact on the Company's Condensed Consolidated Financial Statements.

NOTE 3. LOSS PER SHARE

The numerator for both basic and diluted EPS is net loss. The denominator for basic EPS is based upon the number of weighted average shares of Lands' End common stock outstanding during the reporting periods. The denominator for diluted EPS is based upon the number of weighted average shares of Lands' End common stock and common stock equivalents outstanding during the reporting periods using the treasury stock method in accordance with GAAP. Potentially dilutive securities for the diluted EPS calculations consist of non-vested equity shares of common stock and in-the-money outstanding options where the current stock price exceeds the option strike price.

The following table summarizes the components of basic and diluted EPS:

	13 Weeks Ended		**39 Weeks Ended**	
(in thousands, except per share amounts)	**October 27, 2023**	**October 28, 2022**	**October 27, 2023**	**October 28, 2022**
Net loss	$ (112,394)	$ (4,682)	$ (122,064)	$ (9,232)
Basic weighted average common shares outstanding	31,887	33,064	32,140	33,196
Dilutive effect of stock awards	—	—	—	—
Diluted weighted average common shares outstanding	31,887	33,064	32,140	33,196
Basic loss per share	$ (3.52)	$ (0.14)	$ (3.80)	$ (0.28)
Diluted loss per share	$ (3.52)	$ (0.14)	$ (3.80)	$ (0.28)

Stock awards are considered anti-dilutive based on the application of the treasury stock method or in the event of a net loss. Anti-dilutive shares excluded from the diluted weighted average shares outstanding were 832,717 anti-dilutive shares in the 13 weeks ended October 27, 2023, 1,098,662 anti-dilutive shares in the 13 weeks ended October 28, 2022, 1,028,885 anti-dilutive shares in the 39 weeks ended October 27, 2023 and 1,170,934 anti-dilutive shares in the 39 weeks ended October 28, 2022.

NOTE 4. OTHER COMPREHENSIVE LOSS

Other comprehensive loss encompasses all changes in equity other than those arising from transactions with stockholders and is comprised solely of foreign currency translation adjustments.

	13 Weeks Ended		39 Weeks Ended	
(in thousands)	October 27, 2023	October 28, 2022	October 27, 2023	October 28, 2022
Beginning balance: Accumulated other comprehensive loss (net of tax of $4,317, $4,407, $4,525 and $3,361 respectively)	$ (16,241)	$ (16,579)	$ (17,022)	$ (12,642)
Other comprehensive loss:				
Foreign currency translation adjustments (net of tax of $315, $518, $107 and $1,564 respectively)	(1,185)	(1,947)	(404)	(5,884)
Ending balance: Accumulated other comprehensive loss (net of tax of $4,632, $4,925, $4,632 and $4,925 respectively)	$ (17,426)	$ (18,526)	$ (17,426)	$ (18,526)

No amounts were reclassified out of Accumulated other comprehensive loss during any of the periods presented.

NOTE 5. DEBT

ABL Facility

The Company's $275.0 million committed revolving ABL Facility includes a $70.0 million sublimit for letters of credit and is available for working capital and other general corporate liquidity needs. The amount available to borrow is the lesser of (1) the Aggregate Commitments of $275.0 million ("ABL Facility Limit") or (2) the Borrowing Base which is calculated from Eligible Inventory, Trade Receivables and Credit Card Receivables, all foregoing capitalized terms not defined herein are as defined in the ABL Facility.

The following table summarizes the Company's ABL Facility borrowing availability:

	October 27, 2023		October 28, 2022		January 27, 2023	
(in thousands)	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate
ABL Facility Limit	$ 275,000		$ 275,000		$ 275,000	
Borrowing Base	275,000		275,000		274,354	
Outstanding borrowings	110,000	6.93%	160,000	4.91%	100,000	6.27%
Outstanding letters of credit	8,894		11,841		10,557	
ABL Facility utilization at end of period	118,894		171,841		110,557	
ABL Facility borrowing availability	$ 156,106		$ 103,159		$ 163,797	

Long-Term Debt

The Company's September 9, 2020 Term Loan Facility provided borrowings of $275.0 million. Origination costs, including an Original Issue Discount ("OID") of 3% and $5.1 million in debt origination fees, were paid in connection with entering into the Term Loan Facility. The OID and the debt origination fees are presented as a direct deduction from the carrying value of the Term Loan Facility and are amortized over the term of the loan to Interest expense in the Condensed Consolidated Statements of Operations.

The Company's long-term debt consisted of the following:

(in thousands)	October 27, 2023 Amount	October 27, 2023 Interest Rate	October 28, 2022 Amount	October 28, 2022 Interest Rate	January 27, 2023 Amount	January 27, 2023 Interest Rate
Term Loan Facility	$ 233,750	15.18%	$ 247,500	12.87%	$ 244,063	14.13%
Less: Current portion of long-term debt	13,750		13,750		13,750	
Less: Unamortized debt issuance costs	4,694		7,523		6,807	
Long-term debt, net	$ 215,306		$ 226,227		$ 223,506	

Interest; Fees

Effective May 12, 2023, the Company executed the Fourth Amendment (the "Fourth Amendment") to the ABL Facility which replaced the interest rate benchmark based on LIBOR with an interest rate benchmark based on SOFR plus an adjustment of 0.10% for all loans ("ABL Adjusted SOFR"). This transition resulted in no material interest rate impact. The ABL Adjusted SOFR rate is now available for all new loans after the effective date of the Fourth Amendment.

Effective with the Fourth Amendment, the ABL Facility interest rate, selected at the borrower's election, is either (1) ABL Adjusted SOFR, or (2) a base rate which is the greater of (a) the federal funds rate plus 0.50%, (b) the one-month ABL Adjusted SOFR rate plus 1.00%, or (c) the Wells Fargo "prime rate". The borrowing margin for ABL Adjusted SOFR loans is (i) less than $95.0 million, 1.25%, (ii) equal to or greater than $95.0 million but less than $180.0 million, 1.50%, and (iii) greater than or equal to $180.0 million, 1.75%. For base rate loans, the borrowing margin is (i) less than $95.0 million, 0.50%, (ii) equal to or greater than $95.0 million but less than $180.0 million, 0.75%, and (iii) greater than or equal to $180.0 million, 1.00% ("Applicable Borrowing Margin"). The Applicable Borrowing Margin for all loans is based upon the average daily total loans outstanding for the previous quarter.

Prior to the Fourth Amendment to the ABL Facility, the interest rate, selected at the borrower's election, was either (1) LIBOR (plus the Applicable Borrowing Margin), or (2) a base rate (plus the Applicable Borrowing Margin) which was the greater of (a) the federal funds rate plus 0.50%, (b) the one-month LIBOR rate plus 1.00%, or (c) the Wells Fargo "prime rate".

Effective June 22, 2023, the Company entered into Amendment No. 1 (the "First Amendment") to the Term Loan Facility which (subject to a 1% floor) replaced the interest rate benchmark based upon LIBOR with an interest rate benchmark based upon SOFR plus adjustments of either (a) 0.11448% for a one-month interest period, (b) 0.26161% for a three-month interest period, or (c) 0.42826% for a six-month interest period ("Term Loan Adjusted SOFR"). This transition resulted in no material interest rate impact.

Effective with the First Amendment to the Term Loan Facility, the interest rate per annum applicable to the loans under the Term Loan Facility is based on a fluctuating rate of interest measured by reference to, at the borrower's election, either (1) a Term Adjusted Loan SOFR rate plus 9.75% or (2) an alternative base rate (which is the greater of (i) the prime rate published in the Wall Street Journal, (ii) the federal funds rate, which shall be no lower than 0.00% plus ½ of 1.00%, or (iii) the one month Term Loan Adjusted SOFR rate plus 1.00% per annum) plus 8.75%.

Prior to the First Amendment to the Term Loan Facility, the interest rate per annum applicable to the loans under the Term Loan Facility was based on a fluctuating rate of interest measured by reference to, at the borrower's election, either (1) a LIBOR rate (with a minimum rate of 1.00%) plus 9.75% or (2) an alternative base rate (which was the greater of (i) the prime rate published in the Wall Street Journal, (ii) the federal funds rate, which was to be no lower than 0.00% plus ½ of 1.00%, or (iii) the one month LIBOR rate plus 1.00% per annum) plus 8.75%.

During Second Quarter 2023, the Company adopted ASU 2020-04, the optional practical expedient for Reference Rate Reform related to its Debt Facilities and as such, these amendments are treated as a continuation of the existing debt agreement and no gain or loss on these modifications were recorded in the Condensed Consolidated Statement of Operations.

Customary agency fees are payable in respect of the Debt Facilities. The ABL Facility fees include (i) commitment fees of 0.25% based upon the average daily unused commitment (aggregate commitment less loans and letter of credit outstanding) under the ABL Facility for the preceding fiscal quarter and (ii) customary letter of credit fees. As of October 27, 2023, the Company had borrowings of $110.0 million under the ABL Facility.

Maturity; Amortization and Prepayments

The ABL Facility maturity date is the earlier of (a) July 29, 2026 and (b) June 9, 2025 if, on or prior to such date, the Term Loan Facility has not been refinanced, extended or repaid in full in accordance with the terms thereof and not replaced with other indebtedness.

The Term Loan Facility matures on September 9, 2025 and amortizes at a rate equal to 1.25% per quarter. It is subject to mandatory prepayments in an amount equal to a percentage of the borrower's excess cash flows in each fiscal year, ranging from 0% to 75% depending on the Company's total leverage ratio, and with the proceeds of certain asset sales, casualty events and extraordinary receipts. The loan could not be voluntarily prepaid during the first two years of its term without significant penalties. A prepayment premium of 1% applies to voluntary prepayments and certain mandatory prepayments made between September 9, 2023 and September 9, 2024 and no premium applies to such prepayments thereafter.

Guarantees; Security

All obligations under the Debt Facilities are unconditionally guaranteed by Lands' End, Inc. and, subject to certain exceptions, each of its existing and future direct and indirect subsidiaries. The ABL Facility is secured by a first priority security interest in certain working capital of the borrowers and guarantors consisting primarily of accounts receivable and inventory. The Term Loan Facility is secured by a second priority security interest in the same collateral, with certain exceptions.

The Term Loan Facility is secured by a first priority security interest in certain property and assets of the borrowers and guarantors, including certain fixed assets such as real estate, stock of the subsidiaries and intellectual property, in each case, subject to certain exceptions. The ABL Facility is secured by a second priority interest in the same collateral, with certain exceptions.

Representations and Warranties; Covenants

Subject to specified exceptions, the Debt Facilities contain various representations and warranties and restrictive covenants that, among other things, restrict Lands' End, Inc.'s and its subsidiaries' ability to incur indebtedness (including guarantees), grant liens, make investments, make dividends or distributions with respect to capital stock, make prepayments on other indebtedness, engage in mergers or change the nature of their business.

The Term Loan Facility contains certain financial covenants, including a quarterly maximum total leverage ratio test, a weekly minimum liquidity test and an annual maximum capital expenditure amount.

Under the ABL Facility, if excess availability falls below the greater of 10% of the Loan Cap amount or $15.0 million, the Company will be required to comply with a minimum fixed charge coverage ratio of 1.0 to 1.0.

The Debt Facilities contain certain affirmative covenants, including reporting requirements such as delivery of financial statements, certificates and notices of certain events, maintaining insurance and providing additional guarantees and collateral in certain circumstances.

As of October 27, 2023, the Company was in compliance with its financial covenants in the Debt Facilities.

Events of Default

The Debt Facilities include customary events of default including non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations or warranties, cross defaults related to certain other material indebtedness, bankruptcy and insolvency events, invalidity or impairment of guarantees or security interests, material judgments and change of control.

NOTE 6. STOCK-BASED COMPENSATION

The Company expenses the fair value of all stock awards over their requisite service period, ensuring that the amount of cumulative stock-based compensation expense recognized at any date is at least equal to the portion of the grant-date fair value of the award that is vested at that date. The Company has elected to adjust stock-based compensation expense for an estimated forfeiture rate for those shares not expected to vest and to recognize stock-based compensation expense on a straight-line basis for awards that only have a service requirement with multiple vest dates.

The Company has granted the following types of stock awards to employees at management levels and above, each of which are granted under the Company's stockholder approved stock plans, other than inducement grants outside of the Company's stockholder approved stock plans in accordance with Nasdaq Listing Rule 5635(c)(4):

- Deferred Awards are in the form of restricted stock units and only require each recipient to complete a service period for the awards to be earned. Deferred Awards generally vest over three years. The fair value of Deferred Awards is based on the closing price of the Company's common stock on the grant date. Stock-based compensation expense is recognized ratably over the service period and is reduced for estimated forfeitures of those awards not expected to vest due to employee turnover.

- Performance Awards are in the form of restricted stock units and have, in addition to a service requirement, performance criteria that must be achieved for the awards to be earned. In addition, beginning with awards granted in 2023, Performance Awards are subject to a relative total shareholder return (”TSR”) modifier which is based on the Company's total return to stockholders over the measurement period relative to a custom peer group. For Performance Awards granted, the Target Shares earned can range from 50% to 200% (such result, the "Earned Shares") once minimum thresholds have been reached and depend on the achievement of Adjusted EBITDA and revenue performance measures, for the cumulative period comprised of three-consecutive fiscal years beginning with the fiscal year of the grant date. The TSR modifier can result in an adjustment of 75% to 125% of the Earned Shares, subject to an overall cap of 200% and a modifier limitation to 100% in the event TSR is negative. Performance Awards are also subject to limitations under the Company's stockholder approved stock plans. The applicable percentage of the Target Shares, as determined by performance, vest after the completion of the applicable three-year performance period and upon determination of achievement of the performance measures by the Compensation Committee of the Board of Directors, and unearned Target Shares are forfeited. The fair value of the Performance Awards granted before 2023 are based on the closing price of the Company's common stock on the grant date. For awards with market conditions, the grant date fair value is based on the Monte Carlo simulation model. Stock-based compensation expense, including awards with market conditions, is recognized ratably over the related service period, reduced for estimated forfeitures of those awards not expected to vest due to employee turnover and adjusted based on the Company's estimate of the percentage of the aggregate Target Shares expected to be earned. The Company accrues for Performance Awards on a 100% payout unless it becomes probable that the outcome will be significantly different, or the performance can be accurately measured.

- Option Awards provide the recipient with the option to purchase a set number of shares at a stated exercise price over the term of the contract, which is ten years for all Option Awards currently outstanding. Options are granted with a strike price equal to the stock price on the date of grant and vest over the requisite service period of the award. The fair value of each Option Award is estimated on the grant date using the Black-Scholes option pricing model.

The following table provides a summary of the Company's stock-based compensation expense, which is included in Selling and administrative expense in the Condensed Consolidated Statements of Operations:

	13 Weeks Ended		**39 Weeks Ended**	
(in thousands)	**October 27, 2023**	**October 28, 2022**	**October 27, 2023**	**October 28, 2022**
Deferred awards	$ 1,322	$ 1,503	$ 3,543	$ 4,408
Performance awards [(1)]	300	(1,369)	(236)	(871)
Option awards	104	—	312	—
Total stock-based compensation expense	$ 1,726	$ 134	$ 3,619	$ 3,537

(1) Net credit expense for the 39 weeks ended October 27, 2023 and 13 weeks and 39 weeks ended October 28, 2022 includes a reduction of the accrual for Performance Awards based on actual and projected results relative to performance measures.

Deferred Awards

The following table provides a summary of the Deferred Awards activity for the 39 weeks ended October 27, 2023:

(in thousands, except per share amounts)	Deferred Awards Number of Shares	Deferred Awards Weighted Average Grant Date Fair Value per Share
Unvested deferred awards as of January 27, 2023	906	$ 16.46
Granted	842	8.53
Vested	(417)	12.30
Forfeited or expired	(143)	17.06
Unvested deferred awards as of October 27, 2023	1,188	$ 12.22

Total unrecognized stock-based compensation expense related to unvested Deferred Awards was approximately $9.0 million as of October 27, 2023, which is expected to be recognized ratably over a weighted average period of 2.1 years. The total fair value of Deferred Awards vested during the 39 weeks ended October 27, 2023 was $5.1 million. The Deferred Awards granted to employees during the 39 weeks ended October 27, 2023 vest over a period of three years.

Performance Awards

The following table provides a summary of the Performance Awards activity for the 39 weeks ended October 27, 2023:

(in thousands, except per share amounts)	Performance Awards Number of Shares	Performance Awards Weighted Average Grant Date Fair Value per Share
Unvested performance awards as of January 27, 2023	355	$ 24.39
Granted	567	9.74
Vested	—	—
Forfeited or expired	(124)	19.49
Unvested performance awards as of October 27, 2023	798	$ 14.74

Total unrecognized stock-based compensation expense related to unvested Performance Awards was approximately $3.3 million as of October 27, 2023 which is expected to be recognized ratably over a weighted average period of 2.4 years. The Performance Awards granted to employees during the 39 weeks ended October 27, 2023 vest, if earned, after completion of the applicable three-year performance period. The fair value for the Performance Awards granted during the 39 weeks ended October 27, 2023, which includes a relative TSR modifier, was estimated on the grant date using a Monte Carlo simulation with the below noted assumptions:

Monte Carlo Simulation Assumptions	
Risk-free interest rate [(1)]	4.46 %
Expected dividend yield	0.00 %
Expected volatility [(2)]	78.04 %
Expected term (in years) [(3)]	2.63
Grant date fair value per share	$ 9.74

(1) The risk-free interest is based on the continuously compounded yield on a zero-coupon U.S. Treasury STRIPS as of the grant date for a period equal to the expected term.
(2) The expected volatility is estimated based on the historical volatility of the Company’s common stock with a term consistent with the expected term of the performance award.
(3) The expected term (in years) of the performance award represents the estimated period of time from the grant date to the end of the performance period.

Option Awards

During the 39 weeks ended October 27, 2023 there was no Option Awards activity. The following table provides a summary of information about the Option Awards vested and expected to vest during the contractual term, as well as Option Awards exercisable as of October 27, 2023:

(in thousands, except contractual life and exercise price amounts)	Option Awards	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Aggregate Intrinsic Value
Option Awards vested and expected to vest	511	5.24	$ 16.08	—
Option Awards exercisable	343	3.38	$ 18.66	—

Total unrecognized stock-based compensation expense related to Option Awards was approximately $0.8 million as of October 27, 2023, which is expected to be recognized over a weighted average period of 2.1 years.

NOTE 7. STOCKHOLDERS' EQUITY

Share Repurchase Program

On June 28, 2022, the Company announced that its Board of Directors authorized the Company to repurchase up to $50.0 million of the Company's common stock through February 2, 2024 (the "2022 Share Repurchase Program"). Under the 2022 Share Repurchase Program, the Company may repurchase its common stock through open market purchases, in privately negotiated transactions, or by other means in accordance with federal securities laws, including Rule 10b-18 of the Exchange Act. The amount and timing of purchases will be determined by the Company's management depending upon market conditions and other factors and may be made pursuant to a Rule 10b5-1 trading plan. The 2022 Share Repurchase Program may be suspended or discontinued at any time. As of October 27, 2023, additional purchases of up to $31.8 million could be made under the 2022 Share Repurchase Program.

The following table summarizes the Company's share repurchases through October 27, 2023:

	13 Weeks Ended		39 Weeks Ended	
(Shares and $ in thousands except average per share cost)	October 27, 2023	October 28, 2022	October 27, 2023	October 28, 2022
Number of shares repurchased	346	204	1,179	416
Total cost	$ 2,992	$ 2,873	$ 9,764	$ 5,226
Average per share cost	$ 8.65	$ 14.06	$ 8.28	$ 12.55

The Company retired all shares that were repurchased through the 2022 Share Repurchase Program during the 39 weeks ended October 27, 2023. In accordance with the FASB ASC 505—Equity, the par value of the shares retired was charged against Common stock and the remaining purchase price was allocated between Additional paid-in capital and (Accumulated deficit) Retained earnings. The portion charged against Additional paid-in capital is determined based on the Additional paid-in capital per share amount recorded in the initial issuance of the shares with the remaining to (Accumulated deficit) Retained earnings. Shares purchased at a price less than that of initial issuance is charged only against Additional paid-in capital. In addition, the total cost of the broker commissions is charged directly to (Accumulated deficit) Retained earnings. No amount was charged to (Accumulated deficit) Retained earnings for the shares retired during the 13 and 39 weeks ended October 27, 2023.

NOTE 8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	October 27, 2023	October 28, 2022	January 27, 2023
Deferred gift card revenue	$ 33,742	$ 31,020	$ 33,029
Reserve for sales returns and allowances	22,009	23,649	25,030
Accrued employee compensation and benefits	19,313	19,147	18,125
Deferred revenue	13,800	13,412	7,484
Accrued property, sales and other taxes	10,298	10,513	9,780
Accrued closing costs	—	3,999	—
Other	10,765	10,132	13,308
Total Accrued expenses and other current liabilities	$ 109,927	$ 111,872	$ 106,756

NOTE 9. LANDS' END JAPAN CLOSURE

In July 2022, the Board of Directors approved a plan to cease operations of Lands' End Japan KK, a subsidiary of Lands' End, Inc. ("Lands' End Japan") by the end of Fiscal 2022. The dissolution of Lands' End Japan was authorized and approved on January 31, 2023. Lands' End Japan operations were reported in the Japan eCommerce operating segment in Fiscal 2022 and prior. For a discussion of this operating segment, see Note 13, *Segment Reporting*. The closing and subsequent disposal of the assets did not represent a strategic shift with a major effect on the consolidated financial condition. Accordingly, the closing of Lands' End Japan was not presented in the Condensed Consolidated Financial Statements as discontinued operations.

In Third Quarter 2022, the Company commenced recording approximately $3.9 million in closing costs for employee severance and benefit costs, early termination and restoration costs of leased facilities and contract cancellation and other costs. During the 13 weeks ending October 28, 2023 and October 28, 2022, the Company recognized closing costs for contract cancellation and other costs of approximately $0.1 million and $3.0 million, respectively, recorded in Other operating expense, net in the Condensed Consolidated Statement of Operations. For the 39 weeks ended October 27, 2023 and October 28, 2022, the Company recognized closing costs for contract cancellation and other costs of approximately $0.2 million and $3.0 million, respectively, recorded in Other operating expense, net in the Condensed Consolidated Statement of Operations. There were no accrued closing costs related to Lands' End Japan as of October 27, 2023 and approximately $3.9 million as of October 28, 2022 included in Accrued Expenses and other current liabilities in the Condensed Consolidated Balance Sheets.

NOTE 10. FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS AND LIABILITIES

Cash and cash equivalents and restricted cash is reflected on the Condensed Consolidated Balance Sheets at fair value based on Level 1 inputs. Cash and cash equivalents and restricted cash amounts are valued based upon statements received from financial institutions. The fair value of restricted cash was $1.8 million as of October 27, 2023, October 28, 2022 and January 27, 2023.

Carrying amounts and fair values of long-term debt, including current portion, in the Condensed Consolidated Balance Sheets are as follows:

	October 27, 2023		October 28, 2022		January 27, 2023	
(in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion	$ 233,750	$ 233,750	$ 247,500	$ 232,017	$ 244,063	$ 241,728

The Company's valuation of long-term debt, including current portion, at fair value is considered a Level 3 instrument under the fair value hierarchy. The Company's valuation techniques include the Black-Terman-Toy (BDT) model as well as market inputs from management. The BDT modeling approach is particularly relevant given the Term Loan Facility's features, including the optional redemption provision. There were no nonfinancial assets or nonfinancial liabilities recognized at fair value on a nonrecurring basis as of October 27, 2023, October 28, 2022 and January 27, 2023.

NOTE 11. INCOME TAXES

Provision for Income Taxes

At the end of each quarter, the Company estimates its effective income tax rate pursuant to ASC 740. The rate for the period consists of the tax rate expected to be applied for the full year to ordinary income adjusted for any discrete items recorded in the period.

The Company recorded a tax benefit at an overall effective tax rate of 0.4% and 43.7% for the 13 weeks ended October 27, 2023, and October 28, 2022, respectively. The Company recorded a tax expense at an overall rate of (0.8)% for the 39 weeks ended October 27, 2023, and tax benefit at an overall effective tax rate of 40.5% for the 39 weeks ended October 28, 2022. The overall effective tax rate for the 13 and 39 weeks ended October 27, 2023 reflects the impacts resulting from the impairment of non-tax deductible goodwill recorded in the Third Quarter 2023. The overall effective tax rate for the 13 and 39 weeks ended October 28, 2022, reflect tax benefits recorded as a result of Lands' End Japan closing costs recorded in the Third Quarter 2022.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is party to various claims, legal proceedings and investigations arising in the ordinary course of business. Some of these actions involve complex factual and legal issues and are subject to uncertainties. At this time, the Company is not able to either predict the outcome of these legal proceedings or reasonably estimate a potential range of loss with respect to the proceedings. While it is not feasible to predict the outcome of such pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate resolution should not have a material adverse effect on results of operations, cash flows or financial position taken as a whole.

NOTE 13. SEGMENT REPORTING

For the 39 weeks ended October 27, 2023, the Company's operating segments consisted of: U.S. eCommerce, Europe eCommerce, Outfitters, Third Party and Retail. During the 39 weeks ended October 28, 2022, the Company's operating segments included Japan eCommerce. See Note 9, *Lands' End Japan Closure*.

The Company determined that each of the operating segments have similar economic and other qualitative characteristics, thus the results of the operating segments are aggregated into one external reportable segment.

Lands' End identifies five separate distribution channels for revenue reporting purposes:

- *U.S. eCommerce* offers products through the Company's eCommerce website.
- *International* offers products primarily to consumers located in Europe and through eCommerce international websites and third-party affiliates.
- *Outfitters* sells uniform and logo apparel to businesses and their employees, as well as to student households through school relationships, located primarily in the U.S.
- *Third Party* sells the same products as U.S. eCommerce but direct to consumers through third-party marketplace websites and through domestic wholesale customers.
- *Retail* sells products through Company Operated stores.

Net revenue is presented by distribution channel in the following tables:

(in thousands)		13 Weeks Ended October 27, 2023	% of Net Revenue		13 Weeks Ended October 28, 2022	% of Net Revenue
Net revenue:						
U.S. eCommerce	$	190,153	58.6 %	$	211,217	56.9 %
International [1]		26,242	8.1 %		37,969	10.2 %
Outfitters		74,317	22.9 %		80,768	21.8 %
Third Party		23,980	7.4 %		30,883	8.3 %
Retail		10,043	3.1 %		10,146	2.7 %
Total Net revenue	$	324,735		$	370,983	

(in thousands)		39 Weeks Ended October 27, 2023	% of Net Revenue		39 Weeks Ended October 28, 2022	% of Net Revenue
Net revenue:						
U.S. eCommerce	$	563,776	58.9 %	$	589,398	57.5 %
International [1]		74,452	7.8 %		118,520	11.6 %
Outfitters		216,270	22.6 %		205,399	20.0 %
Third Party		71,364	7.5 %		79,815	7.8 %
Retail		31,794	3.3 %		32,694	3.2 %
Total Net revenue	$	957,656		$	1,025,826	

(1) The 13 weeks and 39 weeks ended October 28, 2022 includes Net revenue of $9.5 million and $25.5 million, respectively, from the Japan eCommerce distribution channel. See Note 9, *Lands' End Japan Closure*.

NOTE 14. REVENUE

Revenue includes sales of merchandise and delivery revenue related to merchandise sold. Substantially all of the Company's revenue is recognized when control of product passes to customers, which for the U.S. eCommerce, International, Outfitters and Third Party distribution channels is when the merchandise is received by the customer and for the Retail distribution channel is at the time of sale in the store. The Company recognizes revenue, including shipping and handling fees billed to customers, in the amount expected to be received when control of the Company's products transfers to customers, and is presented net of various forms of promotions, which range from contractually fixed percentage price reductions to sales returns, discounts, and other incentives that may vary in amount. Variable amounts are estimated based on an analysis of historical experience and adjusted as better estimates become available.

The Company's revenue is disaggregated by distribution channel and geographic location. Revenue by distribution channel is presented in Note 13, *Segment Reporting*. Revenue by geographic location was:

	13 Weeks Ended				39 Weeks Ended			
(in thousands)		October 27, 2023		October 28, 2022		October 27, 2023		October 28, 2022
Net revenue:								
United States	$	294,103	$	327,780	$	871,160	$	893,205
Europe		26,693		28,946		75,875		94,386
Asia [1]		119		9,620		405		26,059
Other		3,820		4,637		10,216		12,176
Total Net revenue	$	324,735	$	370,983	$	957,656	$	1,025,826

(1) The 13 weeks and 39 weeks ended October 28, 2022 includes Net revenue of $9.5 million and $25.5 million, respectively, from the Japan eCommerce distribution channel. See Note 9, *Lands' End Japan Closure*.

Contract Liabilities

Contract liabilities consist of payments received in advance of the transfer of control to the customer. As products are delivered and control transfers, the Company recognizes the deferred revenue in Net revenue in the Condensed Consolidated Statements of Operations. The following table summarizes the deferred revenue associated with payments received in advance of the transfer of control to the customer, which is reported in Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets, as well as amounts recognized through Net revenue for each period presented. The majority of deferred revenue as of October 27, 2023 is expected to be recognized in Net revenue in the fiscal quarter ending February 2, 2024, as products are delivered to customers.

	13 Weeks Ended		39 Weeks Ended	
(in thousands)	October 27, 2023	October 28, 2022	October 27, 2023	October 28, 2022
Deferred revenue beginning of period	$ 8,081	$ 9,757	$ 7,484	$ 8,560
Deferred revenue recognized in period	(7,867)	(9,543)	(7,270)	(8,346)
Revenue deferred in period	13,586	13,198	13,586	13,198
Deferred revenue end of period	$ 13,800	$ 13,412	$ 13,800	$ 13,412

Revenue from gift cards is recognized (i) when the gift card is redeemed by the customer for merchandise, or (ii) as gift card breakage, an estimate of gift cards which will not be redeemed where the Company does not have a legal obligation to remit the value of the unredeemed gift cards to the relevant jurisdictions. Gift card breakage is recorded within Net revenue in the Condensed Consolidated Statements of Operations. Prior to their redemption, gift cards are recorded as a liability and included within Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets. The liability is estimated based on expected breakage that considers historical patterns of redemption. The following table provides the reconciliation of the contract liability related to gift cards:

	13 Weeks Ended		39 Weeks Ended	
(in thousands)	October 27, 2023	October 28, 2022	October 27, 2023	October 28, 2022
Balance as of beginning of period	$ 33,556	$ 31,444	$ 33,029	$ 33,070
Gift cards sold	14,275	15,075	43,062	46,745
Gift cards redeemed	(13,168)	(15,033)	(39,851)	(47,746)
Gift card breakage	(921)	(466)	(2,498)	(1,049)
Balance as of end of period	$ 33,742	$ 31,020	$ 33,742	$ 31,020

Refund Liabilities

Refund liabilities, primarily associated with product sales returns and retrospective volume rebates, represent variable consideration and are estimated and recorded as a reduction to Net revenue based on historical experience. As of October 27, 2023, October 28, 2022 and January 27, 2023, $22.0 million, $23.6 million and $25.0 million, respectively, of refund liabilities, primarily associated with product returns, were reported in Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets. An asset for product returns is recorded in Prepaid expenses and other current assets in the Condensed Consolidated Balance Sheets.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the Condensed Consolidated Financial Statements and accompanying notes included elsewhere in this Quarterly Report on Form 10-Q. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. See "Cautionary Statement concerning Forward-Looking Statements" below, "Item 1A. Risk Factors" in our Annual Report filed on Form 10-K for the year ended January 27, 2023 and "Part II, Item 1A Risk Factors" of this Quarterly Report on Form 10-Q, for a discussion of the uncertainties, risks and assumptions associated with these statements.

As used in this Quarterly Report on Form 10-Q, references to the "Company", "Lands' End", "we", "us", "our" and similar terms refer to Lands' End, Inc. and its subsidiaries. Our fiscal year ends on the Friday preceding the Saturday closest to January 31. Other terms that are commonly used in this Quarterly Report on Form 10-Q are defined as follows:

- *ABL Facility – Asset-based senior secured credit agreement, providing for a revolving facility, dated as of November 16, 2017, with Wells Fargo Bank, N.A. and certain other lenders, as amended to date*
- *Adjusted EBITDA – Net income (loss) appearing on the Consolidated Statements of Operations net of Income tax expense, Interest expense, Depreciation and amortization and certain significant items*
- *Adjusted net income (loss) – Net income (loss) appearing on the Consolidated Statements of Operations excluding goodwill and long-lived asset impairment, corporate restructuring and certain significant items. Adjusted net income (loss) is also presented on a diluted per share basis*
- *Company Operated stores – Lands' End retail stores in the Retail distribution channel*
- *Debt Facilities – Collectively, the Term Loan Facility and ABL Facility*
- *First Quarter 2023 - The 13 weeks ended April 28, 2023*
- *Fiscal 2023 – The 53 weeks ending February 2, 2024*
- *Fiscal 2022 – The 52 weeks ended January 27, 2023*
- *Fiscal 2021 – The 52 weeks ended January 28, 2022*
- *GAAP – Accounting principles generally accepted in the United States*
- *LIBOR – London inter-bank offered rate*
- *SEC – United States Securities and Exchange Commission*
- *Second Quarter 2023 – The 13 weeks ended July 28, 2023*
- *Second Quarter 2022 - The 13 weeks ended July 29, 2022*
- *SOFR – Secured Overnight Funding Rate*
- *Term Loan Facility – Term loan credit agreement, dated as of September 9, 2020, among the Company, Fortress Credit Corp., as Administrative Agent and Collateral Agent, and the lenders party thereto, as amended to date*
- *Third Quarter 2023 – The 13 weeks ended October 27, 2023*
- *Third Quarter 2022 – The 13 weeks ended October 28, 2022*
- *Year-to-Date 2023 – The 39 weeks ended October 27, 2023*

- *Year-to-Date 2022 – The 39 weeks ended October 28, 2022*

Executive Overview

Description of the Company

Lands' End is a leading digital retailer of casual clothing, swimwear, outerwear, accessories, footwear, home products and uniform solutions. Operating out of America's heartland, we believe our vision and values make a strong connection with our core customers. We offer products online at *www.landsend.com*, through our own Company Operated stores and through third-party distribution channels. We are a classic American lifestyle brand with a passion for quality, legendary service and real value. We seek to deliver timeless style for women, men, kids and the home. We also offer products to businesses and schools, for their employees and students, through the Outfitters distribution channel.

Lands' End was founded in 1963 by Gary Comer and his partners to sell sailboat hardware and equipment by catalog. While our product focus has shifted significantly over the years, we have continued to adhere to our founder's motto as one of our guiding principles: "Take care of the customer, take care of the employee and the rest will take care of itself."

We have one external reportable segment and identify our operating segments according to how our business activities are managed and evaluated. During Third Quarter 2023, our operating segments consisted of: U.S. eCommerce, Europe eCommerce, Outfitters, Third Party and Retail. Our operating segments included Japan eCommerce during the Third Quarter 2022 and Year-to-Date 2022. See Note 9, *Lands' End Japan Closure*.

We have determined that each of our operating segments share similar economic and other qualitative characteristics, and therefore the results of our operating segments are aggregated into one external reportable segment.

Distribution Channels

We identify five separate distribution channels for revenue reporting purposes:

- *U.S. eCommerce* offers products through our eCommerce website.
- *International* offers products primarily to consumers located in Europe through our eCommerce international websites and third-party affiliates.
- *Outfitters* sells uniform and logo apparel to businesses and their employees, as well as to school households through school relationships, located primarily in the U.S.
- *Third Party* sells the same products as U.S. eCommerce but direct to consumers through third-party marketplace websites and through domestic wholesale customers.
- *Retail* sells products through our Company Operated stores.

Macroeconomic Challenges

Macroeconomic issues, such as recent inflationary pressures and rising interest rates, have continued to have an impact on our business. Since apparel purchases are discretionary expenditures that historically have been influenced by domestic and global economic conditions, higher prices of consumer goods due to inflation may result in less discretionary spending for consumers which may negatively impact customer demand and require higher levels of promotion in order to attract and retain customers. Additionally, interest expense could be negatively affected by any continued rate increases due to the variable interest rates associated with our Debt Facilities. These macroeconomic challenges have led to increased cost of raw materials, packaging materials, labor, energy, fuel, debt and other inputs necessary for the production and distribution of our products.

Corporate Restructuring

We reduced corporate positions, primarily in our Hong Kong sourcing office, during the Third Quarter 2023. We incurred total severance costs of approximately \$2.3 million related to the reduction in corporate positions which was recorded in Other operating expense, net in the Consolidated Statements of Operations. As of October 27, 2023, approximately \$0.4 million of the severance costs had yet to be paid.

Lands' End Japan Closure

During Second Quarter 2022, the Board of Directors approved a plan to wind down and cease operations of Lands' End Japan KK. Lands' End Japan KK represents the Japan eCommerce operating segment. For a discussion on this operating segment, see Note 13, *Segment Reporting*. We incurred closing costs of approximately $0.1 million and $3.0 million during the 13 weeks ended October 27, 2023 and October 28, 2022, respectively. For the 39 weeks ended October 27, 2023 and October 28, 2022 we incurred closing costs of approximately $0.2 million and $3.0 million, respectively, recorded in Other operating expense, net in the Consolidated Statements of Operations. See Note 9, *Lands' End Japan Closure*.

Basis of Presentation

The Condensed Consolidated Financial Statements have been prepared in accordance with GAAP and include the accounts of Lands' End, Inc. and its subsidiaries. All intercompany transactions and balances have been eliminated.

Seasonality

We experience seasonal fluctuations in our Net revenue and operating results and historically have realized a significant portion of our net revenue and earnings for the year during our fourth fiscal quarter. We generated 34.0% and 33.9% of our net revenue in the fourth quarter of Fiscal 2022 and Fiscal 2021, respectively.

Working capital requirements typically increase during the second and third quarters of the fiscal year as inventory builds to support peak selling periods and, accordingly, typically decrease during the fourth quarter of the fiscal year as inventory is sold. Cash provided by operating activities is typically higher in the fourth quarter of the fiscal year due to reduced working capital requirements during that period.

Results of Operations

The following table sets forth, for the periods indicated, selected income statement data, both in dollars and as a percentage of Net revenue:

	13 Weeks Ended			
(in thousands)	October 27, 2023		October 28, 2022	
Net revenue	$ 324,735	100.0 %	$ 370,983	100.0 %
Cost of sales (excluding depreciation and amortization)	172,142	53.0 %	222,573	60.0 %
Gross profit	152,593	47.0 %	148,410	40.0 %
Selling and administrative	135,282	41.7 %	132,807	35.8 %
Depreciation and amortization	9,595	3.0 %	9,761	2.6 %
Goodwill impairment	106,700	32.9 %	—	— %
Other operating expense, net	2,324	0.7 %	3,096	0.8 %
Operating (loss) income	(101,308)	(31.2)%	2,746	0.7 %
Interest expense	11,677	3.6 %	10,825	2.9 %
Other (income) expense, net	(132)	(0.0)%	230	0.1 %
Loss before income taxes	(112,853)	(34.8)%	(8,309)	(2.2)%
Income tax (benefit)	(459)	(0.1)%	(3,627)	(1.0)%
NET LOSS	$ (112,394)	(34.6)%	$ (4,682)	(1.3)%

(in thousands)	39 Weeks Ended October 27, 2023		October 28, 2022	
Net revenue	$ 957,656	100.0 %	$ 1,025,826	100.0 %
Cost of sales (excluding depreciation and amortization)	527,529	55.1 %	604,204	58.9 %
Gross profit	430,127	44.9 %	421,622	41.1 %
Selling and administrative	377,662	39.4 %	377,074	36.8 %
Depreciation and amortization	28,439	3.0 %	29,228	2.8 %
Goodwill impairment	106,700	11.1 %	—	— %
Other operating expense, net	2,916	0.3 %	3,135	0.3 %
Operating (loss) income	(85,590)	(8.9)%	12,185	1.2 %
Interest expense	35,984	3.8 %	27,807	2.7 %
Other (income), net	(488)	(0.1)%	(97)	(0.0)%
Loss before income taxes	(121,086)	(12.6)%	(15,525)	(1.5)%
Income tax expense (benefit)	978	0.1 %	(6,293)	(0.6)%
NET LOSS	$ (122,064)	(12.7)%	$ (9,232)	(0.9)%

Depreciation and amortization are not included in our cost of sales because we are a reseller of inventory and do not believe that including depreciation and amortization is meaningful. As a result, our gross margins may not be comparable to other entities that include depreciation and amortization related to the sale of their product in their gross margin measure.

Definitions, Reconciliations and Uses of Non-GAAP Financial Measures

In addition to our Net income (loss) determined in accordance with GAAP, for purposes of evaluating operating performance, we report the following non-GAAP measures: Adjusted net income (loss) and Adjusted EBITDA. Adjusted net income (loss) is also expressed on a diluted per share basis.

We believe presenting non-GAAP financial measures provides useful information to investors, allowing them to assess how the business performed excluding the effects of non-recurring and non-operational amounts. We believe the use of the non-GAAP financial measures facilitates comparing the results being reported against past and future results by eliminating amounts that we believe are not comparable between periods and assists investors in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's own methods for evaluating business performance.

Our management uses Adjusted net income (loss) and Adjusted EBITDA to evaluate the operating performance of our business for comparable periods and to discuss our business with our Board of Directors, institutional investors and other market participants. Adjusted EBITDA is also used as the basis for a performance measure used in executive incentive compensation.

The methods we use to calculate our non-GAAP financial measures may differ significantly from methods other companies use to compute similar measures. As a result, any non-GAAP financial measures presented herein may not be comparable to similar measures provided by other companies. Adjusted net income (loss) and Adjusted EBITDA should not be used by investors or other third parties as the sole basis for formulating investment decisions as these measures may exclude a number of important cash and non-cash recurring items.

Adjusted net income (loss) is defined as net income (loss) excluding certain significant items as set forth below. Adjusted net income (loss) is also presented on a diluted per share basis. While Adjusted net income (loss) is a non-GAAP measurement, management believes that it is an important indicator of operating performance and useful to investors. Significant items, while periodically affecting our results, may vary significantly from period to period and have a disproportionate effect in a given period, which affects comparability of results and are described below:

- Goodwill and long-lived asset impairment - charges associated with the non-cash write down of goodwill and certain long-lived assets for the 13 and 39 weeks ended October 27, 2023 and October 28, 2022.
- Corporate restructuring - severance costs associated with reduction in corporate positions, primarily in our Hong Kong sourcing office, for the 13 and 39 weeks ended October 27, 2023 .
- Lands' End Japan closure – closing costs, net of other operating income, recorded for the 13 and 39 weeks ended October 27, 2023 and October 28, 2022.

The following tables set forth, for the periods indicated, a reconciliation of Net loss to Adjusted net loss and Adjusted net loss per share:

Unaudited	**13 Weeks Ended**	
(in thousands, except per share amounts)	**October 27, 2023**	**October 28, 2022**
Net loss	$ (112,394)	$ (4,682)
Goodwill and long-lived asset impairment	106,700	120
Corporate restructuring	2,266	—
Lands' End Japan closure	23	3,858
Tax effects on adjustments	(159)	(977)
ADJUSTED NET LOSS	$ (3,564)	$ (1,681)
ADJUSTED DILUTED NET LOSS PER SHARE	$ (0.11)	$ (0.05)
Diluted weighted average common shares outstanding	31,887	33,064

Unaudited	**39 Weeks Ended**	
(in thousands, except per share amounts)	**October 27, 2023**	**October 28, 2022**
Net loss	(122,064)	(9,232)
Goodwill and long-lived asset impairment	106,700	120
Corporate restructuring	2,656	—
Lands' End Japan closure	122	3,858
Tax effects on adjustments	(200)	(977)
ADJUSTED NET LOSS	$ (12,786)	$ (6,231)
ADJUSTED DILUTED NET LOSS PER SHARE	$ (0.40)	$ (0.19)
Diluted weighted average common shares outstanding	32,140	33,196

While Adjusted EBITDA is a non-GAAP measurement, management believes that it is an important indicator of operating performance, and is useful to investors, because:

- EBITDA excludes the effects of financings, investing activities and tax structure by eliminating the effects of interest, depreciation and income tax.
- Other significant items, while periodically affecting our results, may vary significantly from period to period and have a disproportionate effect in a given period, which affects comparability of results. We have adjusted our results for these items to make our statements more comparable and therefore more useful to investors as the items are not representative of our ongoing operations.
  - Goodwill and long-lived asset impairment - charges associated with the non-cash write down of goodwill and certain long-lived assets for the 13 and 39 weeks ended October 27, 2023 and October 28, 2022.
  - Corporate restructuring - severance costs associated with reduction in corporate positions, primarily in our Hong Kong sourcing office, for the 13 and 39 weeks ended October 27, 2023 .
  - Lands’ End Japan closure – closing costs, net of other operating income, recorded for the 13 and 39 weeks ended October 27, 2023 and October 28, 2022.
  - Net gain or loss on disposal of property and equipment – disposal of property and equipment for the 39 weeks ended October 27, 2023 and October 28, 2022.
  - Other – amortization of transaction related costs associated with our Third Party distribution channel for the 13 weeks ended October 28, 2022 and the 39 weeks ended October 27, 2023 and October 28, 2022.

The following tables set forth, for the periods indicated, selected income statement data, both in dollars and as a percentage of Net revenue and a reconciliation of Net loss to Adjusted EBITDA:

Unaudited	13 Weeks Ended			
(in thousands)	October 27, 2023		October 28, 2022	
Net loss	$ (112,394)	(34.6)%	$ (4,682)	(1.3)%
Income tax (benefit)	(459)	(0.1)%	(3,627)	(1.0)%
Other (income) expense, net	(132)	(0.0)%	230	0.1%
Interest expense	11,677	3.6%	10,825	2.9%
Operating (loss) income	(101,308)	(31.2)%	2,746	0.7%
Depreciation and amortization	9,595	3.0%	9,761	2.6%
Goodwill and long-lived asset impairment	106,700	32.9%	120	0.0%
Corporate restructuring	2,266	0.7%	—	—%
Lands' End Japan closure	23	0.0%	3,858	1.0%
Other	—	—%	178	0.0%
Adjusted EBITDA	$ 17,276	5.3%	$ 16,663	4.5%

Unaudited	39 Weeks Ended			
(in thousands)	October 27, 2023		October 28, 2022	
Net loss	$ (122,064)	(12.7)%	$ (9,232)	(0.9)%
Income tax expense (benefit)	978	0.1%	(6,293)	(0.6)%
Other income, net	(488)	(0.1)%	(97)	(0.0)%
Interest expense	35,984	3.8%	27,807	2.7%
Operating (loss) income	(85,590)	(8.9)%	12,185	1.2%
Depreciation and amortization	28,439	3.0%	29,228	2.8%
Goodwill and long-lived asset impairment	106,700	11.1%	120	0.0%
Corporate restructuring	2,656	0.3%	—	—%
Lands' End Japan closure	122	0.0%	3,858	0.4%
Loss on disposal of property and equipment	100	0.0%	39	0.0%
Other	189	0.0%	866	0.1%
Adjusted EBITDA	$ 52,616	5.5%	$ 46,296	4.5%

In assessing the operational performance of our business, we consider a variety of financial measures. We operate in five separate distribution channels for revenue reporting purposes: U.S. eCommerce, International, Outfitters, Third Party and Retail. A key measure in the evaluation of our business is revenue performance by distribution channel. We also consider Gross margin and Selling and administrative expenses in evaluating the performance of our business.

We use Net revenue to evaluate revenue performance for the U.S. eCommerce, International, Outfitters and Third Party distribution channels. For our Retail distribution channel, we use Same Store Sales as a key measure in evaluating performance. A Company Operated store is included in U.S. Same Store Sales calculations when it has been open for at least 14 months. Online sales and sales generated through our in-store web portal are considered revenue in our U.S. eCommerce and are excluded from U.S. Same Store Sales.

Discussion and Analysis

Third Quarter 2023 compared with Third Quarter 2022

Net Revenue

Net revenue was $324.7 million for Third Quarter 2023, a decrease of $46.3 million or 12.5%, from $371.0 million during the Third Quarter 2022.

U.S. eCommerce Net revenue was $190.2 million for Third Quarter 2023, a decrease of $21.0 million or 10.0%, from $211.2 million during the Third Quarter 2022. The decrease in U.S. eCommerce was primarily driven by a concerted effort to reduce promotional activity and improved inventory management compared to the prior year resulting in higher margins with lower clearance inventory sales.

International eCommerce Net revenue was $26.2 million for Third Quarter 2023, a decrease of $11.8 million or 30.9%, from $38.0 million during the Third Quarter 2022. The decrease in International eCommerce was due to continued assortment editing with a focus on key categories and reduced clearance inventories in Europe and the closing of Lands' End Japan at the end of Fiscal 2022. Excluding the $9.5 million of Lands' End Japan, Net revenue for International eCommerce decreased 9.7%.

Outfitters Net revenue was $74.3 million for Third Quarter 2023, a decrease of $6.5 million or 8.0%, from $80.8 million during the Third Quarter 2022. The decrease was primarily driven by the conclusion of the Delta Air Lines contract in the First Quarter 2023 and timing of school uniform shipments compared to prior year partially offset by mid-single digit growth year-over-year in our business to business customers. Excluding the $4.2 million decrease in year over year revenue from the Delta Air Lines business, Net revenue for the Outfitters business decreased 3.0%.

Third Party Net revenue was $24.0 million for Third Quarter 2023, a decrease of $6.9 million or 22.4%, from $30.9 million during the Third Quarter 2022. The decrease was primarily attributed to weaker performance at Kohl's partially offset by continued growth of marketplace sales through other existing marketplaces.

Retail Net revenue was $10.0 million for Third Quarter 2023, a decrease of $0.1 million or 1.0%, from $10.1 million during the Third Quarter 2022. Our U.S. Company Operated stores experienced an increase of 2.3% in Same Store Sales as compared to the Third Quarter 2022. On October 27, 2023 there were 26 U.S. Company Operated stores, compared to 29 U.S. Company Operated stores on October 28, 2022.

Gross Profit

Gross profit was $152.6 million for Third Quarter 2023, an increase of $4.2 million or 2.8% from $148.4 million during the Third Quarter of 2022. Gross margin increased approximately 700 basis points to 47.0% in Third Quarter 2023, compared with 40.0% in Third Quarter 2022. The Gross margin improvement was primarily driven by new products across the brand, strength in transitional outerwear and adjacent product categories, reduction in sales of clearance inventory and improvements in supply chain costs in the third quarter of fiscal 2023 compared to the prior year.

Selling and Administrative Expenses

Selling and administrative expenses increased $2.5 million to $135.3 million or 41.7% of total Net revenue in Third Quarter 2023 compared with $132.8 million or 35.8% of Net revenue in Third Quarter 2022. The approximately 590 basis points increase was driven by deleveraging from lower revenues and higher incentive related personnel costs, partially offset by lower marketing spend and continued cost controls.

Depreciation and Amortization

Depreciation and amortization expense decreased $0.2 million to $9.6 million in Third Quarter 2023 compared with $9.8 million in the Third Quarter 2022.

Goodwill Impairment

Goodwill impairment was $106.7 million in Third Quarter 2023 compared to none in Third Quarter 2022. We recorded full impairment of the $70.4 million and $36.3 million of goodwill allocated to our U.S. eCommerce and Outfitters reporting units, respectively, in Third Quarter 2023 due to the decline in stock price and market capitalization, as well as current market conditions and macroeconomic conditions. See Note 1, *Background and Basis Presentation*.

Other Operating Expense

Other operating expense, net was $2.3 million in Third Quarter 2023 compared to $3.1 million in Third Quarter 2022. The $0.8 million decrease was due to $3.0 million of Lands' End Japan closing costs recorded in Third Quarter 2022 compared to $2.3 million of corporate restructuring costs, primarily severance costs in our Hong Kong sourcing office, recorded in Third Quarter 2023.

Operating Income (Loss)

Operating loss was $101.3 million in Third Quarter 2023 compared to Operating income of $2.7 million in Third Quarter 2022. The $104.0 million increase in Operating loss was primarily a result of the $106.7 million non-cash goodwill impairment charge recorded in Third Quarter 2023.

Interest Expense

Interest expense was $11.7 million in Third Quarter 2023 compared to $10.8 million in Third Quarter 2022. The $0.9 million increase was driven by higher applicable interest rates under the Term Loan Facility offset by lower ABL Facility interest related to lower average outstanding balances.

Other Expense (Income)

Other income was $0.1 million in Third Quarter 2023 compared to Other expense of $0.2 million in Third Quarter 2022.

Income Tax (Benefit) Expense

We recorded an income tax benefit at an overall effective tax rate of 0.4% and 43.7% for Third Quarter 2023 and Third Quarter 2022, respectively. The overall effective tax rate for the 13 weeks ended October 27, 2023, reflects the impacts resulting from the impairment of non-tax deductible goodwill recorded in the Third Quarter 2023. The overall effective tax rate for the 13 weeks ended October 28, 2022, reflect tax benefits recorded as a result of Lands' End Japan closing costs recorded in the Third Quarter 2022.

Net Income (Loss)

Net loss was $112.4 million and diluted loss per share was $3.52 in Third Quarter 2023 compared with Net loss of $4.7 million and diluted loss per share of $0.14 in Third Quarter 2022. The increase in Net loss was primarily due to the $106.7 million non-cash goodwill impairment charge recorded in Third Quarter 2023.

Adjusted EBITDA

As a result of the above factors, Adjusted EBITDA was $17.3 million in Third Quarter 2023 and $16.7 million in Third Quarter 2022, respectively.

Adjusted Net Income (Loss)

Adjusted net loss was $3.6 million and Adjusted diluted net loss per share was $0.11 in Third Quarter 2023 compared with Adjusted net loss of $1.7 million and Adjusted diluted net loss per share of $0.05 in Third Quarter 2022.

Year-to-Date 2023 compared with Year-to-Date 2022

Net Revenue

Net revenue was $957.7 million for Year-to-Date 2023 a decrease of $68.2 million or 6.6% from $1.0 billion during Year-to-Date 2022.

U.S. eCommerce Net revenue was $563.8 million for Year-to-Date 2023, a decrease of $25.6 million or 4.3%, from $589.4 million during the Year-to-Date 2022. The decrease in U.S. eCommerce was primarily driven by continued promotional productivity within swim, outerwear and newness in adjacent product categories and improved inventory management resulting in higher margins with lower clearance inventory sales.

International eCommerce Net revenue was $74.4 million for Year-to-Date 2023, a decrease of $44.1 million or 37.2%, from $118.5 million during the Year-to-Date 2022. The decrease in International eCommerce was due to continued assortment editing with a focus on key categories and reduced clearance inventories in Europe and the closing of Lands' End Japan at the end of Fiscal 2022. Excluding the $25.5 million of Lands' End Japan, Net revenue for International eCommerce decreased 19.9% .

Outfitters Net revenue was $216.3 million for Year-to-Date 2023, an increase of $10.9 million or 5.3%, from $205.4 million during the Year-to-Date 2022. Compared to the Year-to-Date 2022, the increase was primarily driven by inventory sales to Delta Air Lines at the conclusion of their five-year contract in the First Quarter 2023. Excluding the $9.2 million increase in year over year revenue from the Delta Air Lines business, Net revenue for the Outfitters business increased by 0.9%.

Third Party Net revenue was $71.4 million for Year-to-Date 2023, a decrease of $8.4 million or 10.6% from $79.8 million during the Year-to-Date 2022. The decrease was primarily driven by a decline in Kohl’s partially offset by growth in marketplace sales through other existing marketplaces.

Retail Net revenue was $31.8 million for Year-to-Date 2023, a decrease of $0.9 million or 2.8%, from $32.7 million during the Year-to-Date 2022. Our U.S. Company Operated stores experienced an increase of 0.3% in Same Store Sales as compared to the Year-to-Date 2022. On October 27, 2023 there were 26 U.S. Company Operated stores compared to 29 U.S. Company Operated stores on October 28, 2022.

Gross Profit

Gross profit was $430.1 million for Year-to-Date 2023, an increase of $8.5 million or 2.0% from $421.6 million during Year-to-Date 2022. Gross margin increased to 44.9% in Year-to-Date 2023, compared with 41.1% in Year-to-Date 2022. The 380 basis point improvement in gross margin was primarily driven by leveraging the strength in the swim, outerwear and newness in adjacent product categories across the channels, reduction in clearance inventory and improvements in supply chain costs for Year-to-Date 2023 compared to the prior year.

Selling and Administrative Expenses

Selling and administrative expenses increased $0.6 million to $377.7 million or 39.4% of total Net revenue in Year-to-Date 2023 compared with $377.1 million or 36.8% of Net revenue in Year-to-Date 2022. The approximately 270 basis point increase was driven by deleveraging from lower revenues and higher incentive related personnel costs, partially offset by lower digital marketing spend and continued cost controls.

Depreciation and Amortization

Depreciation and amortization expense was $28.4 million in Year-to-Date 2023, a decrease of $0.8 million or 2.7%, compared with $29.2 million in Year-to-Date 2022.

Goodwill Impairment

Goodwill impairment was $106.7 million in Year-to-Date 2023 compared to none in Year-to-Date 2022. We recorded full impairment of the $70.4 million and $36.3 million of goodwill allocated to our U.S. eCommerce and Outfitters reporting units, respectively, in Year-to-Date 2023 due to the decline in stock price and market capitalization, as well as current market conditions and macroeconomic conditions. See Note 1, *Background and Basis Presentation*.

Other Operating Expense

Other operating expense, net was $2.9 million in Year-to-Date 2023, a decrease of $0.2 million or 6.5% compared with $3.1 million in Year-to-Date 2022. Year-to-Date 2023 includes $2.7 million of corporate restructuring costs, primarily severance costs in our Hong Kong sourcing office, compared to $3.0 million of Lands’ End Japan closing costs recorded in Year-to-Date 2022.

Operating Income (Loss)

Operating loss was $85.6 million in Year-to-Date 2023 compared to Operating income of $12.2 million in Year-to-Date 2022. The $97.8 million increase in Operating loss was a result of the $106.7 million non-cash goodwill impairment charge recorded in Third Quarter 2023.

Interest Expense

Interest expense was $36.0 million in Year-to-Date 2023 compared to $27.8 million in Year-to-Date 2022. The $8.2 million increase was primarily attributed to higher applicable interest rates on the Debt Facilities.

Other Expense (Income)

Other income was $0.5 million in Year-to-Date 2023 compared to Other income $0.1 million in Year-to-Date 2022.

Income Tax (Benefit) Expense

We recorded an income tax expense at an overall effective tax rate of (0.8)% for Year-to-Date 2023 and an income tax benefit of 40.5% for Year-to-Date 2022. The overall effective tax rate for the 39 weeks ended October 27, 2023, reflects the impacts resulting from the impairment of non-tax deductible goodwill recorded in the Third Quarter 2023. The overall effective tax rate for the 39 weeks ended October 28, 2022, reflect tax benefits recorded as a result of Lands' End Japan closing costs recorded in the Third Quarter 2022.

Net Income (Loss)

As a result of the above factors, Net loss was $122.1 million and diluted loss per share was $3.80 in Year-to-Date 2023 compared with Net loss of $9.2 million and diluted loss per share of $0.28 in Year-to-Date 2022. The increase in Net loss was primarily due to the $106.7 million non-cash goodwill impairment charge recorded in Third Quarter 2023.

Adjusted EBITDA

As a result of the above factors, Adjusted EBITDA was $52.6 million in Year-to-Date 2023 compared to $46.3 million in Year-to-Date 2022.

Adjusted Net Income (Loss)

Adjusted net loss was $12.8 million and Adjusted diluted net loss per share was $0.40 in Year-to-Date 2023 compared with Adjusted net loss of $6.2 million and Adjusted diluted net loss per share of $0.19 in Year-to-Date 2022.

Liquidity and Capital Resources

Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures, debt service and for general corporate purposes. Our cash and cash equivalents and the ABL Facility serve as sources of liquidity for short-term working capital needs and general corporate purposes. The ABL Facility had a balance outstanding of $110.0 million on October 27, 2023, other than letters of credit. Cash generated from our net revenue and profitability, and to a lesser extent our changes in working capital, are driven by the seasonality of our business, with a significant amount of net revenue and operating cash flows generally occurring in the fourth fiscal quarter of each year. We expect that our cash on hand and cash flows from operations, along with revolving on the ABL Facility, will be adequate to meet our capital requirements and operational needs for at least the next 12 months.

Description of Material Indebtedness

Debt Arrangements

Our $275.0 million committed revolving ABL Facility includes a $70.0 million sublimit for letters of credit and is available for working capital and other general corporate liquidity needs. The amount available to borrow is the lesser of (1) the Aggregate Commitments of $275.0 million ("ABL Facility Limit") or (2) the Borrowing Base which is calculated from Eligible Inventory, Trade Receivables and Credit Card Receivables, all foregoing capitalized terms not defined herein are as defined in the ABL Facility. The balance outstanding on October 27, 2023 and October 28, 2022 was $110.0 million and $160.0 million, respectively. The balance of outstanding letters of credit was $8.9 million and $11.8 million on October 27, 2023 and October 28, 2022, respectively.

On September 9, 2020, we entered into the Term Loan Facility which provided borrowings of $275.0 million. Origination costs, including an Original Issue Discount ("OID") of 3% and $5.1 million in debt origination fees, were paid in connection with entering into the Term Loan Facility.

Interest; Fees

Effective May 12, 2023, we executed the Fourth Amendment (the "Fourth Amendment") to the ABL Facility which replaced the interest rate benchmark based on LIBOR with an interest rate benchmark based on SOFR plus an adjustment of 0.10% for all loans ("ABL Adjusted SOFR"). This transition resulted in no material interest rate impact. The ABL Adjusted SOFR rate is now available for all new loans after the effective date of the Fourth Amendment.

Effective with the Fourth Amendment, the ABL Facility interest rate, selected at the borrower's election, is either (1) ABL Adjusted SOFR, or (2) a base rate which is the greater of (a) the federal funds rate plus 0.50%, (b) the one-month ABL Adjusted SOFR rate plus 1.00%, or (c) the Wells Fargo "prime rate". The borrowing margin for ABL Adjusted SOFR loans is (i) less than $95.0 million, 1.25%, (ii) equal to or greater than $95.0 million but less than $180.0 million, 1.50%, and (iii) greater than or equal to $180.0 million, 1.75%. For base rate loans, the borrowing margin is (i) less than $95.0 million, 0.50%, (ii) equal to or greater than $95.0 million but less than $180.0 million, 0.75%, and (iii) greater than or equal to $180.0 million, 1.00% ("Applicable Borrowing Margin"). The Applicable Borrowing Margin for all loans is based upon the average daily total loans outstanding for the previous quarter.

Prior to the Fourth Amendment to the ABL Facility, the interest rate, selected at the borrower's election, was either (1) LIBOR (plus the Applicable Borrowing Margin), or (2) a base rate (plus the Applicable Borrowing Margin) which was the greater of (a) the federal funds rate plus 0.50%, (b) the one-month LIBOR rate plus 1.00%, or (c) the Wells Fargo "prime rate".

Effective June 22, 2023, we entered into Amendment No. 1 (the "First Amendment") to the Term Loan Facility which (subject to a 1% floor) replaced the interest rate benchmark based upon LIBOR with an interest rate benchmark based upon SOFR plus adjustments of either (a) 0.11448% for a one-month interest period, (b) 0.26161% for a three-month interest period, or (c) 0.42826% for a six-month interest period ("Term Loan Adjusted SOFR"). This transition resulted in no material interest rate impact.

Effective with the First Amendment to the Term Loan Facility, the interest rate per annum applicable to the loans under the Term Loan Facility is based on a fluctuating rate of interest measured by reference to, at the borrower's election, either (1) a Term Adjusted Loan SOFR rate plus 9.75% or (2) an alternative base rate (which is the greater of (i) the prime rate published in the Wall Street Journal, (ii) the federal funds rate, which shall be no lower than 0.00% plus ½ of 1.00%, or (iii) the one month Term Loan Adjusted SOFR rate plus 1.00% per annum) plus 8.75%.

Prior to the First Amendment to the Term Loan Facility, the interest rate per annum applicable to the loans under the Term Loan Facility was based on a fluctuating rate of interest measured by reference to, at the borrower's election, either (1) a LIBOR rate (with a minimum rate of 1.00%) plus 9.75% or (2) an alternative base rate (which was the greater of (i) the prime rate published in the Wall Street Journal, (ii) the federal funds rate, which was to be no lower than 0.00% plus ½ of 1.00%, or (iii) the one month LIBOR rate plus 1.00% per annum) plus 8.75%.

During Second Quarter 2023, we adopted ASU 2020-04, the optional practical expedient for Reference Rate Reform related to its Debt Facilities and as such, these amendments are treated as a continuation of the existing debt agreement and no gain or loss on these modifications were recorded in the Condensed Consolidated Statement of Operations.

Customary agency fees are payable in respect of the Debt Facilities. The ABL Facility fees include (i) commitment fees of 0.25% based upon the average daily unused commitment (aggregate commitment less loans and letter of credit outstanding) under the ABL Facility for the preceding fiscal quarter and (ii) customary letter of credit fees. As of October 27, 2023, we had borrowings of $110.0 million under the ABL Facility.

Maturity; Amortization and Prepayments

The ABL Facility maturity date is the earlier of (a) July 29, 2026 and (b) June 9, 2025 if, on or prior to such date, the Term Loan Facility has not been refinanced, extended or repaid in full in accordance with the terms thereof and not replaced with other indebtedness.

The Term Loan Facility matures on September 9, 2025 and amortizes at a rate equal to 1.25% per quarter. It is subject to mandatory prepayments in an amount equal to a percentage of the borrower's excess cash flows in each fiscal year, ranging from 0% to 75% depending on our total leverage ratio, and with the proceeds of certain asset sales, casualty events and extraordinary receipts. The loan could not be voluntarily prepaid during the first two years of its term without significant penalties. A prepayment premium of 1% applies to voluntary prepayments and certain mandatory prepayments made between September 9, 2023 and September 9, 2024 and no premium applies to such prepayments thereafter.

Guarantees; Security

All obligations under the Debt Facilities are unconditionally guaranteed by Lands' End, Inc. and, subject to certain exceptions, each of its existing and future direct and indirect subsidiaries. The ABL Facility is secured by a first priority security interest in certain working capital of the borrowers and guarantors consisting primarily of accounts receivable and inventory. The Term Loan Facility is secured by a second priority security interest in the same collateral, with certain exceptions.

The Term Loan Facility is secured by a first priority security interest in certain property and assets of the borrowers and guarantors, including certain fixed assets such as real estate, stock of the subsidiaries and intellectual property, in each case, subject to certain exceptions. The ABL Facility is secured by a second priority interest in the same collateral, with certain exceptions.

Representations and Warranties; Covenants

Subject to specified exceptions, the Debt Facilities contain various representations and warranties and restrictive covenants that, among other things, restrict Lands' End, Inc.'s and its subsidiaries' ability to incur indebtedness (including guarantees), grant liens, make investments, make dividends or distributions with respect to capital stock, make prepayments on other indebtedness, engage in mergers or change the nature of their business.

The Term Loan Facility contains certain financial covenants, including a quarterly maximum total leverage ratio test, a weekly minimum liquidity test and an annual maximum capital expenditure amount.

Under the ABL Facility, if excess availability falls below the greater of 10% of the Loan Cap amount or $15.0 million, we will be required to comply with a minimum fixed charge coverage ratio of 1.0 to 1.0.

The Debt Facilities contain certain affirmative covenants, including reporting requirements such as delivery of financial statements, certificates and notices of certain events, maintaining insurance and providing additional guarantees and collateral in certain circumstances.

As of October 27, 2023, we were in compliance with our financial covenants in the Debt Facilities.

Events of Default

The Debt Facilities include customary events of default including non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations or warranties, cross defaults related to certain other material indebtedness, bankruptcy and insolvency events, invalidity or impairment of guarantees or security interests, material judgments and change of control.

Cash Flows from Operating Activities

Net cash provided by operating activities was $36.7 million during Year-to-Date 2023 compared to net cash used in operating activities of $126.0 million during Year-To-Date 2022. The $162.7 million improvement in cash provided by operating activities was primarily due to the year-over-year improvement in inventory flow and productivity.

Cash Flows from Investing Activities

Net cash used in investing activities was $28.5 million and $20.5 million during Year-To-Date 2023 and Year-To-Date 2022, respectively. Cash used in investing activities for both periods was primarily used for investments to update our digital information technology infrastructure.

For Fiscal 2023, we plan to invest approximately $35.0 million in capital expenditures for strategic investments and infrastructure, primarily in technology and general corporate needs.

Cash Flows from Financing Activities

Net cash used in financing activities was $11.4 million during Year-To-Date 2023, compared with net cash provided by financing activities of $140.1 million during Year-To-Date 2022. The decrease in net cash provided by financing activities is primarily due to lower inventory levels.

Contractual Obligations and Off-Balance-Sheet Arrangements

There have been no material changes to our contractual obligations and off-balance-sheet arrangements as discussed in our Annual Report on Form 10-K for the fiscal year ended January 27, 2023.

Financial Instruments with Off-Balance-Sheet Risk

The $275.0 million committed revolving ABL Facility includes a $70.0 million sublimit for letters of credit and has a maturity date of the earlier of (a) July 29, 2026 and (b) June 9, 2025 if, on or prior to such date, the Term Loan Facility has not been refinanced, extended or repaid in full in accordance with the terms thereof and not replaced with other indebtedness. The ABL Facility is available for working capital and other general corporate liquidity needs. The balance outstanding on October 27, 2023 and October 28, 2022 was

$110.0 million and $160.0 million, respectively. The balance of outstanding letters of credit was $8.9 million and $11.8 million on October 27, 2023 and October 28, 2022, respectively.

Application of Critical Accounting Policies and Estimates

We believe that the assumptions and estimates associated with revenue, inventory valuation, goodwill and intangible asset impairment assessments and income taxes have the greatest potential impact on our financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

Goodwill and Trade Name Impairment Analysis

Goodwill and the indefinite-lived trade name intangible asset are tested separately for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment assessments contain multiple uncertainties because the calculation requires management to make assumptions and to apply judgment to estimate future cash flows and asset fair values, including forecasting cash flows under different scenarios.

Goodwill impairment assessments

In connection with the preparation of the financial statements included in this Form 10-Q, we considered the decline in our stock price and market capitalization, as well as current market and macroeconomic conditions, to be a triggering event for the U.S. eCommerce and Outfitters reporting units and therefore completed an interim test for impairment of goodwill for these reporting units as of October 27, 2023. We tested goodwill for impairment using a one-step quantitative test. The quantitative test compares the reporting unit's fair value to its carrying value. An impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of goodwill. We estimate the fair value of our reporting units using a discounted cash flow model, commonly referred to as the income approach. The income approach uses a reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions appropriate to our reporting unit. The discounted cash flow model uses management's best estimates of economic and market conditions over the projected period using the best information available, including growth rates in revenues, costs and estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, weighted average cost of capital and changes in future working capital requirements.

The testing resulted in full impairment of $70.4 million and $36.3 million of goodwill allocated to our U.S. eCommerce and Outfitters reporting units, respectively.

Indefinite-lived intangible asset impairment assessments

Our indefinite-lived intangible asset is the Lands' End trade name. We review the trade name for impairment on an annual basis during the fourth fiscal quarter, or whenever events or changes in circumstances indicate the carrying value may not be recoverable. The fair value of the trade name indefinite-lived intangible asset is estimated using the relief from royalty method. The relief from royalty method is based on the assumption that, in lieu of ownership, a firm would be willing to pay a royalty in order to exploit the related benefits of this asset class. The relief from royalty method involves two steps: (1) estimation of reasonable royalty rates for the assets and (2) the application of these royalty rates to a forecasted net revenue stream and discounting the resulting cash flows to determine a present value. We multiply the selected royalty rate by the forecasted net revenue stream to calculate the cost savings (relief from royalty payment) associated with the asset. The cash flows are then discounted to present value using the selected discount rate and compared to the carrying value of the asset.

In connection with the preparation of the financial statements included in this Form 10-Q, we considered the decline in our stock price and market capitalization, as well as current market and macroeconomic conditions to be a triggering event for the Lands' End trade name. The fair value of the trade name indefinite-lived intangible asset was estimated using the relief from royalty method and the testing resulted in no impairment to the Lands' End trade name. Our impairment testing indicates the fair value of the trade name exceeds the carrying value by 6.1%.

Long-lived Asset Impairment Analysis

Property and equipment are subject to a review for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In accordance with ASC 360, *Property, Plant and Equipment* ("ASC 360") we reviewed the long-lived asset groups for impairment as of October 27, 2023.

The Company Operated store long-lived asset group, including Operating right-of-use assets, are regularly reviewed for impairment indicators. Impairment is assessed at the individual store level which is the lowest level of identifiable cash flows and considers the estimated undiscounted cash flows over the asset's remaining life. If estimated undiscounted cash flows are insufficient to recover the investment, an impairment loss is recognized equal to the difference between the estimated fair value of the asset and its carrying value, net of salvage, and any costs of disposition. The fair value estimate is generally the discounted amount of estimated store-specific cash flows. We recognized long-lived asset impairment for Operating lease right-of-use assets and property and equipment, net for identified individual Company Operated stores in the amount of no impairment and $0.1 million as of October 27, 2023 and October 28, 2022, respectively, recorded in Other operating expense, net in the Condensed Consolidated Statement of Operations.

We reviewed the remaining long-lived asset groups for impairment as of October 27, 2023. We assessed the recoverability of our long-lived asset groups by comparing their projected undiscounted cash flows associated over remaining estimated useful lives of the primary asset in the long-lived asset group against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives. As a result of the testing the undiscounted cash flows of the remaining asset groups exceeded their respective carrying amount resulting in no impairment.

For a complete discussion of our critical accounting policies, please refer to our Annual Report on Form 10-K for the year ended January 27, 2023. There have been no significant changes in our critical accounting policies or their application since January 27, 2023.

Recent Accounting Pronouncements

See Part I, Item 1, Note 2, *Recent Accounting Pronouncements*, of the Condensed Consolidated Financial Statements (unaudited) included in this Quarterly Report on Form 10-Q for information regarding recent accounting pronouncements.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document contains forward-looking statements. Forward-looking statements reflect our current views with respect to, among other things, future events and performance. These statements may discuss, among other things, our net sales, gross margin, operating expenses, operating income, net income, adjusted EBITDA, cash flow, financial condition, financings, impairments, expenditures, growth, strategies, plans, achievements, dividends, capital structure, organizational structure, future store openings, market opportunities and general market and industry conditions. We generally identify forward-looking statements by words such as “anticipate,” “estimate,” “expect,” “intend,” “project,” “plan,” “predict,” “believe,” “seek,” “continue,” “outlook,” “may,” “might,” “will,” “should,” “can have,” “likely,” “targeting” or the negative version of these words or comparable words. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialize, or if management’s underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. These risks and uncertainties include those risks, uncertainties and factors discussed in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended January 27, 2023 and “Part II, Item 1A Risk Factors” of this Quarterly Report on Form 10-Q. Forward-looking statements speak only as of the date on which they are made. We expressly disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable securities laws and regulations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Risk

The Company's international subsidiaries operate with functional currencies other than the U.S. dollar. Since the Company's Condensed Consolidated Financial Statements are presented in U.S. dollars, the Company must translate all components of these financial statements from the functional currencies into U.S. dollars at exchange rates in effect during or at the end of the reporting period. Net revenue generated from the International distribution channel represented approximately 8% of our total net revenue Year-to-Date 2023. The fluctuation in the value of the U.S. dollar against other currencies affects the reported amounts of net revenue, expenses, assets and liabilities. Assuming a 10% change in foreign currency exchange rates, net revenue for Year-to-Date 2023 would have increased or decreased by approximately $7.4 million. Translation gains or losses, which are recorded in other comprehensive income or loss, result from translation of the assets and liabilities of our international subsidiaries into U.S. dollars. Foreign currency translation losses, net, for Year-to-Date 2023 totaled approximately $0.4 million related to our international subsidiaries in United Kingdom and Germany. Additionally, the Company has foreign currency denominated intercompany receivables and payables that when settled result in a transaction gain or loss. A 10% change in foreign currency exchanges rates would not result in a significant transaction gain or loss in earnings. The Company does not utilize financial instruments for trading purposes or hedging and have not used any derivative financial instruments to limit foreign currency exchange rate exposures. The Company does not consider our foreign earnings to be permanently reinvested.

As of October 27, 2023, the Company had $9.0 million of cash and cash equivalents denominated in foreign currency in British pound sterling, Hong Kong dollar, euro and Japanese yen.

Interest Rate Risk

We are subject to interest rate risk with the Term Loan Facility and the ABL Facility, as both require the Company to pay interest on outstanding borrowings at variable rates. Each one percentage point change in interest rates (above the 1.00% SOFR floor) associated with the Term Loan Facility would result in a $2.3 million change in our annual cash interest expenses. Assuming our ABL Facility was fully drawn to a principal amount equal to $275.0 million, each one percentage point change in interest rates would result in a $2.8 million change in our annual cash interest expense.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on their evaluation for the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of October 27, 2023, the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) are effective.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting identified in connection with the evaluation required by Rules 13a-15 under the Exchange Act during the most recently completed fiscal quarter ended October 27, 2023 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

The Company is party to various claims, legal proceedings and investigations arising in the ordinary course of business. Some of these actions involve complex factual and legal issues and are subject to uncertainties. At this time, the Company is not able to either predict the outcome of these legal proceedings or reasonably estimate a potential range of loss with respect to the proceedings. While it is not feasible to predict the outcome of pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate resolution should not have a material adverse effect on our results of operations, cash flows or financial position taken as a whole.

As disclosed in the Company's Annual Report on Form 10-K for the year ended January 27, 2023, the Company is the defendant in three separate lawsuits, each of which allege adverse health events and personal property damage as a result of wearing uniforms manufactured by Lands' End: (1) Gilbert et al. v. Lands' End, Inc., United States District Court for the Western District of Wisconsin, Civil Action No. 3:19-cv-00823-JDP, complaint filed October 3, 2019; (2) Andrews et al. v. Lands' End, Inc., United States District Court for the Western District of Wisconsin, Civil Action No. 3:19-cv-01066-JDP, complaint filed on December 31, 2019, on behalf of 521 named plaintiffs, later amended to include 1,089 named plaintiffs; and (3) Davis et al. v. Lands' End, Inc. and Lands' End Business Outfitters, Inc., United States District Court for the Western District of Wisconsin, Case No. 3:20-cv-00195, complaint filed on March 4, 2020. Plaintiffs in Gilbert, Andrews, and Davis seek nationwide class certification on behalf of similarly situated Delta employees.

By order dated April 20, 2020, the Court consolidated the Gilbert and Andrews cases (the "Consolidated Wisconsin Action") and stayed the Davis case. Plaintiffs in the Consolidated Wisconsin Action and Davis each assert that the damages sustained by the members of the proposed class exceed $5,000,000. Plaintiffs in each case seek damages for personal injuries, pain and suffering, severe emotional distress, financial or economic loss, including medical services and expenses, lost income and other compensable injuries. Plaintiffs in the Consolidated Wisconsin Action seek class certification with respect to performance of the uniforms and warranty claims and maintain individual claims for personal injury by numerous named plaintiffs.

On August 18, 2021, the Court ruled on several pending motions in the Consolidated Wisconsin Action. The Court denied Plaintiffs' motion for class certification with respect to performance of the uniforms and warranty claims. The Court denied Plaintiffs' motion for partial summary judgment regarding crocking claims and granted Lands' End's motion for partial summary judgment related to certain warranty claims. In addition, giving effect to both the addition and voluntary dismissal of individual plaintiffs over the course of the litigation, the number of individual plaintiffs had been reduced from 1,089 to 603 as of August 18, 2021. On September 1, 2021, Plaintiffs filed a Rule 23(f) petition, seeking interlocutory review of the Court's decision denying class certification. On September 22, 2021, the U.S. Court of Appeals for the Seventh Circuit denied plaintiffs' petition.

On July 8, 2022, the Court issued an Opinion and Order in the Consolidated Wisconsin Action (the "July 8 Opinion"), ruling in the Company's favor on several additional pending motions. The Court granted the Company's motion to exclude Plaintiffs' expert opinions because the opinions were not based on reliably applied and scientifically valid methods. Accordingly, because Plaintiffs failed to submit evidence sufficient to show that the uniforms were defective or that a defect in the uniforms caused Plaintiffs' alleged health problems, the Court granted the Company's motion for summary judgement on Plaintiffs' personal injury claims.

After giving effect to the July 8 Opinion, the remaining claims under the Consolidated Wisconsin Action related to claims for property damage and breach of warranty. Following these rulings and an order of the court dated December 1, 2022, 277 named Plaintiffs remained in the case who claim they have suffered personal property damage as a result of dye transferring to personal items, with aggregate claims of approximately $110,000 in damages. The Court set a deadline for the parties to voluntarily resolve these remaining outstanding claims, and on July 19, 2023 the parties reported to the Court that they had reached a settlement in principle of the matter, and subsequently entered into a Confidential Settlement, fully resolving the outstanding property damage claims, which were the only remaining claims in the action.

Following the entry of the Final Order by the Court on October 12, 2023, Plaintiffs filed an appeal to the Seventh Circuit. On November 13, 2023, the Court of Appeals for the Seventh Circuit issued an Order suspending the briefing schedule pending a remand to the district court for the limited purpose of issuing a revised final judgement order. Lands' End continues its vigorous defense of this case and maintains that the claims are without merit.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended January 27, 2023, filed with the SEC on April 10, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Issuer Purchases of Equity Securities

The following table presents a month-to-month summary of information with respect to purchases of common stock made during the Third Quarter 2023 pursuant to the 2022 Share Repurchase Program announced on June 28, 2022:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (3)	Approximate Dollar Value (in thousands) of Shares that May Yet Be Purchased Under the Plans or Programs
July 29 - August 25	124,846	$ 9.81	124,846	$ 33,556
August 26 - September 29	215,758	$ 8.01	215,758	$ 31,829
September 30 - October 27	5,342	$ 7.47	5,342	$ 31,789
Total	345,946	$ 8.65	345,946	

(1) All shares of common stock were retired following purchase.
(2) Average price paid per share excludes broker commissions and taxes.
(3) On June 28, 2022, the Company announced that its Board of Directors authorized the Company to repurchase up to $50.0 million of the Company's common stock through February 2, 2024 (the "2022 Share Repurchase Program"). The 2022 Share Repurchase Program may be suspended or discontinued at any time.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the fiscal quarter ended October 27, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

ITEM 6. EXHIBITS

The following documents are filed as exhibits to this report:

Exhibit Number	Exhibit Description
3.1	Amended and Restated Certificate of Incorporation of Lands' End, Inc. (incorporated by reference to Exhibit 3.1 of the Annual Report on Form 10-K filed by Lands' End, Inc. on March 24, 2022 (File No. 001-09769)).
3.2	Amended and Restated Bylaws of Lands' End, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Lands' End, Inc. on April 8, 2014 (File No. 001-09769)).
10.1	Letter from Lands' End, Inc. to Bernard McCracken relating to employment, dated September 14, 2023.*
10.2	Executive Severance Agreement by and between Lands' End, Inc. and Bernard McCracken, dated September 14, 2023.*
31.1	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.*
31.2	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.*
32.1	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101)*

* Filed herewith.
** Furnished herewith.

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.

Lands' End, Inc.
(Registrant)

By:	/s/ Bernard McCracken
Name:	Bernard McCracken
Title:	Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)

Date: December 5, 2023

EXHIBIT 10.1

September 14, 2023

Bernard McCracken

Dear Bernie,

We are pleased to confirm the details of your appointment to the position of Chief Financial Officer. In this role, you will continue to report to Andrew McLean. We all believe the future of Lands' End will provide us with many opportunities for growth and the company is well positioned for continued success.

The following outlines the changes to your compensation package:

- Effective September 14, 2023.
- Annual base salary of $525,000 paid in bi-weekly payments. You will next be eligible for a merit review in 2024.
- Continued participation in the Lands' End, Inc. Annual Incentive Plan ("AIP") with your annual target incentive opportunity increasing to 75% of your eligible earnings. The portion of the bonus target paid each year is based on your performance and the company's fiscal results and is payable at Lands' End's discretion. Your incentive opportunity is subject to the terms and conditions of the Company's Annual Incentive Plan. Any 2023 Annual Incentive will take into consideration your eligible earnings for the fiscal year time period of January 28, 2023 to February 2, 2024. You must be an active employee at the time of the payout to receive the bonus.
- As a member of the Lands' End senior team, beginning with our 2024 fiscal year, it is our intent to offer a target long-term incentive opportunity of 110% of your annual base salary for future annual long-term incentive awards. Further details regarding future LTI awards will be provided following approval by the Compensation Committee
- As a condition of employment, you will be required to sign an Executive Severance Agreement (ESA). While the terms and conditions of the ESA will govern, here is a summary of some of the items covered by the ESA: If your employment with Lands' End is terminated by Lands' End (other than for Cause, death or Disability) or by you for Good Reason (as defined in the ESA), you will receive twelve (12) months of salary continuation, equal to your base salary at the time of termination, reduced by any interim earnings you may otherwise receive. Under the ESA, you agree, among other things, not to disclose confidential information and, for eighteen (18) months following termination of employment, not to solicit our employees. You also agree not to aid, assist, or render services for any 'Lands' End Competitor' (as defined in the ESA) for twelve (12) months following termination of employment. The non-disclosure, non-solicitation, and non-compete provisions apply regardless of whether you are eligible for severance benefits under the ESA.

We all think highly of you and believe there will be opportunity to leverage your knowledge, experience, and leadership as we continue to grow as a trusted American lifestyle brand.

Sincerely, /s/ Kelly Ritchie	 /s/ Bernard McCracken
Kelly Ritchie Chief HR Officer	Agreed and Accepted Bernard McCracken

EXHIBIT 10.2

EXECUTIVE SEVERANCE AGREEMENT

This Executive Severance Agreement ("Agreement") is made as of the 14th day of September, 2023, between Lands' End, Inc., a Delaware corporation (together with its successors, assigns and Affiliates, the "Company"), and Bernard L. McCracken ("Executive").

WHEREAS, in light of the Company's size and its visibility as a publicly-traded company that reports its results to the public, the Company has attracted attention of other companies and businesses seeking to obtain for themselves or their customers some of the Company's business acumen and know-how; and

WHEREAS, the Company has shared with Executive certain aspects of its business acumen and know-how as well as specific confidential and proprietary information about the products, markets, processes, costs, developments, ideas, and personnel of the Company; and

WHEREAS, the Company has imbued Executive with certain aspects of the goodwill that the Company has developed with its customers, vendors, representatives and employees; and

WHEREAS, as consideration for entering into this Agreement, the Company is extending to Executive the opportunity to receive severance benefits under certain circumstances as provided in this Agreement; and

WHEREAS, as additional consideration for entering into this Agreement, the Company has granted to Executive restricted stock units pursuant to a Restricted Stock Agreement entered into between the Company and the Executive.

NOW, THEREFORE, in consideration of the foregoing, and of the respective covenants and agreements of the parties set forth in this Agreement, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following terms have the meanings indicated:

a. "Affiliate" means any subsidiary or other entity that, directly or indirectly through one or more intermediaries, is controlled by Lands' End, Inc., whether now existing or hereafter formed or acquired. For purposes hereof, "control" means the power to vote or direct the voting of sufficient securities or other interests to elect one-third of the directors or managers or to control the management of such subsidiary or other entity. Notwithstanding the foregoing, if the Executive's "Salary Continuation" exceeds the "Section 409A Threshold" (as such terms are defined below), then Affiliate shall mean any person with whom the Company is considered to be a single employer under Code Section 414(b) and all persons with whom the Company would be considered a single employer under Code Section 414(c), substituting "50%" for the "80%" standard that would otherwise apply.

b. "Cause" means (i) a material breach by Executive (other than a breach resulting from Executive's incapacity due to a Disability) of Executive's duties and responsibilities which breach is demonstrably willful and deliberate on Executive's part, is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach; (ii) the commission by Executive of a felony; or (iii) dishonesty or willful misconduct in connection with Executive's employment.

c. "Competitive Business" means any corporation, partnership, association, or other person or entity (including but not limited to Executive) that is listed on Appendix A, each of which Executive acknowledges is a Competitive Business.

Executive acknowledges that the Company shall have the right to propose modifications to Appendix A periodically to include (i) emergent Competitive Businesses in the existing lines of business of the Company, and (ii) Competitive Businesses in lines of business that are new for the Company, in each case, with the prior written consent of Executive, which consent shall not be unreasonably withheld.

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

e. "Confidential Information" means information related to the Company's business, not generally known in the trade or industry, which Executive learns or creates during the period of Executive's Company Employment, which may include but is not limited to product specifications, manufacturing procedures, methods, equipment, compositions, technology, formulas, know-how, research and development programs, sales methods, customer lists, customer usages and requirements, personnel evaluations and compensation data, computer programs and other confidential technical or business information and data that is not otherwise in the public domain.

f. "Disability" means disability as defined under the Company's long-term disability plan (regardless of whether Executive is a participant under such plan).

g. "Executive's Company Employment" means the time (including time prior to the date hereof) during which Executive is employed by any entity comprised within the definition of "Company", regardless of any change in the entity actually employing Executive.

h. "Good Reason" shall mean, without Executive's written consent, (i) a reduction of more than ten percent (10%) in the sum of Executive's annual base salary and target bonus under Company's Annual Incentive Plan; (ii) Executive's mandatory relocation to an office more than fifty (50) miles from the

primary location at which Executive was previously required to perform Executive's duties; or (iii) any other action or inaction that constitutes a material breach of the terms of this Agreement, including failure of a successor company to assume or fulfill the obligations under this Agreement. In each case, Executive must provide Company with written notice of the facts giving rise to a claim that "Good Reason" exists for purposes of this Agreement, within thirty (30) days of the initial existence of such Good Reason event, and Company shall have the right to remedy such event within sixty (60) days after receipt of Executive's written notice. "Good Reason" shall cease to exist, and may not form the basis for claiming any compensation or benefits under this Agreement, if any of the following occurs:

i. Executive fails to provide the above-referenced written notice of the Good Reason event within thirty (30) days of its occurrence;

ii. Company remedies the Good Reason event within the above-referenced sixty (60) day remediation period; or

iii. Executive fails to resign within ninety (90) days of Executive's written notice of the Good Reason event.

i. "Salary Continuation" means continuation of base salary, based on Executive's annual base salary rate as of the date Executive's Company Employment terminates ("Date of Termination"), payable for a period of twelve (12) months following the Date of Termination ("Salary Continuation Period").

j. "Section 409A Threshold" means an amount equal to two times the lesser of (i) Executive's base salary for services provided to the Company as an employee for the calendar year preceding the calendar year in which Executive has a Separation from Service; or (ii) the maximum amount that may be taken into account under a qualified plan in accordance with Code Section 401(a)(17) for the calendar year in which the Executive has a Separation from Service. In all events, this amount shall be limited to the amount specified under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A) or any successor thereto.

k. "Separation from Service" means a "separation from service" with the Company within the meaning of Code Section 409A (and regulations issued thereunder). Notwithstanding anything herein to the contrary, the fact that Executive is treated as having incurred a Separation from Service under Code Section 409A and the terms of this Agreement shall not be determinative, or in any way affect the analysis, of whether Executive has retired, terminated employment, separated from service, incurred a severance from employment or become entitled to a distribution, under the terms of any retirement plan (including pension plans and 401(k) savings plans) maintained by the Company.

l. "Specified Employee" means a "specified employee" under Code Section 409A (and regulations issued thereunder).

m. "Trade Secret(s)" means information, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and that is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

2. Employment. During Executive's Company Employment, Executive agrees to devote all of Executive's professional time and attention to the duties required by such Company Employment and to the best interests of the Company, and to engage in other business, professional or philanthropic activities only with the prior written approval of the Company. Executive shall also comply with all generally applicable policies of the Company, including but not limited to the Company's Code of Conduct, as such policies may be amended from time to time. Except as may be

otherwise expressly provided in any written agreement between the Company and Executive other than this Agreement, Executive's Company Employment is terminable by either party at will.

3. Severance.

a. If Executive's Company Employment is involuntarily terminated without Cause or if Executive resigns for Good Reason, subject to Section 8 of this Agreement, Executive shall be entitled to the following:

i. Salary Continuation.

ii. Continuation of health, dental and vision coverage at the applicable active employee rate until the end of the pay period that includes the last day of the Salary Continuation Period, on the same terms as they were provided immediately prior to the Date of Termination, subject to the Company's ability to continue to make these payments without incurring discrimination penalties under the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, and all applicable regulations and guidance thereunder. Any such coverage provided during the Salary Continuation Period shall not run concurrently with the applicable continuation period in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). If Executive becomes eligible to participate in another medical or dental benefit plan or arrangement through another employer or spousal plan during such period, the Company shall no longer pay for continuation coverage benefits and Executive shall be required to pay the full COBRA premium. Executive is

required to notify the Company within thirty (30) days of obtaining other medical or dental benefits coverage. Any coverage provided under this Section 3(a)(ii) shall be subject to such amendments (including termination) of the coverage as the Company shall make from time to time at its sole discretion, including but not limited to changes in covered expenses, employee contributions for premiums, and co-payment obligations, and shall be, to the fullest extent permitted by law, secondary to any other coverage Executive may obtain from subsequent employment or any other source.

iii. Reasonable outplacement services, mutually agreed upon by the Company and Executive from those vendors used by Company as of the Date of Termination, for a period of up to twelve (12) months or until subsequent employment is obtained, whichever occurs first.

iv. Notwithstanding any limitation on the payment of benefits upon termination of employment that may be provided for under its vacation pay policy, Company shall provide Executive a lump sum payment, promptly after the expiration of the revocation period set forth in Appendix B, of the unused vacation pay benefits which Executive had been granted prior to the Date of

Termination to the maximum extent permitted pursuant to Section 409A of the Code.

Executive shall not be entitled to continuation of compensation or benefits if Executive's employment terminates for any other reason, including due to death or Disability, except as may be provided under any other agreement or benefit plan applicable to Executive at the time of the termination of Executive's employment. Executive shall also not be entitled to Salary Continuation or any of the other benefits above if Executive does not meet all of the other requirements under, or otherwise violates the terms of, this Agreement, including the requirements under Section 8. Except as provided in this Section 3, all other compensation and benefits shall terminate as of the Date of Termination.

b. Subject to subsection (c), following the signing of the Release and Waiver in Accordance with Section 8 and expiration of the revocation period, Company shall pay Executive Salary Continuation in substantially equal installments on each regular salary payroll date for the Salary Continuation Period, except as otherwise provided in this Agreement. Salary Continuation payments shall be subject to withholdings for federal and state income taxes, FICA, Medicare and other legally required or authorized deductions. Notwithstanding the foregoing, the obligations of the Company to pay Salary Continuation shall be reduced on a dollar-for-dollar basis (but not below zero) by the amount, if any, of fees, salary or wages that Executive earns from a

subsequent employer (including those arising from self-employment) during the Salary Continuation Period. Executive shall promptly notify the Company of any subsequent employment or self-employment and the amount of any such fees, salary, wages or any other form of compensation earned. Any such fees, salary, wages or compensation shall reduce the Salary Continuation payments in reverse chronological order, beginning with the Salary Continuation payment that would be the final Salary Continuation payment in the absence of such reduction. For avoidance of doubt, Executive shall not be obligated to seek affirmatively or accept an employment, contractor, consulting or other arrangement to mitigate Salary Continuation. To the extent such Salary Continuation was paid in a calendar year prior to the calendar year in which such reimbursement is received by the Company, the reimbursement shall be in the gross amount of such Salary Continuation on a pre-tax-withholding basis. To the extent such Salary Continuation was paid in the same calendar year as the reimbursement is received by the Company, the reimbursement shall be in the net amount of such Salary Continuation on an after-tax-withholding basis. In the event such reimbursement is required with respect to Salary Continuation payments that are reported on a Form W-2 for Executive, Executive shall be solely responsible for claiming any related tax deduction, and the Company shall not be required to issue a corrected Form W-2.

c. Notwithstanding anything in this Section 3 to the contrary, if the Salary Continuation payable to Executive during the six (6) months after Executive's Separation from Service would exceed the Section 409A Threshold and if, as of the date of the Separation from Service, Executive is a Specified Employee, then payment shall be made to Executive on each regular salary payroll date during the six (6) months of the Salary Continuation Period until the aggregate amount received equals the Section 409A Threshold. Any portion of the Salary Continuation in excess of the Section 409A Threshold that would otherwise be paid during such six (6) months, and any portion of the Salary Continuation that is otherwise subject to Section 409A, shall instead be paid to Executive in a lump sum payment on the date that is six (6) months and one (1) day after the date of Executive's Separation from Service.

4. Confidentiality. In addition to all duties of loyalty imposed on Executive by law or otherwise, during the term of Executive's Company Employment and for two years following the termination of such employment for any reason, Executive shall maintain Confidential Information in confidence and secrecy and shall not disclose Confidential Information or use it for the benefit of any person or organization (including Executive) other than the Company without the prior written consent of an authorized officer of the Company (except for disclosures to persons acting on the Company's behalf with a need to know such information).

5. Non-Disclosure of Trade Secrets. During Executive's Company Employment, Executive shall preserve and protect Trade Secrets of the Company from unauthorized use or disclosure; and after termination of such employment, Executive shall not

use or disclose any Trade Secret of the Company for so long as that Trade Secret remains a Trade Secret.

6. Third-Party Confidentiality. Executive shall not disclose to the Company, use on its behalf, or otherwise induce the Company to use any secret or confidential information belonging to persons or entities not affiliated with the Company, which may include a former employer of Executive, if Executive then has an obligation or duty to any person or entity (other than the Company) to not disclose such information to other persons or entities, including the Company. Executive acknowledges that the Company has disclosed that the Company is now, and may be in the future, subject to duties to third parties to maintain information in confidence and secrecy. By executing this Agreement, Executive consents to be bound by any such duty owed by the Company to any third party.

7. Work Product. Executive acknowledges that all ideas, inventions, innovations, improvements, developments, methods, designs, analyses, reports, databases, and any other similar or related information (whether patentable or not) which relate to the actual or anticipated business, research and development, or existing or known future products or services of the Company which are or were conceived, developed or created by Executive (alone or jointly with others) during Executive's Company Employment (the "Work Product") is and shall remain the exclusive property of the Company. Executive acknowledges and agrees that all copyrightable Work Product was created in Executive's capacity as an employee of Lands' End and within the scope of Executive's Company Employment, and thus constitutes a "work made for hire" under the Copyright Act of 1976, as amended. Executive hereby assigns to Company all right, title and interest in and to all Work Product, and agrees to perform all actions reasonably requested by Company to establish, confirm or protect Company's ownership thereof (including, without limita tion, executing assignments, powers of attorney and other instruments).

8. General Release and Waiver. Upon or following Executive's Date of Termination potentially entitling Executive to Salary Continuation and other benefits under Section 3 above, Executive will execute a binding general release and waiver of claims in a form to be provided by the Company ("General Release and Waiver"). The General Release and Waiver will be in a form substantially similar to the attached Appendix B. If the General Release and Waiver is not signed within the time it requires or is signed but subsequently revoked, Executive will not continue to receive any Salary Continuation otherwise payable, and shall reimburse any Salary Continuation previously paid.

9. Noncompetition. During Executive's Company Employment, and for a period of twelve (12) months after the Date of Termination, regardless whether the Executive is receiving Salary

Continuation or other benefits under Section 3), Executive shall not, directly or indirectly, participate in, consult with, be employed by, or assist with the organization, planning, ownership, financing, management, operation or control of any Competitive Business.

10. Nonsolicitation. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, Executive shall not, directly or indirectly, either by himself or by providing substantial assistance to others (i) solicit any employee of the Company to terminate employment with the Company, or (ii)

employ or seek to employ, or cause or assist any other person, company, entity or business to employ or seek to employ, any individual who was an employee of Company as of Executive's Date of Termination.

11. Future Employment. During Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, before accepting any employment with any Competitive Business (whether or not Executive believes such employment is prohibited by Section 8), Executive shall disclose to the Company the identity of any such Competitive Business and a complete description of the duties involved in such prospective employment, including a full description of any business, territory or market segment to which Executive will be assigned. Further, during Executive's Company Employment and for eighteen (18) months following the termination of such employment for any reason, Executive agrees that, before accepting any future employment, Executive will provide a copy of this Agreement to any prospective employer of Executive, and Executive hereby authorizes the Company to do likewise, whether before or after the outset of the future employment.

12. Nondisparagement; Cooperation. During Executive's Company Employment and for two (2) years following the termination of such employment for any reason, Executive (i) will not criticize or disparage the Company or its directors, officers, employees or products, and (ii) will fully cooperate with Company in all investigations, potential litigation or litigation in which Company is involved or may become involved with respect to matters that relate to Executive's Company Employment (other than any such investigations, potential litigation or litigation between Company and Executive); provided, that with regard to Executive's duties under clause (i), Executive shall be reimbursed for reasonable travel and out-of-pocket expenses related thereto, but shall otherwise not be entitled to any additional compensation.

13. Notices. All notices, request, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand or when mailed by United States certified or registered mail with postage prepaid addressed as follows:

a. If to Executive, to the address set forth by Executive on the signature page of this Agreement or to such other person or address which Executive shall furnish to the Company in writing pursuant to the above.

b. If to the Company, to the attention of the Company's General Counsel at the address set forth on the signature page of this Agreement or to such other person or address as the Company shall furnish to Executive in writing pursuant to the above

14. Enforceability. Executive recognizes that irreparable injury may result to the Company, its business and property, and the potential value thereof in the event of a sale or other

transfer, if Executive breaches any of the restrictions imposed on Executive by this Agreement, and Executive agrees that if Executive shall engage in any act in violation of such

provisions, then the Company shall be entitled, in addition to such other remedies and damages as may be available, to an injunction prohibiting Executive from engaging in any such act.

15. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon and enforceable by Lands' End, Inc., its successors, assigns and Affiliates, all of which (other than Lands' End, Inc.) are intended third-party beneficiaries of this Agreement. Executive hereby consents to the assignment of this Agreement to any person or entity.

16. Validity. Any invalidity or unenforceability of any provision of this Agreement is not intended to affect the validity or enforceability of any other provision of this Agreement, which the parties intend to be severable and divisible, and to remain in full force and effect to the greatest extent permissible under applicable law.

17. Choice of Law; Jurisdiction. Except to the extent superseded or preempted by federal U.S. law, the rights and obligations of the parties and the terms of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Wisconsin, but without regard to the State of Wisconsin's conflict of laws rules. The parties further agree that the state and federal courts in Madison, Wisconsin, shall have exclusive jurisdiction over any claim which is any way arises out of Executive's employment with the Company, including but not limited to any claim seeking to enforce the provisions of this Agreement.

18. Section 409A Compliance. To the extent that a payment or benefit under this Agreement is subject to Code Section 409A, it is intended that this Agreement as applied to that payment or benefit comply with the requirements of Code Section 409A, and the Agreement shall be administered and interpreted consistent with this intent.

19. Miscellaneous. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement may be modified only by a written agreement signed by Executive and a duly authorized officer of the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

EXECUTIVE

/s/ Bernard L. McCracken

Name: Bernard L. McCracken

LANDS' END, INC.
5 Lands' End Lane
Dodgeville, WI 53595

By: /s/ Kelly Ritchie

Its: Chief Human Resources Officer

Appendix A

COMPETITIVE BUSINESSES

The following companies (including affiliates and subsidiaries within the same controlled group of corporations) are included within the definition of “Competitive Businesses”, as referred to under subsection 1(c) of the Executive Severance Agreement (“Agreement”):

Amazon.com
Ann Taylor
Bonobos
Brooks Brothers
Chico’s
Eddie Bauer
Gap
J.C. Penney Company Inc.
J Crew
Jos A. Banks
Kohl’s
L Brands
L.L. Bean
Macy’s
Next Retail
Polo Ralph Lauren
Talbots
Target
V.F. Corporation
Vineyard Vines

Appendix B

NOTICE: YOU MAY CONSIDER THIS GENERAL RELEASE AND WAIVER FOR UP TO TWENTY-ONE (21) DAYS. YOU MAY NOT SIGN IT UNTIL ON OR AFTER YOUR LAST DAY OF WORK. IF YOU DECIDE TO SIGN IT, YOU MAY REVOKE THE GENERAL RELEASE AND WAIVER WITHIN SEVEN (7) DAYS AFTER SIGNING. ANY REVOCATION WITHIN THIS PERIOD MUST BE IMMEDIATELY SUBMITTED IN WRITING TO GENERAL COUNSEL, LANDS' END, INC., 5 LANDS' END LANE, DODGEVILLE, WISCONSIN 53595. YOU MAY WISH TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS DOCUMENT.

GENERAL RELEASE AND WAIVER

In consideration of the severance benefits that are described in the attached Executive Severance Agreement, I, for myself, my heirs, administrators, representatives, executors, successors and assigns, do hereby release Lands' End, Inc., its current and former agents, subsidiaries, affiliates, related organizations, employees, officers, directors, shareholders, attorneys, successors, and assigns (collectively, "Lands' End") from any and all claims of any kind whatsoever, whether known or unknown, arising out of, or connected with, my employment with Lands' End and the termination of my employment. Without limiting the general application of the foregoing, this General Release & Waiver releases, to the fullest extent permitted under law, all contract, tort, defamation, and personal injury claims; all claims based on any legal restriction upon Lands' End's right to terminate my employment at will; Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e et seq.; the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq.; the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq.; the Rehabilitation Act of 1973, 29 U.S.C. §§ 701 et seq.; the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. ("ERISA"); 29 U.S.C. § 1985; the Civil Rights Reconstruction Era Acts, 42 U.S.C. §§ 1981-1988; the National Labor Relations Act, 29 U.S.C. §§ 151 et seq.; the Family & Medical Leave Act, 29 U.S.C. §§ 2601 et seq.; the Immigration & Nationality Act, 8 U.S.C. §§ 1101 et seq.; Executive Order 11246 and all regulations thereunder; the Wisconsin Fair Employment Act, Wis. Stat. §§ 111.31-111.395; the Wisconsin Family & Medical Leave Act, Wis. Stat. § 103.10; the Wisconsin Worker's Compensation Act, Wis. Stat. Ch. 102; and any and all other state, federal or local laws of any kind, whether administrative, regulatory, statutory or decisional.

This General Release & Waiver does not apply to any claims that may arise after the date I sign this General Release & Waiver. Also excluded from this General Release & Waiver are any claims that cannot be waived by law, including but not limited to (1) my right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission and (2) my rights or claims to benefits accrued under benefit plans maintained by Lands' End and governed by ERISA. I do, however, waive any right to any monetary or other relief flowing from any agency or third-party claims or charges, including any charge I might file with any federal, state or local agency. I warrant and represent that I have not filed any complaint, charge, or lawsuit against Lands' End with any governmental agency or with any court.

I also waive any right to become, and promise not to consent to become a participant, member, or named representative of any class in any case in which claims are asserted against Lands' End that are related in any way to my employment or termination of employment at Lands' End, and that involve events that have occurred as of the date I sign this General Release and Waiver. If I, without my knowledge, am made a member of a class in any proceeding, I will opt out of the class at the first opportunity afforded to me after learning of my inclusion. In this regard, I agree that I will execute, without objection or delay, an "opt-out" form presented to me either by the court in which such proceeding is pending, by class counsel or by counsel for Lands' End.

I have read this General Release and Waiver and understand all of its terms.

I have signed it voluntarily with full knowledge of its legal significance.

I have had the opportunity to seek, and I have been advised in writing of my right to seek, legal counsel prior to signing this General Release & Waiver.

I was given at least twenty-one (21) days to consider signing this General Release & Waiver. I agree that any modification of this General Release & Waiver Agreement will not restart the twenty-one (21) day consideration period.

I understand that if I sign the General Release & Waiver, I can change my mind and revoke it within seven (7) days after signing it by notifying the General Counsel of Lands' End in writing at Lands' End, Inc., 5 Lands' End Lane, Dodgeville, Wisconsin 53595. I understand the General Release & Waiver will not be effective until after the seven (7) day revocation period has expired.

I understand that the delivery of the consideration herein stated does not constitute an admission of liability by Lands' End and that Lands' End expressly denies any wrongdoing or liability.

Date: **SAMPLE ONLY - DO NOT DATE**

Signed by: **SAMPLE ONLY - DO NOT SIGN**

Witness by: **SAMPLE ONLY - DO NOT SIGN**

EXHIBIT 31.1

CERTIFICATIONS

I, Andrew J. McLean, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lands' End, Inc.;

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

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

4. The registrant's other certifying officer 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 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.

/s/ Andrew J. McLean

Andrew J. McLean
Chief Executive Officer
(Principal Executive Officer)
Lands' End, Inc.
December 5, 2023

CERTIFICATIONS

I, Bernard McCracken, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lands' End, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 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.

/s/ Bernard McCracken

Bernard McCracken

Chief Financial Officer and Treasurer

(Principal Financial Officer)

Lands' End, Inc.

December 5, 2023

EXHIBIT 32.1

CERTIFICATION

Pursuant to 18 U.S.C. 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002

Each of the undersigned, Andrew J. McLean, Chief Executive Officer of Lands' End, Inc. (the "Company") and Bernard McCracken, Chief Financial Officer and Treasurer, has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 27, 2023 (the "Report").

Each of the undersigned hereby certifies that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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/ Andrew J. McLean

Andrew J. McLean
Chief Executive Officer
(Principal Executive Officer)
December 5, 2023

/s/ Bernard McCracken

Bernard McCracken
Chief Financial Officer and Treasurer
(Principal Financial Officer)
December 5, 2023